

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Financial Statements

June 30, 2022

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Table of Contents

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements:	
Statement of Net Position – State of Mississippi Institutions of Higher Learning	16
Statement of Financial Position – Discretely Presented Component Unit – Mississippi State University Foundation, Inc.	17
Statement of Financial Position – Discretely Presented Component Unit – The University of Mississippi Foundation	18
Statement of Financial Position – Discretely Presented Component Unit – The University of Southern Mississippi Foundation	19
Statement of Revenues, Expenses and Changes in Net Position – State of Mississippi Institutions of Higher Learning	20
Statement of Activities – Discretely Presented Component Unit – Mississippi State University Foundation, Inc.	21
Statement of Activities – Discretely Presented Component Unit – The University of Mississippi Foundation	22
Statement of Activities – Discretely Presented Component Unit – The University of Southern Mississippi Foundation	23
Statement of Cash Flows – State of Mississippi Institutions of Higher Learning	24
Notes to Financial Statements	26
Combining Supplementary Information:	
Combining Statement of Net Position	96
Combining Statement of Revenues, Expenses and Changes in Net Position	98
Combining Statement of Cash Flows	100
Required Supplementary Information (Unaudited):	
Schedule of Proportionate Share of Net Pension Liability	103

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Table of Contents

	Page
Schedule of Proportionate Share of Contributions to the Mississippi Public Employees' Retirement System	106
Schedule of Proportionate Share of Net OPEB Liability	109
Schedule of Proportionate Share of Contributions to the Mississippi State and School Employees' Life & Health Insurance Plan	111
Notes to Required Supplementary Information	113
Report on Internal Control and Compliance:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	116

FINANCIAL AUDIT REPORT

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
State of Mississippi Institutions of Higher Learning
Jackson, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of State of Mississippi Institutions of Higher Learning (the IHL System), a component unit of the State of Mississippi, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the IHL System's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the IHL System as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund. Those financial statements, which reflect approximately 0.7%, 0.9% and 0.2% of the assets, net position and revenues of the IHL System's business-type activities and 90.4%, 90.2% and 94.0% of assets, net assets and revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2022, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the IHL System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

None of the component units or funds listed above were audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the IHL System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the various schedules of Proportionate Share of Net Pension Liability, Proportionate Share of Contributions to PERS, Proportionate Share of Net OPEB Liability and Proportionate Share of Contributions to OPEB be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the IHL System's basic financial statements. The combining supplementary statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, based on our audit and the reports of other auditors, the combining supplementary statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2023, on our consideration of the IHL System’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the IHL System’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IHL System’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
February 7, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2022



Introduction

The Board of Trustees of Mississippi's Institutions of Higher Learning (IHL System) governs the state's public four-year institutions. The Constitutional Governing Board was created in 1943 for the purpose of overseeing and directing Mississippi's eight public universities including the University of Mississippi Medical Center, various off-campus centers and multiple research institutes located throughout Mississippi.

The institutions serve approximately 77,000 students with an employee base of 27,300 individuals. Faculty makes up approximately 6,000 of the total employee count. The system offers over 800 degree programs and awarded approximately 19,700 degrees in academic year 2021.

In addition to regular operations, each university has established its own educational building corporation (EBC) in accordance with Section 37-101-61 of the Mississippi Code Annotated of 1972. The purpose of these corporations is to provide a means to acquire land or buildings, construct or renovate facilities, and/or equip facilities. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, and 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, deem EBCs to be component units of the IHL System; therefore, they are included as blended component units in the basic financial statements. In addition to EBCs, the IHL System has three additional component units considered significant to the financial statements. The three units are Mississippi State University Foundation, Inc., the University of Mississippi Foundation and the University of Southern Mississippi Foundation. These audited financial statements are discretely presented following the IHL System's financial statements.

This report was prepared in accordance with GASB Statements 34 and 35, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – An Amendment of GASB Statement No. 34*, and present financial data for the fiscal period ending June 30, 2021. The IHL System reports as a special purpose government, engaged solely in business-type activities. This section should be read in conjunction with the financial statements and the notes that follow.

The following is a list of abbreviations used throughout this financial report for the member universities of the IHL System:

ASU	Alcorn State University
DSU	Delta State University
JSU	Jackson State University
MSU	Mississippi State University

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2022

MUW	Mississippi University for Women
MVSU	Mississippi Valley State University
UM	University of Mississippi
USM	University of Southern Mississippi
UMMC	University of Mississippi Medical Center
IHL Executive Office	Institutions of Higher Learning – Executive Office
UPM	University Press of Mississippi
M CVS	Mississippi Commission for Volunteer Service – Off-campus entity

The discussion and analysis below provide an overview of the financial position and activities of the IHL System for the year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes that follow this section.

Financial Highlights

The IHL System recorded an increase in net position of \$250 million in fiscal year 2022. Operating expenses increased by \$103 million, including a \$97 million increase in contractual services coupled with a \$131 million reduction in salaries/wages and fringe benefits. Travel expenses were up \$27 million. Scholarship and fellowship expenses increased approximately \$65 million after experiencing less than 1% change in fiscal year 2021. Patient care revenues of the medical center experienced a 6.4% growth, or \$74.8 million.

Financial highlights (in millions)	Years ended June 30,	
	2021	2022
Total operating revenues	\$ 2,787	3,045
Total operating expenses	3,744	3,847
Operating loss	(957)	(802)
State appropriations	687	711
Gifts	345	337
Investment income	89	(69)
Interest expense on capital asset-related debt	(37)	(42)
Other nonoperating revenues, net and other revenue, expenses, gains and losses	106	114
Increase in net position	233	250
Net position, beginning of the year	2,199	2,432
Net position, end of year	\$ 2,432	2,682

Operating revenues minus operating expenses typically result in an operating loss in the IHL System's financial statements. Nonoperating items, however, including state support, investment income, and gifts have typically enabled the IHL System to reflect an increase in the net position, or "equity" each year. This surplus has been reinvested within the IHL System to add a margin of educational excellence, upgrade the IHL System's facilities and provide a prudent reserve for contingencies such as the recent period of economic instability.

Overview of the Financial Statements

The IHL System's financial report consists of management's discussion and analysis, financial statements including notes, and financial statements of the discretely presented component units. The statements of the System include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; and the Statement of Financial Position and Statement of Activities for the discretely presented component units.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management’s Discussion and Analysis (Unaudited)

June 30, 2022

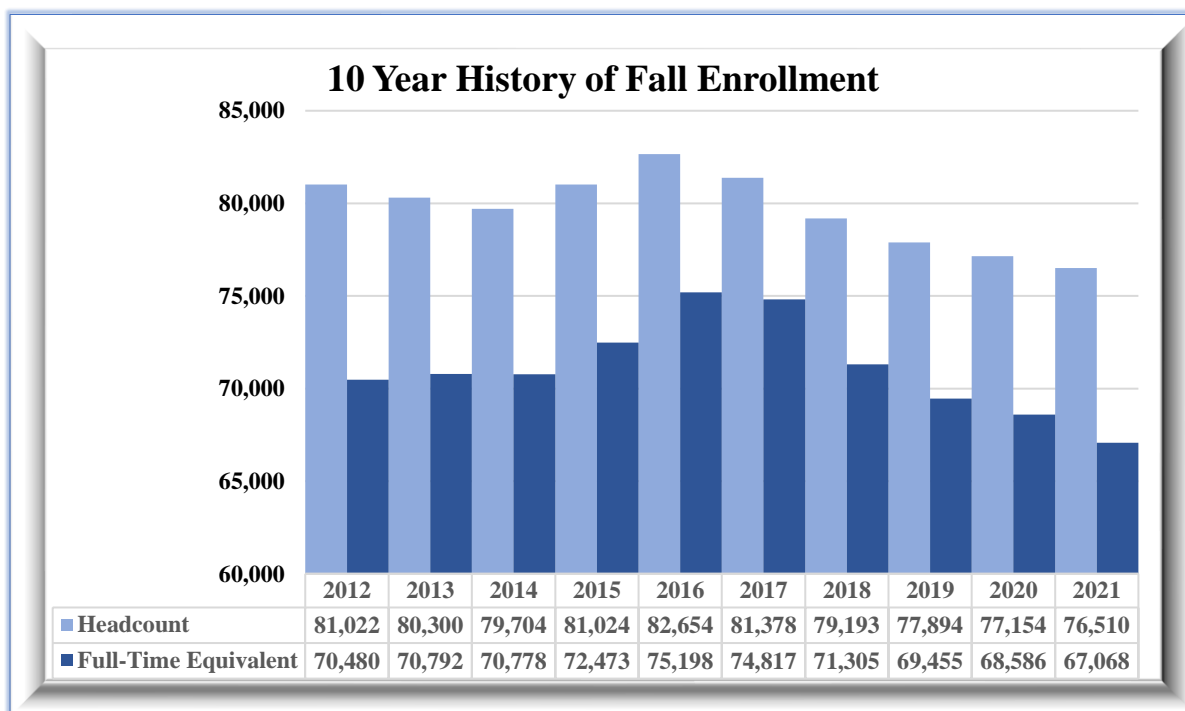
Financial Statements

The financial statements present information for the IHL System as a whole. The Statement of Net Position presents the financial position of the IHL System at the end of fiscal year 2022 and includes all assets, deferred outflows, liabilities, and deferred inflows for all institutions within the IHL System. The difference between total assets, deferred outflows, total liabilities, and deferred inflows – net position – is one measure of the IHL System’s financial health or position. The change in net position is a useful indicator of financial health of the IHL System. Over time, increases or decreases in the IHL System’s net position provide a useful trend in assessing whether its financial health is improving. Other nonfinancial factors such as enrollment trends and the condition of the physical plant are also useful in evaluating the overall financial health of the IHL System.

The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the IHL System, as well as nonoperating revenues and expenses for the year ended June 30, 2022. Operating revenues are received for providing goods and services to various customers and constituencies of the IHL System. Operating expenses are incurred to acquire or produce the goods and services provided in return for the operating revenues. Nonoperating revenues are received for which goods and services are not provided as an exchange transaction. State appropriations, which represent 17.0% of total IHL System net revenues for fiscal year 2022, are classified as nonoperating revenue because these revenues are appropriated at the state level rather than at the institutional level. This accounting treatment for this revenue classification typically results in the IHL System showing an operating loss. Other typical nonoperating revenue sources include gifts, grants, and appropriations restricted for capital purposes.

The Statement of Cash Flows provides information about the cash sources and uses of the IHL System. Additional information for these statements is provided later in this report.

The following chart depicts a ten-year history of fall enrollment.



STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Statement of Net Position

The Statement of Net Position presents the financial position as of the end of the fiscal year and includes all assets, liabilities, deferred outflows, and deferred inflows of the IHL System. Cash and investments are generally reported at fair values. Capital assets are reported at historical cost less an allowance for depreciation and amortization. The difference between total assets and deferred outflows, and total liabilities and deferred inflows – net position – is one indicator of the current financial condition, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the current year. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the entity, and how much is owed to vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure.

Net position is classified into components as follows:

- Net investment in capital assets represents the investment in property, plant, and equipment less any related debt used to acquire those assets.
- Restricted nonexpendable net position consists of the IHL System's permanent endowment funds.
- Restricted expendable net position is available for expenditure but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
- Unrestricted net position is available for any lawful purpose of the IHL System.

Summary of Net Position (Condensed)

	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>Change 2021 to 2022</u>
Assets:			
Current assets	\$ 1,708,473,104	1,593,367,919	(6.7)%
Capital assets, net	4,460,199,426	4,606,960,130	3.3
Other assets	1,284,759,866	1,387,646,550	8.0
Deferred outflows	476,671,893	490,752,155	3.0
Total assets and deferred outflows of resources	<u>\$ 7,930,104,289</u>	<u>8,078,726,754</u>	<u>1.87 %</u>
Liabilities:			
Current liabilities	\$ 737,194,628	635,609,005	(13.8)
Noncurrent liabilities	4,652,692,810	3,880,941,613	(16.6)
Deferred inflows	108,078,232	880,392,415	714.6
Total liabilities and deferred inflows of resources	<u>\$ 5,497,965,670</u>	<u>5,396,943,033</u>	<u>(1.8)%</u>
Net position (deficit):			
Investment in capital assets, net of debt	\$ 3,263,116,965	3,349,669,211	2.7 %
Restricted – nonexpendable	197,382,615	185,522,926	(6.0)
Restricted – expendable	374,397,093	395,157,663	5.5
Unrestricted	<u>(1,402,758,054)</u>	<u>(1,248,566,079)</u>	<u>11.0</u>
Total net position	<u>\$ 2,432,138,619</u>	<u>2,681,783,721</u>	<u>10.3 %</u>

At June 30, 2022 and 2021, current assets totaled \$1.59 billion and \$1.71 billion, respectively, and consisted primarily of cash and cash equivalents, short-term investments and net receivables. Current assets decreased 6.7% (or \$115.1 million) from June 30, 2021 to 2022. Cash and cash equivalents, and short-term investments constituted approximately 70.2% of current assets as of June 30, 2022, while net receivables constituted

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2022

approximately 23.6% of current assets as of June 30, 2022. Approximately 45.9% of these net receivables are amounts due from gifts, contracts and grants, and the State of Mississippi for appropriations as of June 30, 2022, while 23.7% were related to patient care receivables from UMMC. The remaining receivables were primarily owed from students for tuition, room and board charges.

At June 30, 2022 and 2021, noncurrent assets totaled \$6.0 billion and \$5.7 billion, respectively, which included capital assets of \$4.6 billion and \$4.5 billion, respectively. Noncurrent cash and investments that are restricted externally by endowment arrangements or specific grant and contract arrangements approximated \$203.6 million at June 30, 2022. These amounts are reflected in net position expendable for scholarships and fellowships and other purposes in the statement of net position. There were no unspent bond proceeds at June 30, 2022. One other significant noncurrent asset of the IHL System is student notes receivable which equaled \$64.1 million at June 30, 2022. In total, noncurrent assets increased by 4.3% (or \$249.6 million). Net capital assets increased by 3.3%, or \$146.8 million, to \$4.6 billion at 2022. The IHL System's inventory of buildings has increased in pre-depreciation value by a total of \$1 billion since June 30, 2017. Additional details about the IHL System's most recent capital asset growth can be seen in the Capital Asset and Debt Administration section of this report.

At June 30, 2022 and 2021, current liabilities equaled \$635.6 million and \$737.2 million, respectively, and consisted primarily of accounts payable and accrued liabilities, and unearned revenues. Unearned revenues include advance receipts for athletic ticket sales, summer tuition, fees, and student housing.

Noncurrent liabilities are those liabilities due and payable more than twelve months from year-end. Noncurrent liabilities equaled \$3.9 billion and \$4.7 billion, at June 30, 2022 and 2021, respectively. The IHL System's proportionate share of the collective net pension liability reported by PERS decreased by \$780.9 million (25%) as of June 30, 2022. The IHL System's proportionate share of the collective net OPEB liability reported by the State and School Employees' Life and Health Insurance Plan decreased by \$26.7 million (18.31%) as of June 30, 2022.

Deferred outflows of resources increased modestly in 2022 while deferred inflows of resources increased by \$772 million due to the implementation of GASB 87 *Leases*. The IHL System recorded \$417.1 million of pension-related deferred outflows at the end of fiscal year 2022, primarily representing the deferral of pension contributions paid during the year for the IHL System's participation in the cost-sharing, defined benefit pension plan administered by PERS. In addition, \$752 million of pension-related deferred inflows at June 30, 2022, were recorded related to the IHL System's proportionate share of collective deferred inflows reported by PERS. These deferred inflow amounts represent the difference between projected and actual investment earnings on pension plan assets during the measurement period, as well as differences between expected and actual experience with regard to economic and demographic factors.

Restricted nonexpendable net position equaled \$185.5 million at June 30, 2022, and consisted of endowment and similar type funds, in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal be maintained intact and invested for the purpose of producing income that may either be expended or added to principal. The value of this net position has decreased 6.0% (or \$11.9 million) from June 30, 2021 to 2022.

Restricted expendable net position equaled \$395.2 million at June 30, 2022, and consisted of resources that the IHL System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The value of this net position has increased 5.5% (or \$20.8 million) from June 30, 2021 to 2022.

Unrestricted net position (deficit) equaled \$(1.25) billion at June 30, 2022, and represents those assets that are available to the IHL System for any lawful purpose. The value of unrestricted net position improved 11.0%

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2022

(or \$154.2 million) from June 30, 2021 to 2022. The unrestricted deficit is the result of the implementation of GASB Statement Nos. 68 and 75, under which IHL recognizes a liability for its net pension and OPEB obligations.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Operating revenues are earned by providing goods and services to various customers and constituencies. Operating expenses are incurred to acquire or produce the goods and services and to carry out the mission of the IHL System. Nonoperating revenues are revenues received for which goods and services are generally not provided. A public university's dependence on state aid and gifts usually results in operating deficits because state appropriations and gifts are classified as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which spreads the cost of an asset over its expected useful life.

Change in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Change in Net Position. The purpose of the statement is to present the revenues earned, both operating and nonoperating, and the expenses incurred, operating and nonoperating, and any other revenues, expenses, gains or losses received or incurred by the IHL System.

Summary of Revenues, Expenses and Changes in Net Position (Condensed)			
	2021	2022	Change 2021 to 2022
Operating revenues	\$ 2,786,941,000	3,044,979,771	9.3 %
Operating expenses	3,744,020,192	3,847,088,067	2.8
Operating loss	(957,079,192)	(802,108,296)	(16.2)
Nonoperating revenues	\$ 1,081,842,228	937,246,927	(13.4)
Income (loss) before other revenues, expenses, gains or losses	124,763,036	135,138,631	8.3
Other revenues, expenses, gains or losses	108,396,458	114,506,471	5.6
Change in net position	233,159,494	249,645,102	7.1
Net position, beginning of the year	2,198,979,125	2,432,138,619	10.6
Net position, end of the year	\$ 2,432,138,619	2,681,783,721	10.3 %

Operating Revenues

Operating revenues for the IHL System equaled \$3.0 billion and \$2.8 billion for fiscal years 2022 and 2021, respectively. Operating revenues increased 9.3% (or \$258 million) during 2022. Major components of operating revenues are the UMMC patient care revenues (41.1% in 2022 and 42.2% in 2021), net tuition and fees (22.2% in 2022 and 23.3% in 2021), grants and contracts revenues (17.7% in 2022 and 16.3% in 2021), and sales and service revenues from auxiliary activities (10.3% in 2022 and 10.9% in 2021). The following table summarizes the IHL System's operating revenues for the past two fiscal years.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Operating Revenues

	2021	2022	Change 2021 to 2022
Tuition and fees, net	\$ 650,347,838	677,300,039	4.1 %
Grants and contracts	455,390,620	539,365,631	18.4
Federal appropriations	15,519,984	14,800,675	(4.6)
Sales and services of educational departments	59,530,803	80,870,946	35.8
Auxiliary enterprises, net	303,503,843	312,545,905	3.0
Patient care revenues	1,176,245,589	1,251,077,962	6.4
Other	126,402,323	169,018,613	33.7
Total operating revenues	\$ 2,786,941,000	3,044,979,771	9.3 %

Net tuition and fee revenues increased 4.1% (or \$27 million) during 2022. In 2022, all but JSU increased tuition rates, on average, by \$260 (or 3.2%).

Grants and contracts revenue increased 18.4% (or \$84 million) during fiscal year 2022, primarily due to the \$62 million increase in federal grants and contracts, and timing differences in both federal and state funding of student aid, research, and other various grants and contracts.

Patient care revenues at UMMC increased 6.4%, or \$74.8 million from June 30, 2021 to 2022.

Operating Expenses

Operating expenses for the IHL System totaled \$3.8 billion and \$3.7 billion for fiscal years 2022 and 2021, respectively. Operating expenses increased a modest 2.8% (or \$103 million) during 2022. Personnel costs (including fringe benefits) were the largest expense component for the IHL System, representing 56.6% of the total in 2022 and 61.6% in 2021. Other major components include contractual services (15.3% in 2022 and 13.2% in 2021), commodities (12.3% in 2022 and 2021), and scholarships and fellowships (7.4% in 2022 and 5.9% in 2021). The following table summarizes the IHL System's operating expenses (by major object category) for the past two fiscal years.

Operating Expenses

	2021	2022	Change 2021 to 2022
By major object category:			
Salaries and wages	\$ 1,676,015,889	1,731,655,127	3.3 %
Fringe benefits	631,512,198	444,696,977	(29.6)
Travel	16,295,965	43,247,698	165.4
Contractual services	493,488,217	590,280,329	19.6
Utilities	64,697,178	82,054,505	26.8
Scholarships and fellowships	221,826,245	286,515,653	29.2
Commodities	462,118,373	474,328,091	2.6
Depreciation and amortization	170,848,756	190,819,779	11.7
Other	7,217,371	3,489,908	(51.6)
Total operating expenses	\$ 3,744,020,192	3,847,088,067	2.8 %

The IHL System's personnel expenses decreased in 2022 (5.7%, or \$131.2 million). UMMC was able to reduce personnel costs by \$34.7 million in 2022. All institutions experienced decreases in personnel costs in

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2022

2022. Travel expenses experienced a significant increase, \$27 million or 165.4%, after two years of steady decline. Contractual services increased 19.6%, or \$96.8 million. The cost for commodities continues to rise, 2.6% (or \$12.2 million) in 2022. Scholarship and fellowship expenses increased 29.2%, or \$64.7 million, from 2021 to 2022.

As an alternative presentation model, the IHL System's operating expenses are shown below by major functional classification. Functional classifications are the traditional categories that universities have used in past financial presentations (pre-GASB 34). These functions represent the types of programs and services that the universities generally provide. For example, funds utilized to compensate a classroom professor or provide classroom materials would be classified as instruction.

Operating Expenses			
	2021	2022	Change 2021 to 2022
By function:			
Instruction	\$ 708,276,802	659,968,760	(6.8)%
Research	340,001,037	378,964,397	11.5
Public service	171,766,271	176,410,298	2.7
Academic support	168,004,666	158,428,564	(5.7)
Student services	90,556,891	96,673,649	6.8
Institutional support	361,613,088	322,249,724	(10.9)
Operations and maintenance of plant	183,463,518	201,203,141	9.7
Student aid	236,454,524	285,645,522	20.8
Auxiliary enterprises	252,957,703	290,072,412	14.7
Depreciation and amortization	170,848,756	190,819,779	11.7
Hospital	1,145,383,790	1,176,207,392	2.7
Other	1,602,133	1,691,621	5.6
Eliminations	(86,908,987)	(91,247,192)	5.0
Total operating expenses	\$ 3,744,020,192	3,847,088,067	2.8 %

Funding for the Instruction function continues to be one of the IHL System's highest priorities. While instruction costs decreased by 6.8% (or \$48 million) in 2022, it still maintained an approximate 20% share of total operations. Institutional research (internal and external) and public service costs have always commanded one of the System's primary cost missions. In 2022, research experienced an 11% increase (\$39 million) over prior year; these costs represent approximately 14.4% of the IHL System's total focus during 2022. Institutional support costs typically present the functions of the executive management department, general administration, logistical support services, computing, public relations and development. These costs decreased by 10.9% (or \$39.4 million) in 2022. Auxiliary enterprise costs include all expenses associated with departments that primarily exist to furnish goods or services to students, faculty, or staff and that charge a fee directly related to, although not necessarily equal to, the cost of the goods and services. Auxiliary departments are required to be essentially self-supporting activities. Examples are (1) student housing, (2) food services, (3) bookstores, and (4) intercollegiate athletics. Auxiliary expenses increased by 14.7% (\$37.1 million) in fiscal year 2022. Student Aid expenses experienced a sharp increase of \$49.2 million, or 20.8%. Finally, hospital expenses remained steady at \$1.2 billion. The hospital operations contribution ratio improved from 71% to 75%.

The IHL System identified millions of dollars in inter-campus transactions that required elimination for financial statement presentation purposes. Examples of such transactions would be student financial aid funds administered by the IHL Executive Office that were directed to the campuses, as well as grant agreements between one or more IHL System institutions in which one campus served as a primary recipient and the other campus acted as a sub-recipient.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Capital Asset and Debt Administration

At June 30, 2022 and 2021, the IHL System had approximately \$4.6 billion and \$4.5 billion, respectively, invested in a broad range of capital assets. These assets comprise land, construction in progress, livestock, buildings and improvements (infrastructure), equipment and library books. They are stated net of accumulated depreciation/amortization. The following table summarizes the IHL System's capital assets for the past two fiscal years.

Capital Asset Summary

	2021	2022	Change 2021 to 2022
Capital assets not being depreciated/amortized	\$ 409,918,465	496,119,089	21.0 %
Depreciable/amortizable capital assets:			
Improvements other than buildings	523,879,514	537,431,932	2.6
Buildings	4,755,424,420	4,804,079,522	1.0
Equipment	969,076,502	983,447,633	1.5
Leased assets	—	132,889,845	
Library books	462,203,244	475,850,653	3.0
Total depreciable/amortizable capital assets	<u>6,710,583,680</u>	<u>6,933,699,585</u>	<u>3.3</u>
Total cost of capital assets	7,120,502,145	7,429,818,674	4.3
Less accumulated depreciation/amortization	<u>(2,660,302,719)</u>	<u>(2,822,858,544)</u>	<u>6.1</u>
Capital assets, net	<u>\$ 4,460,199,426</u>	<u>4,606,960,130</u>	<u>3.3 %</u>

Non-depreciable/amortizable capital assets equaled \$496 million and \$410 million at June 30, 2022 and 2021, respectively. These assets principally consisted of land and construction in progress. The \$86 million increase in 2022 was due to the addition of CIP projects.

At June 30, 2022 and 2021, the IHL System had \$1.3 billion and \$1.2 billion, respectively, in bonded debt, notes payable and lease liabilities. This represents a 5% (\$60.5 million) increase in 2022. The following table summarizes the IHL System's long-term debt for the past two fiscal years.

Long-Term Debt Summary

	2021	2022	Change 2021 to 2022
Bonds payable	\$ 1,203,621,565	1,151,530,267	(4.3)%
Notes payable and financed purchases	10,767,827	13,803,408	28.2
Capital lease obligations	6,394,227	—	(100.0)
Lease liability	—	115,969,533	
Total long-term debt	<u>\$ 1,220,783,619</u>	<u>1,281,303,208</u>	<u>5.0 %</u>

Bonded debt decreased 4.3% (or \$52.1 million) in 2022. During fiscal year 2022, the JSU EBC issued \$42,380,000 of Series 2021A taxable convertible revenue refunding bonds and \$6,295,000 of Series 2021B taxable revenue refunding bonds to refund a portion of the outstanding maturities of the \$57,595,000 Series 2015A revenue bonds and \$6,000,000 Series 2017 revenue refunding bond.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2022

Designated Revenues

Bond indentures previously issued, and those that may be issued in the future by the institution's Educational Building Corporations (EBC) are payable from designated revenues. The IHL Board covenants under terms of its various bond agreements that if designated revenues are insufficient to satisfy the IHL Board's obligations, the IHL Board will provide amounts from any other legally available source and will then allocate the same to cure the insufficiency. The following table provides a history of all designated revenues available to the IHL Board from fiscal years 2018 through 2022.

Designated Revenues¹ and Unrestricted Net Positions (excludes UMMC, Board Office, and MCVS)					
Years ended June 30,					
	2018	2019	2020	2021	2022
Tuition, net ²	\$ 606,693,893	620,658,969	620,923,011	613,221,706	638,637,295
Sales and services	62,469,346	66,708,030	57,514,245	57,399,481	78,926,608
Auxiliary enterprises, net ²	293,824,703	296,965,608	272,846,066	298,444,150	307,701,350
Other ³	41,072,784	53,384,691	52,735,117	55,455,591	64,907,297
Sub-total	1,004,060,726	1,037,717,298	1,004,018,439	1,024,520,928	1,090,172,550
State appropriations	460,659,547	461,013,005	477,248,168	465,521,243	485,292,014
Unrestricted net positions ⁴	—	—	—	—	—
Total	<u>\$ 1,464,720,273</u>	<u>1,498,730,303</u>	<u>1,481,266,607</u>	<u>1,490,042,171</u>	<u>1,575,464,564</u>

¹ Designated Revenues represent all unrestricted revenues of the IHL System (excluding the member Universities indicated above) which include without limitation, net tuition and auxiliary fees, sales and services, other operating revenue, state appropriations and unrestricted net position balances.

² Tuition and auxiliary enterprise revenues are net of scholarship allowances in the form of reduced tuition, room and board.

³ Other designated revenues include federal appropriations, other operating revenues, and interest earned on loans to students.

⁴ The unrestricted net positions of \$(685,017,873) for 2018, \$(616,469,699) for 2019, \$(572,666,659) for 2020, \$(447,531,102) for 2021, and \$(345,796,497) for 2022, did not contribute to total designated revenues since fiscal year 2015, and therefore have been excluded from the table. The decline in the unrestricted net assets fund balance since 2015 is the result of the implementation of GASB Statement Nos. 68 and 75 for pension and OPEB liabilities.

Economic Outlook

The IHL System began the 2022 fiscal year with an anticipated systemwide operating budget increase of \$238.7 million. Fiscal year 2022 closed strong with a \$250 million net increase (see the SRECNP summary table on page 9 of management discussion and analysis), although actual revenues fell short of budgeted expectations due to effects of the COVID-19 pandemic. For fiscal year 2023, general education funding from the State of Mississippi will increase by 30% (or \$112.4 million), and the IHL system expects tuition and auxiliary revenues to be flat. In 2023, state appropriated revenues will comprise approximately 31.9% of the total E&G budget, while self-generated tuition revenues will approximate 66% of the total revenues. In comparison, in fiscal year 2010, state appropriations represented 42% of revenues, while tuition revenue equaled 48% of the total.

The IHL System maintains high credit ratings from Moody's (Aa2), Fitch (AA) and Standard & Poor's (AA-). Achieving and maintaining these high credit ratings provide the IHL System higher degree of flexibility in securing capital funds on the most competitive terms. This flexibility, along with ongoing efforts toward revenue

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2022

diversification and cost containment, will enable the IHL System to provide the necessary resources to support a level of excellence in service to students, patients, the research community, the State of Mississippi and the nation as a whole.

As a labor-intensive organization, the IHL System faces competitive pressures related to attracting and retaining faculty and staff. Moreover, consistent with the national landscape, the cost of the IHL System's health benefits for its employees continues to increase. The IHL System has in the past and will continue to take proactive steps to respond to these challenges of rising costs. An example of continued steps includes the preparation of three-year business plans by the institutions.

While it is not possible at this time to predict the ultimate results, management at each institution has a proven track record of successfully adapting to this present economic environment while continuing to search for new opportunities to compliment state support. The IHL System's financial goal, as always, is to deliver quality services to its customers and constituents while maintaining financial integrity.

This financial report is designed to provide a general overview of the finances of the IHL System. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Board of Trustees
Department of Finance
3825 Ridgewood Road
Jackson, MS 39211

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BASIC FINANCIAL STATEMENTS

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
STATEMENT OF NET POSITION
JUNE 30, 2022

	2022
ASSETS AND DEFERRED OUTFLOWS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 716,783,822
Short term investments	401,114,761
Accounts receivable, net	376,761,717
Student notes receivable, net	17,197,864
Inventories	42,289,218
Prepaid expenses	29,759,087
Other current assets	9,461,450
Total current assets	1,593,367,919
NONCURRENT ASSETS	
Restricted cash and cash equivalents	139,803,212
Restricted short-term investments	1,748,389
Endowment investments	357,303,102
Other long-term investments	744,470,456
Student notes receivable, net	64,067,443
Beneficial interest in irrevocable trust	38,316,824
Capital assets, net	4,606,960,130
Other noncurrent assets	41,937,124
Total noncurrent assets	5,994,606,680
Total assets	7,587,974,599
DEFERRED OUTFLOWS OF RESOURCES	
	490,752,155
Total assets and deferred outflows of resources	\$ 8,078,726,754
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 310,504,813
Unearned revenues	132,243,572
Accrued leave liabilities - current portion	14,338,611
Long-term liabilities - current portion	84,125,122
Other current liabilities	94,396,887
Total current liabilities	635,609,005
NONCURRENT LIABILITIES	
Accrued leave liabilities	123,693,082
Deposits refundable	1,833,303
Long-term liabilities	1,259,595,474
Net pension liability	2,342,156,187
Net OPEB liability	119,272,015
Other noncurrent liabilities	34,391,552
Total noncurrent liabilities	3,880,941,613
Total liabilities	4,516,550,618
DEFERRED INFLOWS OF RESOURCES	
	880,392,415
Total liabilities and deferred inflows of resources	5,396,943,033
NET POSITION	
Net investment in capital assets	3,349,669,211
Restricted for	
Nonexpendable	
Scholarships and fellowships	26,681,590
Research	4,810,208
Other purposes	154,031,128
Expendable	
Scholarships and fellowships	46,649,344
Research	88,401,299
Capital projects	21,786,343
Debt service	22,578,014
Loans	58,795,764
Other purposes	156,946,899
Unrestricted	(1,248,566,079)
Total net position	\$ 2,681,783,721

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.**

Statement of Financial Position

June 30, 2022

	2022
ASSETS	
Cash and cash equivalents	\$ 1,943,067
Restricted cash	4,413,657
Restricted short-term investments	4,012,633
Accrued interest, other receivables and prepaid assets	147,878
Receivable from MSU Alumni Association	156,188
Pledges receivable, net	44,085,232
Investments	628,774,707
Present value of amounts due from externally managed trusts	54,819,357
Land, buildings, and equipment, net	13,932,075
Total assets	\$ 752,284,794
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 2,151,824
Agency payable	8,426,290
Liabilities under split interest agreements	8,393,252
Deferred revenue	2,049,295
Payable to Mississippi State University	389,474
Note payable	2,667,133
Total liabilities	24,077,268
NET ASSETS	
Without donor restrictions:	
Net assets attributable to the Foundation	58,072,588
Net assets attributable to noncontrolling interest	45,425,424
Total net assets without donor restrictions	103,498,012
With donor restrictions	624,709,514
Total net assets	728,207,526
Total liabilities and net assets	\$ 752,284,794

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
THE UNIVERSITY OF MISSISSIPPI FOUNDATION**

Statement of Financial Position

June 30, 2022

	2022
ASSETS	
Cash and cash equivalents	\$ 8,037,212
Pledges receivable, net	77,561,666
Investments	581,897,497
Beneficial interest in remainder trust	10,390,906
Property and equipment, net	1,831,075
Other assets	1,419,302
Total assets	\$ 681,137,658
LIABILITIES AND NET ASSETS	
LIABILITIES	
Funds held for others	\$ 24,831,031
Liabilities under remainder trusts and gift annuities	4,050,056
Other liabilities	3,987,935
Total liabilities	32,869,022
NET ASSETS	
Without donor restrictions	19,060,324
With donor restrictions	629,208,312
Total net assets	648,268,636
Total liabilities and net assets	\$ 681,137,658

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
THE UNIVERSITY OF SOUTHERN MISSISSIPPI FOUNDATION
Statement of Financial Position
June 30, 2022**

	2022
ASSETS	
Cash and cash equivalents	\$ 3,453,276
Accrued earnings	93,215
Prepaid assets and other receivables	282,023
Pledges receivable, net	2,168,021
Investments	132,382,433
Cash surrender value of life insurance	2,775,374
Amounts due from externally managed trusts	10,266,352
Property and equipment, net	52,163
Total assets	\$ 151,472,857
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued expenses	\$ 1,062,133
Gift annuities payable	60,174
Total liabilities	1,122,307
NET ASSETS	
Without donor restrictions	14,652,167
With donor restrictions	135,698,383
Total net assets	150,350,550
Total liabilities and net assets	\$ 151,472,857

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

	2022
OPERATING REVENUES	
Tuition and fees	\$ 1,015,181,390
Less scholarship allowances	(330,583,182)
Less bad debt expense	(7,298,169)
Net tuition and fees	677,300,039
Federal appropriations	14,800,675
Federal grants and contracts	411,699,541
State grants and contracts	38,101,853
Nongovernmental grants and contracts	89,564,237
Sales and services of educational departments	80,870,946
Auxiliary enterprises:	
Student housing	105,974,926
Food services	33,653,311
Bookstore	5,830,983
Athletics	165,126,886
Other auxiliary revenues	38,028,477
Less auxiliary enterprise scholarship allowances	(36,068,678)
Interest earned on loans to students	1,706,807
Patient care revenues, net	1,251,077,962
Other operating revenues, net	167,311,806
Total operating revenues	3,044,979,771
OPERATING EXPENSES	
Salaries and wages	1,731,655,127
Fringe benefits	444,696,977
Travel	43,247,698
Contractual services	590,280,329
Utilities	82,054,505
Scholarships and fellowships	286,515,653
Commodities	474,328,091
Depreciation and amortization	190,819,779
Other operating expenses	3,489,908
Total operating expenses	3,847,088,067
Operating loss	(802,108,296)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	711,211,081
Gifts and grants	336,932,350
Investment income, net of investment expense	(68,563,887)
Interest expense on capital asset-related debt	(41,887,698)
Other nonoperating revenues	42,850,624
Other nonoperating expenses	(43,295,543)
Total nonoperating revenues, net	937,246,927
Income (loss) before other revenues, expenses, gains and losses	135,138,631
OTHER REVENUES, EXPENSES, GAINS AND LOSSES	
Capital grants and gifts	20,324,424
State appropriations restricted for capital purposes	97,711,507
Additions to permanent endowments	29,141
Other additions	1,615,233
Other deletions	(5,173,834)
CHANGE IN NET POSITION	249,645,102
Net position, beginning of the year	2,432,138,619
NET POSITION, END OF THE YEAR	\$ 2,681,783,721

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.
Statement of Activities
Year ended June 30, 2022**

	Without donor restrictions	With donor restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 13,685,516	48,678,919	62,364,435
Net investment loss	(4,954,369)	(67,401,712)	(72,356,081)
Change in value of split interest agreements	—	(9,845,714)	(9,845,714)
Other	5,963,215	335,889	6,299,104
Net assets released from restrictions	32,041,958	(32,041,958)	—
Total revenues, gains (losses) and other support	46,736,320	(60,274,576)	(13,538,256)
EXPENDITURES			
Program services:			
Contributions and support for Mississippi State University	36,925,141	—	36,925,141
Contributions and support for Bulldog Club	1,707,478	—	1,707,478
Contributions and support for MSU Alumni Association	1,037,584	—	1,037,584
Total program services	39,670,203	—	39,670,203
Supporting services:			
General administrative	5,818,510	—	5,818,510
Fund raising	4,376,702	—	4,376,702
Total supporting services	10,195,212	—	10,195,212
Total expenditures	49,865,415	—	49,865,415
Change in net assets before noncontrolling interests	(3,129,095)	(60,274,576)	(63,403,671)
Payments to noncontrolling interests	(907,296)	—	(907,296)
CHANGE IN NET ASSETS	(4,036,391)	(60,274,576)	(64,310,967)
Net assets, beginning of the year	107,534,403	684,984,090	792,518,493
NET ASSETS, END OF THE YEAR	\$ 103,498,012	624,709,514	728,207,526

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
THE UNIVERSITY OF MISSISSIPPI FOUNDATION
Statement of Activities
Year ended June 30, 2022**

	Without donor restrictions	With donor restrictions	Total
REVENUES AND SUPPORT			
Contributions, gifts and bequests	\$ 3,139,109	57,988,557	61,127,666
Investment return, net	(2,137,403)	(45,763,381)	(47,900,784)
Change in value of split interest agreements	—	(752,749)	(752,749)
Gift management fees	1,944,825	(1,944,825)	—
Development fees	1,555,860	(1,555,860)	—
Other income	996,740	1,410,195	2,406,935
Total revenues, gains (losses) and other support	5,499,131	9,381,937	14,881,068
Net assets released from restrictions/ redesignated by donor:			
Appropriation from donor endowment	11,327,992	(11,327,992)	—
Satisfaction of program restrictions	29,944,303	(29,944,303)	—
EXPENDITURES			
Support for University activities:			
Academic	5,635,814	—	5,635,814
Scholarship	9,397,619	—	9,397,619
Programmatic	18,624,347	—	18,624,347
University of Mississippi Medical Center	7,869,403	—	7,869,403
General and administrative expenses	2,943,029	—	2,943,029
Fund-raising expenses	2,547,213	—	2,547,213
Total expenses	47,017,425	—	47,017,425
CHANGE IN NET ASSETS	(245,999)	(31,890,358)	(32,136,357)
Net assets, beginning of the year	19,306,323	661,098,670	680,404,993
NET ASSETS, END OF THE YEAR	<u>\$ 19,060,324</u>	<u>629,208,312</u>	<u>648,268,636</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
THE UNIVERSITY OF SOUTHERN MISSISSIPPI FOUNDATION
Statement of Activities
Year ended June 30, 2022**

	Without donor restrictions	With donor restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 1,833,195	5,826,369	7,659,564
Net investment loss	(1,740,563)	(11,944,342)	(13,684,905)
Loss on externally managed trusts	—	(605,577)	(605,577)
Change in value of split interest agreements	—	(3,834,760)	(3,834,760)
Change in value - other	565	12,146	12,711
Other	683,582	46,300	729,882
Total revenues, gains (losses) and other support	776,779	(10,499,864)	(9,723,085)
Changes in restrictions:			
Change in restriction by donors	(30,000)	30,000	—
Net assets released from restrictions	11,093,577	(11,093,577)	—
EXPENDITURES			
Program services:			
Contributions and support for The University of Southern Mississippi	12,025,607	—	12,025,607
Supporting services:			
General and administrative	1,544,525	—	1,544,525
Fund-raising	1,213,245	—	1,213,245
Total expenses	14,783,377	—	14,783,377
CHANGE IN NET ASSETS	(2,943,021)	(21,563,441)	(24,506,462)
Net assets, beginning of the year	17,595,188	157,261,824	174,857,012
NET ASSETS, END OF THE YEAR	<u>\$ 14,652,167</u>	<u>135,698,383</u>	<u>150,350,550</u>

See accompanying notes to financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	2022
OPERATING ACTIVITIES	
Tuition and fees	\$ 664,752,898
Grants and contracts	521,787,333
Sales and services of educational departments	80,888,952
Payments to suppliers	(1,112,917,298)
Payments to employees for salaries and benefits	(2,253,420,546)
Payments for utilities	(81,991,294)
Payments for scholarships and fellowships	(287,415,394)
Loans issued to students	(7,864,674)
Collection of loans from students	15,511,596
Federal loan program receipts	435,195,037
Federal loan program disbursements	(440,410,940)
Auxiliary enterprise charges:	
Student housing	87,504,949
Food services	30,023,773
Bookstore	5,196,834
Athletics	162,518,007
Other auxiliary enterprises	20,959,936
Patient care services	1,211,040,883
Interest earned on loans to students	1,160,550
Other receipts	181,004,753
Other payments	(16,480,262)
Net cash used in operating activities	(782,954,907)
NONCAPITAL FINANCING ACTIVITIES	
State appropriations	707,180,794
Gifts and grants for other than capital purposes	338,385,231
Private gifts for endowment purposes	216,807
Other sources	12,375,089
Other uses	(5,928,476)
Net cash provided by noncapital financing activities	1,052,229,445
CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	—
Cash paid for capital assets	(182,787,105)
Capital appropriations received	69,184,303
Capital grants and contracts received	(18,993,315)
Proceeds from sales of capital assets	148,789
Principal paid on capital debt and leases	(68,210,686)
Interest paid on capital debt and leases	(45,589,613)
Other sources	5,124,163
Other uses	(5,233,350)
Net cash used in capital and related financing activities	(246,356,814)
INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	385,956,979
Interest received on investments	1,511,382
Purchases of investments	(656,041,352)
Net cash provided by (used in) investing activities	(268,572,991)
NET CHANGE IN CASH AND CASH EQUIVALENTS	
	(245,655,267)
Cash and cash equivalents, beginning of the year	1,102,242,301
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 856,587,034

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (802,108,296)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	190,819,779
Self-insured claims expense	9,181,275
Provision for uncollectible receivables	145,890,128
Other	(2,449,398)
Changes in Assets and Liabilities:	
(Increase) Decrease in Assets:	
Receivables, Net	(158,402,746)
Inventories	(218,593)
Prepaid Expenses	(6,613,772)
Loans to Students	(29,404)
Deferred outflows of resources	(15,711,763)
Other Assets	(504,643)
Increase (Decrease) in Liabilities:	
Accounts Payables and Accrued Liabilities	(14,501,694)
Unearned Revenue	(8,032,010)
Deposits Refundable	(86,500)
Accrued Leave Liability	(2,990,389)
Net pension liability	(780,854,048)
Net OPEB liability	(26,730,193)
Deferred inflows of resources	774,835,499
Other Liabilities	(84,448,139)
Total Adjustments	19,153,389
Net cash used in operating activities	\$ (782,954,907)
Reconciliation of cash and cash equivalents:	
Current assets - cash and cash equivalents	\$ 716,783,822
Noncurrent assets - restricted cash and cash equivalents	139,803,212
Cash and cash equivalents, end of the year	\$ 856,587,034
Noncash capital related financing and investing activities:	
Gifts and contributions of capital assets	4,541,643
Right-to-use assets under lease obligations	132,889,845

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1

Summary of Significant Accounting Policies

(a) Nature of Operations

Through its member universities, the State of Mississippi Institutions of Higher Learning (IHL System) serves the state, national and international communities by providing its students with academic instruction, by conducting research and other activities that advance fundamental knowledge and by disseminating knowledge to the people of Mississippi and throughout the world.

(b) Reporting Entity

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

The current twelve Board members of the IHL System were appointed by the Governor and confirmed by the Mississippi Senate for nine-year terms, representing the three Supreme Court Districts.

Each of the eight universities and the University of Mississippi Medical Center has established its own educational building corporation (a nonprofit corporation incorporated in the State of Mississippi) in accordance with Section 37-101-61 of the Mississippi Code Annotated of 1972. The purpose of these corporations is for the acquisition, construction and equipping of facilities and land for the various universities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*, the educational building corporations are deemed to be material component units of the IHL System but are presented on a blended basis in the accompanying operations. These blended component units provide services entirely, or almost entirely, to their respective universities. See note 9 for detailed educational building corporation activities.

The following is a list of abbreviations used throughout the report for the member universities of the State of Mississippi Institutions of Higher Learning (collectively the IHL System):

ASU	Alcorn State University
DSU	Delta State University
JSU	Jackson State University
MSU	Mississippi State University
MUW	Mississippi University for Women
MVSU	Mississippi Valley State University
UM	University of Mississippi
USM	University of Southern Mississippi
UMMC	University of Mississippi Medical Center
IHL Executive Office	Institutions of Higher Learning – Executive Office
UPM	University Press of Mississippi
MCVS	Mississippi Commission for Volunteer Service – Off-campus entity

The IHL System reports the following discretely presented component units, which also have separate stand-alone audits performed, which can be obtained by requesting a copy from the finance department of each respective university below:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

(i) Mississippi State University Foundation, Inc.

The Mississippi State University Foundation, Inc. is a legally separate, tax-exempt not for profit entity established to solicit and manage funds for the benefit of Mississippi State University.

(ii) University of Mississippi Foundation

The University of Mississippi Foundation is a legally separate, tax-exempt not for profit nonstock corporation formed for the benefit of the University of Mississippi.

(iii) University of Southern Mississippi Foundation

The University of Southern Mississippi Foundation is a legally separate, tax-exempt not for profit entity formed to provide support to the University of Southern Mississippi and its students.

These foundations are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the foundations' financial information in the IHL System's financial reporting entity for these differences.

These foundations act primarily as fund-raising organizations to supplement the resources that are available to the respective universities in support of their programs. The governing body of each foundation is self-perpetuating and consists of graduates and friends of the respective universities. Although the respective universities do not control the timing or amount of receipts from the foundations, most resources, or income thereon, which the foundations hold and invest are restricted to the activities of the respective universities by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of, the respective universities, these foundations are considered discretely presented component units of the IHL System.

The Mississippi State University Foundation, Inc., the University of Mississippi Foundation, and the University of Southern Mississippi Foundation each make distributions to their respective universities for support. During the year ended June 30, 2022, support distributions were as follows:

Mississippi State University Foundation, Inc.	\$ 36,925,141
University of Mississippi Foundation	41,527,183
University of Southern Mississippi Foundation	12,025,607

(c) Basis of Accounting

The financial statements of the IHL System 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 IHL System is reporting as a special-purpose government engaged in business-type activities. In accordance with business-type activity reporting, the IHL System presents management's discussion and analysis; statements of net position; statements of revenues, expenses and changes in net position; statements of cash flows; and notes to the financial statements. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant transactions among departments, campuses, and auxiliary units of the IHL System 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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

(d) New Accounting Standards

On June 30, 2022, the IHL System adopted GASB Statement No. 87, *Leases*. This standard establishes the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The IHL System adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard establishes accounting requirements for interest cost incurred before the end of a construction period. Such costs should now be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Statement reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

(e) Recently Issued Accounting Standards

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

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The original effective date of this Statement was for reporting periods beginning after December 15, 2020. This Statement is now effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. As a result of global reference rate reform, the London Interbank Offered Rate (LIBOR) is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. The removal of LIBOR as an appropriate benchmark interest rate was effective for reporting periods ending after December 31, 2021 with all other requirements of this Statement effective for reporting periods beginning after June 15, 2020. This statement is now effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or exchange-like transaction. The effective date of this statement is for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. SBITAs provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting perpetual license or title to those assets. A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The effective date of this statement is for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing both practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees.

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.

(f) Use of Estimates

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

Significant estimates include the determination of the allowances for uncollectible accounts and contractual adjustments and estimated third-party payor settlements, included as other current assets and as other current liabilities, relating to the IHL System’s patient services. In addition, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates associated with these programs could change by a material amount in the near term.

Included in other noncurrent liabilities are unpaid claims liabilities relating to the IHL System’s self-insured workers’ compensation, unemployment, and tort liability funds. The liabilities for these unpaid claims and loss adjustment expenses are determined using both evaluations of each claim and statistical analyses and represent the estimated ultimate net cost of all claims and expenses incurred through the end of the reporting period. The determinations of claims payable include estimates that are particularly susceptible to change in the near term.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Management believes that liabilities established for these unpaid claims at June 30, 2022 are adequate to cover the ultimate net cost of claims and contractual adjustments, but these liabilities are necessarily based upon estimates, and accordingly, the amount ultimately paid will be more or less than such estimates. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed, and any adjustments are reflected in operations currently.

The IHL System'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 IHL System's financial statements.

(g) Cash Equivalents

The IHL System considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(h) Short-Term Investments

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

(i) Accounts Receivable, Net

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

(j) Student Notes Receivable, Net

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

(k) Inventories

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

(l) Prepaid Expenses

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

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

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

(n) Endowment Investments

The IHL System's endowment investments recorded at fair value, 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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

be expended only after a stated period or upon the occurrence of a certain event, and funds functioning as endowments, which are funds established by the governing board to function similar to an endowment fund but may be fully expended at any time at the discretion of the governing board.

(o) Other Long-Term Investments

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

(p) Investment Valuation

GASB Statement No. 72, *Fair Value Measurement and Application*, 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 IHL System 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; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

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

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

(q) Capital Assets

Capital assets, which include land, buildings, improvements, intangible right-to-use leased assets, equipment, library books, and vehicles are recorded at cost at the date of acquisition, or, if donated, at acquisition value at the date of donation. For movable property, the IHL System'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, in excess of \$25,000, that significantly increase the value or extend the useful life of the structure are capitalized over a 20-year period. 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 expenditure categories. Right-to-use leased assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. See note 5 for additional details. The IHL System uses the composite method for library book depreciation if the books are considered to have a useful life of greater than one year. 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, if material.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

(r) Impairment of Capital Assets

Management reviews capital assets for impairment whenever events or changes in circumstances indicate that the service utility of an asset has declined significantly and unexpectedly. Any write-downs due to impairment are charged to operations at the time impairment is identified. No write-down of capital assets was required for the year ended June 30, 2022.

(s) Deferred Inflows and Outflows of Resources

Deferred inflows of resources are an acquisition of net assets by the IHL System that are applicable to a future reporting period and include pension, OPEB, and lease related deferred inflows, the unamortized amounts for gains on the refunding of bond debt, and beneficial interests in irrevocable trusts.

Deferred outflows of resources are consumption of net assets by the IHL System that are applicable to a future reporting period and include pension and OPEB related deferred outflows and the unamortized amounts for losses on the refunding of bond debt.

(t) Net Pension and OPEB Liabilities

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

(u) Accounts Payable and Accrued Liabilities

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

(v) Compensated Absences/Accrued Leave

Twelve-month employees earn annual personal leave at a rate of 12 hours per month for one month 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 fifteen 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.

(w) Unearned Revenues

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

(x) Deposits Refundable

Deposits refundable represent good-faith deposits from students to reserve housing assignments, key deposits, and post-breakage deposits in the residence halls of the member universities of the IHL System.

(y) Non-current Liabilities

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

(z) Government Advances Refundable

The IHL System participates in the Federal Perkins Loan and Nursing Loan Programs, which are funded through a combination of federal and institutional resources. The portion of these programs that has been funded with federal funds is ultimately refundable to the U.S. government upon the termination of IHL System's participation in the programs. Although the federal government has terminated the programs disallowing new loans to be made, institutions may continue to collect and service existing loans. The IHL System does not have a timeline for discontinuing its participation in these programs. The portion that would be refundable if the programs were terminated has been presented as other long-term liabilities and approximated \$34.4 million as of June 30, 2022.

(aa) Income Taxes

As an integral part of the State of Mississippi, a governmental entity, the IHL System is generally not subject to federal income tax, however, income generated from activities unrelated to the IHL System's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(B).

(bb) Classification of Revenues and Expenses

The IHL System 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 Federal appropriations, if any; (4) interest on institutional student loans and other revenues; and (5) patient care revenues. 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.

(cc) 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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

intercollegiate athletic programs (only if they are essentially self-supporting). The general public may be served incidentally by auxiliary enterprises.

(dd) University Press of Mississippi

The University Press of Mississippi (UPM) is one such auxiliary enterprise. UPM was founded in 1970 and represents Mississippi's eight public state universities. UPM publishes scholarly work and books that represent Mississippi and its culture to the nation and the world. From its offices in Jackson, the University Press of Mississippi acquires, edits, distributes, and promotes more than 85 new books every year. Over the years, the press has published more than 2,000 titles and distributed more than three million copies worldwide, each with the Mississippi imprint. UPM is the only not-for-profit book publisher in the state and is a blended component unit of the IHL Executive Office.

(ee) Patient Care Revenues, Net

UMMC's hospital and clinical service revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including contractual allowances and estimated retroactive adjustments under reimbursement programs with third-party payors, less an allowance for doubtful accounts. Retroactive adjustments are accrued in future periods as final settlements are determined.

Inpatient acute care services and substantially all outpatient services rendered to Medicare and Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. UMMC is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports and audits thereof by the Medicare and Medicaid intermediaries.

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services. UMMC is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by UMMC and audits thereof by Medicaid fiscal intermediary.

Revenue from the Medicare and Medicaid programs accounted for approximately 29.9% and 25.8%, respectively, of UMMC's net patient service revenues for the year ended June 30, 2022. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

UMMC also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to UMMC under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

(ff) Hospital Reimbursement

The University of Mississippi Medical Center – Health System (UMMC – Health System) Medicare cost reports have been audited and settled by the fiscal intermediary through the cost reports filed for the year ended June 30, 2018 for the Jackson Campus, for the year ended June 30, 2020 for Holmes County Hospital, and for the year ended June 30, 2018 for UMMC Grenada.

Over nine years ago, the Division of Medicaid (DOM) notified all providers in the State of Mississippi of a change in the methodology used to reimburse outpatient services. DOM had adopted a payment methodology for outpatient services at a fixed cost to charge ratio that was increased each year by an inflationary index. At that time, DOM issued letters to all providers of an updated reimbursement percentage based on current cost data. DOM also stated its intention to apply the revised methodology retroactively to October 1, 2005. At June 30,

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

2022, UMMC – Health System maintains a reserve of approximately \$35.5 million for Medicaid rate recalculations, Medicaid DSH audits, and other adjustments for prior fiscal years.

Effective in fiscal year 2020, DOM went live with an at-risk model for a portion of the hospital access payments under the Mississippi Hospital Access Payments (MHAP) program. The state’s responsibility under this program is to transition the MHAP to a quality-based program completely over the coming years. This new at-risk portion of MHAP, or QIPP (Quality Incentive Payment Program), puts 10% of hospitals’ MHAP payments at risk. The program’s current goal is to improve quality of care through the reduction of preventable hospital readmissions. Readmissions are measured quarterly against a pre-determined standard by DOM. UMMC continues to meet the standard requirement. There are no current reserves for the potential impact of underperformance; however, future performance may determine a need.

(gg) 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.

(hh) Net Position

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

Net investment in capital assets reflect the IHL System’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 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 IHL System 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 IHL System’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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2

Cash and Investments

Cash, Cash Equivalents and Short-Term Investments

Investment policies, as set forth by the IHL System's Board of Trustees' policy and state statute, authorize the universities 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 IHL System is governed by State statute (Section 27-105-33, MS Code Ann. 1972) and the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 IHL System had no investments exposed to custodial credit risk at June 30, 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 MS Code Annotated (1972). Under this program, 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, 2022 is as follows:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Cash	\$ 716,783,822
Restricted cash and cash equivalents	139,803,212
U.S. Treasury securities	651,606,795
U.S. government agency securities	474,163,410
Commercial mortgage backed securities	1,300,526
Collateralized mortgage obligations	22,014,255
Asset backed securities	2,515,095
Corporate bonds and notes	5,842,575
Municipal bonds	9,686,699
Fixed income mutual funds	10,560,905
Other fixed income securities	9,931,824
Certificates of deposit	16,116,979
Money market funds	5,722,160
Domestic equity securities	24,027,841
Global equity securities	6,081,775
Domestic equity mutual funds	5,733,617
International equity mutual funds	30,275
Equity long/short hedge funds	92,432,726
Private capital	70,534,233
Endowment Pool Balanced	3,590,525
Mississippi State Foundation Investment Pool	43,532,469
Miscellaneous	49,212,024
Total cash and investments	\$ 2,361,223,742

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment strategy:				
Fixed income:				
U.S. Treasury securities	\$ 641,205,311	10,401,484	—	651,606,795
Fixed income mutual funds	10,042,018	518,887	—	10,560,905
U.S. government securities	4,417,740	469,745,670	—	474,163,410
Mortgage obligations and asset backed securities	—	25,829,876	—	25,829,876
Corporate bonds and notes	4,600,885	1,241,690	—	5,842,575
Certificates of deposit	—	16,116,979	—	16,116,979
Municipal bonds	1,801,226	7,885,473	—	9,686,699
Other fixed income securities	9,735,599	196,225	—	9,931,824
Money market funds	4,927,402	794,758	—	5,722,160
Total fixed income investments	<u>\$ 676,730,181</u>	<u>532,731,042</u>	<u>—</u>	<u>1,209,461,223</u>
Equity securities:				
Domestic equity securities	23,003,831	1,024,010	—	24,027,841
Domestic equity mutual funds	4,638,070	1,095,547	—	5,733,617
Global equity securities	5,658,153	423,622	—	6,081,775
International equity mutual funds	30,275	—	—	30,275
Total equity securities	<u>\$ 33,330,329</u>	<u>2,543,179</u>	<u>—</u>	<u>35,873,508</u>
Investments measured at NAV as a practical expedient:				
Equity long/short hedge funds				\$ 92,432,726
Private capital				70,534,233
Mississippi State Foundation Investment Pool				43,532,469
Endowed Pool II Balanced				3,590,525
Other miscellaneous investments				49,212,024
Total investments measured at NAV				<u>259,301,977</u>
Total investments measured at fair value				<u>\$ 1,504,636,708</u>

The valuation method for investments measured at NAV per share as a practical expedient is presented in the following table:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption frequency (if eligible)</u>	<u>Redemption notice period</u>
Equity long/short hedge funds (1)	\$ 92,432,726	—	Quarterly	45-120 Days
Private capital (2)	70,534,233	22,804,289	Various	Various
Mississippi State Foundation Investment Pool	43,532,469	—	Daily	1-3 Days
Endowed Pool II Balanced	3,590,525	—	Daily	1-3 Days
Other miscellaneous investments (3)	49,212,024	166,600	Various	Various
Total investments measured at NAV	<u>\$ 259,301,977</u>			

- (1) Equity long/short hedge and venture capital funds specialize primarily in classic long/short hedge equity strategies. These funds invest globally, with a majority of the exposure in liquid, developed markets and invest primarily in private investment partnerships, venture capital opportunities or limited liability companies and in separately-managed accounts, each of which is managed by independent managers.
- (2) Private capital investments help build new startup equities that are considered to have high-growth and high-risk potential, mainly in the technology and healthcare sectors.
- (3) Other miscellaneous investments consist of various other tangible items such as land, timberland and various real estate, etc.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

The equity in the long/short hedge funds, private capital, Mississippi State University Foundation Investment Pool, and other miscellaneous investments represents the IHL System's participations in those investments, which is measured at NAV per share.

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 IHL System had no investments exposed to custodial credit risk at June 30, 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 IHL System does not presently have a formal investment policy that addresses interest rate risk.

As of June 30, 2022, the IHL System had the following investments subject to interest rate risk:

	Fair value	Years to maturity			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury securities	\$ 651,606,795	371,035,221	278,033,229	2,422,912	115,433
U.S. government agency obligations	474,163,410	29,327,948	368,141,721	69,734,439	6,959,302
Commercial mortgage backed securities	1,300,526	106,912	—	631,373	562,241
Collateralized mortgage obligations	22,014,255	77,672	1,720,627	1,610,899	18,605,057
Asset backed securities	2,515,095	—	396,313	—	2,118,782
Corporate bonds and notes	5,842,575	357,237	1,913,867	1,436,374	2,135,098
Certificates of deposit	16,116,979	9,472,230	6,150,841	493,908	—
Municipal bonds	9,686,699	2,256,862	5,078,768	1,659,938	691,130
Other fixed income securities	9,931,824	—	678,610	5,935,409	3,317,805
Fixed income mutual funds	10,560,905	5,619,732	1,565,356	2,391,148	984,669
Total	<u>\$ 1,203,739,063</u>	<u>418,253,814</u>	<u>663,679,332</u>	<u>86,316,400</u>	<u>35,489,517</u>

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The IHL System does not presently have a formal investment policy that addresses credit risk.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

As of June 30, 2022, the IHL System had the following investments recorded at fair value subject to credit risk:

Credit rating:	
AAA	\$ 39,397,210
Aaa	104,663,563
Aa2	5,456,921
Aa3	575,092
AA	4,766,703
A1	5,847
A2	55,365
A3	136,269
A	3,824,755
AA+	286,828,263
BAA	59,046
B	999,463
BB	1,714,906
BBB	4,223,163
CCC	404,336
Not rated, or rating unavailable	<u>82,904,387</u>
Total investments subject to credit risk	<u>\$ 536,015,289</u>

Cash and Investments excluded from credit risk disclosure:	
Cash	\$ 716,783,822
Restricted cash and cash equivalents	139,803,212
U.S. Treasury securities	651,606,795
Certificates of deposit	16,116,979
Money market funds	5,722,160
Equity securities	35,873,508
Investments measured at NAV	<u>259,301,977</u>
Total investments excluded from credit risk disclosure	<u>1,825,208,453</u>
Total cash and investments	<u>\$ 2,361,223,742</u>

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 IHL System does not presently have a formal policy that addresses concentration of credit risk.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

As of June 30, 2022, the IHL System had the following issuers holding investments recorded at fair value that exceeded 5% of total investments:

Issuer	Fair value	Percentage
U.S. Treasury securities	\$ 651,606,795	43.92%
Federal Home Loan Bank notes	197,147,072	13.29%
Federal Farm Credit Bank notes	140,332,799	9.46%

Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The IHL System does not presently have a formal policy that addresses foreign currency risk. The IHL System's exposure to foreign currency risk is limited to investments in global or pooled non-U.S. equity mutual funds, which approximated \$38.7 million at June 30, 2022.

Note 3

Accounts Receivable, net

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

	June 30, 2022	Current Portion	Non-current Portion
Student tuition	\$ 139,197,638	139,197,638	—
Auxiliary enterprises and other operating activities	37,154,293	37,154,293	—
Contributions and gifts	725,783	725,783	—
Federal, state, and private grants and contracts	157,086,442	157,086,442	—
State Appropriations	15,227,323	15,227,323	—
Accrued Interest	3,553,264	3,553,264	—
Patient Income	656,581,483	656,581,483	—
Accrued lease receivable	43,392,461	4,600,387	38,792,074
Other	34,105,561	22,669,055	11,436,506
Total accounts receivable	1,087,024,248	1,036,795,668	50,228,580
Less bad debt provision	(656,131,573)	(656,131,573)	—
Less elimination entry	(13,375,623)	(3,902,378)	(9,473,245)
Net accounts receivable	<u>\$ 417,517,052</u>	<u>376,761,717</u>	<u>40,755,335</u>

Note 4

Notes Receivable from Students

Notes receivable from students are payable in installments over a period of up to ten years, commencing three to twelve months from the date of separation from one of the IHL System's institutions.

The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the IHL System as of June 30, 2022:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

	Interest Rates	June 30, 2022	Current Portion	Non-current Portion
Perkins student loans	3% to 9%	\$ 32,057,168	7,411,888	24,645,280
Institutional loans	0% to 9%	62,644,165	10,299,206	52,344,959
Nursing student loans	3% to 9%	4,159,128	558,821	3,600,307
Dental student loans	3% to 9%	288,420	137,545	150,875
Medical student loans	3% to 9%	335,512	22,980	312,532
Other federal loans	3% to 9%	2,347,918	1,937,951	409,967
Total notes receivable		101,832,311	20,368,391	81,463,920
Less allowance for doubtful accounts		(20,567,004)	(3,170,527)	(17,396,477)
Net notes receivable		<u>\$ 81,265,307</u>	<u>17,197,864</u>	<u>64,067,443</u>

Note 5

Capital Assets

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

	Balance June 30, 2021	Additions	Deletions/ transfers	Balance June 30, 2022
Nondepreciable Capital Assets:				
Land	\$ 116,304,587	1,880,595	1,064	118,184,118
Construction in progress	292,482,037	142,480,140	58,932,552	376,029,625
Livestock	1,131,841	773,505	—	1,905,346
Total nondepreciable capital assets	<u>409,918,465</u>	<u>145,134,240</u>	<u>58,933,616</u>	<u>496,119,089</u>
Depreciable/amortizable capital assets:				
Buildings	4,755,424,420	49,936,873	1,281,771	4,804,079,522
Improvements other than buildings	523,879,514	13,552,418	—	537,431,932
Equipment	969,076,502	44,133,974	29,762,843	983,447,633
Library books	462,203,244	14,019,873	372,464	475,850,653
Leased land	—	2,335,557	—	2,335,557
Leased buildings	—	90,335,474	—	90,335,474
Leased equipment	—	40,218,814	—	40,218,814
Total depreciable/amortizable assets	<u>6,710,583,680</u>	<u>254,532,983</u>	<u>31,417,078</u>	<u>6,933,699,585</u>
Total capital assets	<u>7,120,502,145</u>	<u>399,667,223</u>	<u>90,350,694</u>	<u>7,429,818,674</u>
Less accumulated depreciation for:				
Buildings	1,289,863,191	88,240,564	915,473	1,377,188,282
Improvements other than buildings	227,152,147	16,021,537	—	243,173,684
Equipment	737,050,258	55,836,984	28,093,632	764,793,610
Library books	406,237,123	12,714,749	372,465	418,579,407
Less accumulated amortization for:				
Leased assets	—	19,123,561	—	19,123,561
Total accumulated depreciation and amortization	<u>2,660,302,719</u>	<u>191,937,395</u>	<u>29,381,570</u>	<u>2,822,858,544</u>
Net capital assets	<u>\$ 4,460,199,426</u>	<u>207,729,828</u>	<u>60,969,124</u>	<u>4,606,960,130</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Depreciation and amortization is computed on a straight-line basis except for library books, which is computed using a composite method over the following estimated useful lives:

<u>Capital assets</u>	<u>Useful lives</u>
Buildings and right-to-use leased buildings	40 - 50 years
Improvements other than buildings	20 years
Equipment, vehicles, and right-to-use leased equipment	3-15 years
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, 2022 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension related (see note 15)	\$ 417,084,062	\$ 752,067,972
OPEB related (see note 16)	28,212,543	45,575,897
Unamortized loss/gain on refunding of debt	45,455,550	3,868,943
Lease related (see note 12)	—	40,562,779
Beneficial interest in irrevocable trusts	—	38,316,824
Totals	<u>\$ 490,752,155</u>	<u>\$ 880,392,415</u>

Note 7

Accounts Payable and Accrued Liabilities

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

Payable to vendors and contractors	\$ 178,345,058
Accrued salaries, wages and employee withholdings	118,924,703
Accrued interest	5,514,003
Other	7,781,151
Subtotal	<u>310,564,915</u>
Less elimination entry	<u>(60,102)</u>
Total accounts payable and accrued liabilities	<u>\$ 310,504,813</u>

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8

Unearned Revenues

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

Unearned summer school revenue	\$ 37,168,097
Unearned grants and contract revenue	62,712,421
Other principally athletic activities	<u>32,363,054</u>
Total unearned revenues	<u>\$ 132,243,572</u>

All amounts are considered current and will be fully recognized within one year.

Note 9

Material Blended Component Units of the IHL System

In accordance with GASB Statement No. 61, the educational building corporations are deemed to be material component units of the IHL System but are presented on a blended basis in the accompanying financial statements due to the significance of their activities to respective member universities' operations. These blended component units provide services entirely, or almost entirely, to their respective universities. Condensed financial information as of June 30, 2022 is listed in the following schedules.

	ASU	DSU	JSU	MSU	MVSU	UM	USM	UMMC
Current assets	\$ —	—	—	—	—	16,839,498	6,097,950	9,975,221
Noncurrent assets	36,426,602	11,535,000	81,669,745	285,270,000	15,290,000	204,886,067	142,009,021	328,944,508
Total assets	<u>36,426,602</u>	<u>11,535,000</u>	<u>81,669,745</u>	<u>285,270,000</u>	<u>15,290,000</u>	<u>221,725,565</u>	<u>148,106,971</u>	<u>338,919,729</u>
Deferred outflows of resources	—	—	6,727,617	—	—	—	—	12,589,920
Current liabilities	2,605,164	620,000	5,012,167	12,485,000	725,000	16,671,998	6,097,950	9,975,220
Noncurrent liabilities	42,904,597	10,915,000	83,385,195	272,785,000	14,565,000	201,184,624	142,009,021	330,077,935
Total liabilities	45,509,761	11,535,000	88,397,362	285,270,000	15,290,000	217,856,622	148,106,971	340,053,155
Deferred inflows of resources	—	—	—	—	—	3,868,943	—	—
Total net position	<u>\$ (9,083,159)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,456,494</u>
Operating revenues	\$ 2,923,550	—	—	—	1,275,566	—	—	11,875,259
Operating expenses	(2,794,115)	—	—	—	(1,275,566)	—	—	(11,292,768)
Total operating income	<u>129,435</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>582,491</u>
Nonoperating revenues	—	1,082,850	3,373,286	12,755,173	—	5,871,749	10,885,165	—
Nonoperating expenses	—	(1,082,850)	(3,373,286)	(12,755,173)	—	(5,871,749)	(10,885,165)	—
Total nonoperating revenue (expenses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Changes in net position	<u>\$ 129,435</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>582,491</u>

Note 10

Long-Term Liabilities

Long-term liabilities of the IHL System consist of bonds and notes payable, and certain other liabilities that are expected to be liquidated at least one year from June 30, 2022.

For municipal bonds, the IHL System has the option to prepay all outstanding obligations less any unearned interest to fully satisfy the obligation; there is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, IHL will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period. Other long-term liabilities consist of accrued leave liabilities, notes payable, net pension liability, net OPEB liability, lease liabilities, refundable deposits, and other liabilities (government advance refundables, self-insured workers' compensation, unemployment and tort reserve for claims).

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Information regarding original issue amounts, interest rates, and maturity dates for bonded debt relative to the long-term liabilities for each of the universities within the IHL System as of June 30, 2022 is listed in the following schedules.

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Alcorn State University:								
Bonded Debt								
EBC - Series 2016	\$ 43,630,000	2.00% - 5.00%	2040	\$ 42,245,000	—	1,230,000	41,015,000	1,335,000
Unamortized Premium				3,417,110	—	192,513	3,224,597	192,512
Total Bonded Debt				45,662,110	—	1,422,513	44,239,597	1,527,512
Other Long-term Liabilities:								
Accrued leave liabilities				3,169,297	—	199,090	2,970,207	597,976
Net pension liability				80,909,069	—	25,448,749	55,460,320	—
Net OPEB liability				4,285,131	—	1,105,015	3,180,116	—
Lease Liability *				—	554,405	212,356	342,049	211,625
Deposits refundable				678,133	—	918	677,215	—
Total Other liabilities				89,041,630	554,405	26,966,128	62,629,907	809,601
Total				\$ 134,703,740	554,405	28,388,641	106,869,504	2,337,113
Due within one year							(2,337,113)	
Total noncurrent liabilities							\$ 104,532,391	

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Delta State University:								
Bonded Debt								
EBC - Series 2016	\$ 15,105,000	2.00% - 5.00%	2039	\$ 12,145,000	—	610,000	11,535,000	620,000
Total Bonded Debt				<u>12,145,000</u>	<u>—</u>	<u>610,000</u>	<u>11,535,000</u>	<u>620,000</u>
Other Long-term Liabilities:								
Accrued leave liabilities				1,593,705	—	75,229	1,518,476	379,619
Net pension liability				51,106,285	—	11,671,153	39,435,132	—
Net OPEB liability				3,181,438	—	519,563	2,661,875	—
Lease Liability *				—	91,198	78,047	13,151	13,151
Deposits refundable				102,834	6,132	—	108,966	—
Total Other liabilities				<u>55,984,262</u>	<u>97,330</u>	<u>12,343,992</u>	<u>43,737,600</u>	<u>392,770</u>
Total				<u>\$ 68,129,262</u>	<u>97,330</u>	<u>12,953,992</u>	<u>55,272,600</u>	<u>1,012,770</u>
Due within one year							<u>(1,012,770)</u>	
Total noncurrent liabilities							<u>\$ 54,259,830</u>	

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Jackson State University:								
Bonded Debt								
EBC - Series 2015A	\$ 57,595,000	2.00% - 5.00%	2025	\$ 51,625,000	—	40,345,000	11,280,000	3,635,000
EBC - Series 2017	6,000,000	3.38%	2028	6,000,000	—	6,000,000	—	—
EBC - Series 2017A	29,745,000	1.60% - 3.70%	2034	28,175,000	—	875,000	27,300,000	945,000
EBC - Series 2021A	42,380,000	1.05% - 2.85%	2045	—	42,380,000	—	42,380,000	—
EBC - Series 2021B	6,295,000	2.35%	2035	—	6,295,000	—	6,295,000	—
Unamortized premium				7,227,039	—	6,412,702	814,337	305,376
Total Bonded Debt				<u>93,027,039</u>	<u>48,675,000</u>	<u>53,632,702</u>	<u>88,069,337</u>	<u>4,885,376</u>
Other Long-term Liabilities:								
Accrued leave liabilities				5,542,822	1,093,857	—	6,636,679	487,775
Net pension liability				131,957,542	—	32,758,590	99,198,952	—
Net OPEB liability				6,385,068	—	1,131,987	5,253,081	—
Lease Liability *				—	8,978,165	1,067,267	7,910,898	803,046
Financed purchases - buses				449,227	—	121,203	328,024	126,791
Deposits refundable				703,815	—	1	703,814	—
Federal Loan Fund Repayment Contingency				1,912,787	—	—	1,912,787	—
Total Other liabilities				<u>146,951,261</u>	<u>10,072,022</u>	<u>35,079,048</u>	<u>121,944,235</u>	<u>1,417,612</u>
Total				<u>\$ 239,978,300</u>	<u>58,747,022</u>	<u>88,711,750</u>	<u>210,013,572</u>	<u>6,302,988</u>
Due within one year							<u>(6,302,988)</u>	
Total noncurrent liabilities							<u>\$ 203,710,584</u>	

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi State University:								
Bonded Debt								
Student Apartments	\$ 2,038,000	3.00%	2023	\$ 90,000	—	90,000	—	—
EBC - Series 2011	54,370,000	2.00% - 5.00%	2043	1,330,000	—	1,330,000	—	—
EBC - Series 2013	60,470,000	2.00% - 5.00%	2044	8,960,000	—	605,000	8,355,000	630,000
EBC - Series 2014A	89,810,000	2.00% - 5.00%	2044	69,140,000	—	3,990,000	65,150,000	4,170,000
EBC - Series 2014B	23,435,000	0.29% - 4.813%	2044	17,300,000	—	1,005,000	16,295,000	1,035,000
EBC - Series 2015	56,010,000	2.00% - 5.00%	2046	50,725,000	—	1,185,000	49,540,000	1,245,000
EBC - Series 2017	63,270,000	2.00% - 5.00%	2046	58,325,000	—	3,635,000	54,690,000	3,785,000
EBC - Series 2017A	92,075,000	2.00% - 5.00%	2044	91,455,000	—	215,000	91,240,000	1,620,000
Unamortized premium				15,256,682	—	2,293,458	12,963,224	2,060,103
Total Bonded Debt				<u>312,581,682</u>	<u>—</u>	<u>14,348,458</u>	<u>298,233,224</u>	<u>14,545,103</u>
Other Long-term Liabilities:								
Accrued leave liabilities				25,747,865	55,060	—	25,802,925	2,345,093
Net pension liability				623,650,981	—	139,252,595	484,398,386	—
Net OPEB liability				31,009,098	—	4,266,677	26,742,421	—
Lease Liability *				—	12,263,627	1,399,491	10,864,136	1,221,093
Deposits refundable				45,348	4,279	—	49,627	—
Federal Loan Fund Repayment Contingency				6,636,756	—	1,825,649	4,811,107	—
Total Other liabilities				<u>687,090,048</u>	<u>12,322,966</u>	<u>146,744,412</u>	<u>552,668,602</u>	<u>3,566,186</u>
Total				<u>\$ 999,671,730</u>	<u>12,322,966</u>	<u>161,092,870</u>	850,901,826	<u>18,111,289</u>
Due within one year							<u>(18,111,289)</u>	
Total noncurrent liabilities							<u>\$ 832,790,537</u>	

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Description and Purpose	Beginning balance	Additions	Deletions	Ending balance	Due within one year
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				<u>(100,334)</u>	
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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi Valley State University:								
Bonded Debt								
EBC - Series 2007	\$ 19,015,000	4.00%	2022	\$ 165,000	—	165,000	—	—
EBC - Series 2015	17,270,000	2.00%	2037	15,850,000	—	560,000	15,290,000	575,000
Total Bonded Debt				16,015,000	—	725,000	15,290,000	575,000
Other Long-term Liabilities:								
Accrued leave liabilities				1,548,714	—	141,183	1,407,531	227,112
Net pension liability				47,700,781	—	14,063,912	33,636,869	—
Net OPEB liability				2,917,487	—	673,738	2,243,749	—
Lease Liability *				—	67,859	18,458	49,401	18,784
Deposits refundable				30,110	—	1,946	28,164	—
Total Other liabilities				52,197,092	67,859	14,899,237	37,365,714	245,896
Total				\$ 68,212,092	67,859	15,624,237	52,655,714	820,896
Due within one year							(820,896)	
Total noncurrent liabilities							\$ 51,834,818	

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi:								
Bonded Debt								
EBC - Series 2011	\$ 27,995,000	3.00% - 4.00%	2032	\$ 1,295,000	—	1,295,000	—	—
EBC - Series 2015A	15,660,000	2.00% - 4.00%	2040	14,480,000	—	295,000	14,185,000	335,000
EBC - Series 2015B	10,125,000	1.375% - 3.75%	2030	6,555,000	—	640,000	5,915,000	660,000
EBC - Series 2015C	31,630,000	2.00% - 5.00%	2046	28,505,000	—	675,000	27,830,000	695,000
EBC - Series 2015D	17,660,000	0.993% - 4.452%	2036	14,150,000	—	740,000	13,410,000	755,000
EBC - Series 2016A	33,245,000	2.00% - 5.00%	2034	25,020,000	—	2,030,000	22,990,000	2,110,000
EBC - Series 2017	38,995,000	2.00% - 5.00%	2035	36,890,000	—	1,555,000	35,335,000	2,735,000
EBC - Series 2019A	73,350,000	3.00% - 5.00%	2036	71,925,000	—	3,150,000	68,775,000	3,315,000
EBC - Series 2019B	3,365,000	1.94% - 2.05%	2024	2,480,000	—	905,000	1,575,000	920,000
Unamortized Premium				18,511,081	—	1,552,878	16,958,203	1,531,458
Total Bonded Debt				219,811,081	—	12,837,878	206,973,203	13,056,458
Other Long-term Liabilities:								
Accrued leave liabilities				18,018,079	41,048	—	18,059,127	2,487,000
Net pension liability				370,390,153	—	90,689,466	279,700,687	—
Net OPEB liability				20,806,654	—	3,740,031	17,066,623	—
Lease Liability *				—	2,383,012	741,726	1,641,286	656,169
Deposits refundable				124,116	138,415	—	262,531	—
Note Payable from direct borrowings - Hancock Bank				5,058,598	—	960,057	4,098,541	985,220
Note Payable from direct borrowings - Renasant Bank				5,709,229	—	766,520	4,942,709	788,151
Federal Loan Fund Repayment Contingency				7,790,700	—	685,900	7,104,800	—
Total Other liabilities				427,897,529	2,562,475	97,583,700	332,876,304	4,916,540
Total				<u>\$ 647,708,610</u>	<u>2,562,475</u>	<u>110,421,578</u>	539,849,507	<u>17,972,998</u>
Due within one year							(17,972,998)	
Total noncurrent liabilities							<u>\$ 521,876,509</u>	

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Southern Mississippi:								
Bonded Debt								
SMEBC - Series 2013	\$ 51,875,000	2.00% - 5.00%	2044	\$ 7,265,000	—	560,000	6,705,000	655,000
SMEBC - Series 2015A	38,600,000	2.00% - 5.00%	2034	32,500,000	—	1,630,000	30,870,000	1,825,000
SMEBC - Series 2015B	16,690,000	0.50% - 3.25%	2034	5,175,000	—	1,945,000	3,230,000	605,000
SMEBC - Series 2016	58,870,000	2.00% - 5.00%	2040	56,330,000	—	1,380,000	54,950,000	1,570,000
SMEBC - Series 2017	44,005,000	2.00% - 5.00%	2044	42,905,000	—	175,000	42,730,000	180,000
Umamortized Premium				10,956,999	—	1,335,028	9,621,971	1,262,950
Total Bonded Debt				155,131,999	—	7,025,028	148,106,971	6,097,950
Other Long-term Liabilities:								
Accrued leave liabilities				9,994,418	1,233,293	—	11,227,711	1,235,048
Net pension liability				253,087,895	—	61,346,854	191,741,041	—
Net OPEB liability				13,981,862	—	2,433,329	11,548,533	—
Lease Liability *				—	5,077,147	951,049	4,126,098	965,646
Deposits refundable				3,086	—	100	2,986	—
Federal Loan Fund Repayment Contingency				21,595,328	—	3,178,415	18,416,913	—
Total Other liabilities				298,662,589	6,310,440	67,909,747	237,063,282	2,200,694
Total				\$ 453,794,588	6,310,440	74,934,775	385,170,253	8,298,644
Due within one year							(8,298,644)	
Total noncurrent liabilities							\$ 376,871,609	

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi Medical Center:								
Bonded Debt								
MCEBC - Series 1998B	\$ 41,075,000	3.88% - 5.90%	2024	\$ 11,240,000	—	3,550,000	7,690,000	3,745,000
MCEBC - Series 2017A	137,635,000	3.00% - 5.00%	2047	137,390,000	—	—	137,390,000	—
MCEBC - Series 2017B	12,345,000	2.45% - 3.10%	2024	6,755,000	—	2,905,000	3,850,000	2,990,000
MCEBC - Series 2019	24,380,000	5.00%	2035	23,045,000	—	515,000	22,530,000	525,000
MCEBC - Series 2020B	158,125,000	.445% - 2.917%	2041	154,780,000	—	1,735,000	153,045,000	1,745,000
Unamortized premium				16,037,652	—	1,459,717	14,577,935	1,474,739
Total Bonded Debt				349,247,652	—	10,164,717	339,082,935	10,479,739
Note Payable								
University of Mississippi		2.00%	2026	13,110,888	—	2,819,861	10,291,027	3,095,998
University of Mississippi		0.93%	2026	3,748,012	—	723,518	3,024,494	746,278
Total Note Payable				16,858,900	—	3,543,379	13,315,521	3,842,276
Other Long-term Liabilities:								
Accrued leave liabilities				73,476,999	—	5,090,684	68,386,315	6,474,712
Net pension liability				1,498,101,899	—	389,135,156	1,108,966,743	—
Net OPEB liability				60,353,305	—	12,363,005	47,990,300	—
Lease Liability *				—	104,334,070	13,451,108	90,882,962	14,027,338
Federal Loan Fund Repayment Contingency				2,633,043	—	583,537	2,049,506	—
Financed purchases - various equipment				5,945,000	—	1,510,866	4,434,134	1,451,158
Reserve for unpaid claims				31,350,000	—	—	31,350,000	4,195,000
Total Other liabilities				1,671,860,246	104,334,070	422,134,356	1,354,059,960	26,148,208
Total				<u>\$ 2,037,966,798</u>	<u>104,334,070</u>	<u>435,842,452</u>	1,706,458,416	<u>40,470,223</u>
Due within one year							(40,470,223)	
Total noncurrent liabilities							<u>\$ 1,665,988,193</u>	

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Description and Purpose	Beginning balance	Additions	Deletions	Ending balance	Due within one year
IHL Executive Office:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 799,203	93,121	—	892,324	46,949
Net pension liability	20,183,265	—	5,466,187	14,717,078	—
Net OPEB liability	661,048	—	113,361	547,687	—
Lease Liability *	—	125,017	42,744	82,273	37,694
Reserve for unpaid claims	31,716,359	—	648,971	31,067,388	6,779,839
Total Other liabilities	<u>\$ 53,359,875</u>	<u>218,138</u>	<u>6,271,263</u>	47,306,750	<u>6,864,482</u>
Due within one year				<u>(6,864,482)</u>	
Total noncurrent liabilities				<u>\$ 40,442,268</u>	

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

Description and Purpose	Year ended June 30, 2022				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
MCVS:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 55,691	—	1,677	54,014	14,272
Net pension liability	1,925,718	—	540,379	1,385,339	—
Total Other liabilities	<u>\$ 1,981,409</u>	<u>—</u>	<u>542,056</u>	1,439,353	<u>14,272</u>
Due within one year				<u>(14,272)</u>	
Total noncurrent liabilities				<u>\$ 1,425,081</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Description and Purpose	Beginning balance	Additions	Deletions	Total	Elimination Entries	Ending balance	Due within one year
State of Mississippi Institutions of Higher Learning:							
Bonded debt	\$ 1,203,621,563	48,675,000	100,766,296	1,151,530,267	—	1,151,530,267	51,787,138
Reserves for unpaid claims	63,066,359	—	648,971	62,417,388	—	62,417,388	10,974,839
Other long-term liabilities and notes payable:							
Accrued leave liabilities	141,022,079	2,517,477	5,507,863	138,031,693	—	138,031,693	14,338,611
Net pension liability	3,123,010,235	—	780,854,048	2,342,156,187	—	2,342,156,187	—
Net OPEB liability	146,002,208	—	26,730,193	119,272,015	—	119,272,015	—
Lease Liability *	—	133,987,805	18,018,272	115,969,533	—	115,969,533	18,011,825
Notes payable from direct borrowings	10,767,827	—	5,269,956	5,497,871	3,543,379	9,041,250	1,773,371
Financed purchases	6,394,227	—	1,632,069	4,762,158	—	4,762,158	1,577,949
Deposits refundable	1,687,442	148,826	2,965	1,833,303	—	1,833,303	—
Refundable government advances and other	40,825,309	—	6,433,757	34,391,552	—	34,391,552	—
Total other long-term liabilities and notes payable	<u>3,469,709,327</u>	<u>136,654,108</u>	<u>844,449,123</u>	<u>2,761,914,312</u>	<u>3,543,379</u>	<u>2,765,457,691</u>	<u>35,701,756</u>
Total	<u>\$ 4,736,397,249</u>	<u>319,316,913</u>	<u>963,882,662</u>	<u>4,091,831,500</u>	<u>3,543,379</u>	<u>3,979,405,346</u>	<u>98,463,733</u>
Due within one year						<u>(98,463,733)</u>	
Total noncurrent liabilities						<u>\$ 3,880,941,613</u>	

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

The annual debt service requirements for the outstanding debt as of June 30, 2022 for each of the respective universities within the IHL System are as follows:

University - fiscal year(s)	Bonded Debt	Lease Liability	Notes Payable	Interest	Total
Alcorn State University:					
2023	\$ 1,527,512	211,625	—	1,654,593	3,393,730
2024	1,627,512	18,498	—	1,602,790	3,248,800
2025	1,752,512	2,028	—	1,535,001	3,289,541
2026	1,887,512	452	—	1,453,598	3,341,562
2027	2,007,512	462	—	1,365,838	3,373,812
2028 - 2032	11,657,560	2,466	—	5,340,509	17,000,535
2033 - 2037	14,609,477	2,750	—	2,877,950	17,490,177
2038 - 2042	9,170,000	3,081	—	500,144	9,673,225
2043 - 2047	—	3,443	—	11,182	14,625
2048 - 2052	—	3,848	—	10,777	14,625
Thereafter	—	93,396	—	73,329	166,725
Total ASU	<u>\$ 44,239,597</u>	<u>342,049</u>	<u>—</u>	<u>16,425,711</u>	<u>61,007,357</u>
Delta State University:					
2023	\$ 620,000	13,151	—	458,587	1,091,738
2024	650,000	—	—	436,100	1,086,100
2025	500,000	—	—	407,350	907,350
2026	525,000	—	—	381,725	906,725
2027	550,000	—	—	354,850	904,850
2028 - 2032	3,135,000	—	—	1,410,750	4,545,750
2033 - 2037	3,805,000	—	—	742,500	4,547,500
2038 - 2042	1,750,000	—	—	70,800	1,820,800
Total DSU	<u>\$ 11,535,000</u>	<u>13,151</u>	<u>—</u>	<u>4,262,662</u>	<u>15,810,813</u>
Jackson State University:					
2023	\$ 4,885,376	803,046	126,791	2,594,120	8,409,333
2024	5,090,376	693,876	132,639	2,364,899	8,281,790
2025	5,203,585	690,224	68,594	2,125,520	8,087,923
2026	5,340,000	658,318	—	1,700,572	7,698,890
2027	6,520,000	432,616	—	1,617,145	8,569,761
2028 - 2032	34,365,000	2,314,701	—	6,170,566	42,850,267
2033 - 2037	22,585,000	2,318,117	—	1,722,091	26,625,208
2038 - 2042	2,470,000	—	—	326,655	2,796,655
2043 - 2047	1,610,000	—	—	68,145	1,678,145
Total JSU	<u>\$ 88,069,337</u>	<u>7,910,898</u>	<u>328,024</u>	<u>18,689,713</u>	<u>114,997,972</u>
Mississippi State University:					
2023	\$ 14,545,103	1,255,524	—	12,523,370	28,323,997
2024	14,899,553	1,191,499	—	11,916,074	28,007,126
2025	13,053,348	1,039,345	—	11,295,095	25,387,788
2026	13,403,753	1,163,675	—	10,692,697	25,260,125
2027	12,204,578	1,193,685	—	10,093,221	23,491,484
2028 - 2032	64,654,512	3,791,348	—	41,581,918	110,027,778
2033 - 2037	68,426,417	558,546	—	27,185,106	96,170,069
2038 - 2042	66,866,759	623,867	—	13,561,200	81,051,826
2043 - 2047	30,179,201	732,849	—	2,047,288	32,959,338
2048 - 2052	—	928,686	—	203,720	1,132,406
Thereafter	—	1,314,926	—	87,934	1,402,860
Total MSU	<u>\$ 298,233,224</u>	<u>13,793,950</u>	<u>—</u>	<u>141,187,623</u>	<u>453,214,797</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

University - fiscal year(s)	Bonded Debt	Lease Liability	Notes Payable	Interest	Total
Mississippi University for Women:					
2023	\$ —	57,279	—	702	57,981
Total MUW	\$ —	57,279	—	702	57,981
Mississippi Valley State University:					
2023	\$ 575,000	18,784	—	515,425	1,109,209
2024	625,000	19,210	—	497,749	1,141,959
2025	675,000	11,407	—	481,717	1,168,124
2026	725,000	—	—	464,756	1,189,756
2027	785,000	—	—	443,006	1,228,006
2028 - 2032	4,915,000	—	—	1,800,031	6,715,031
2033 - 2037	6,990,000	—	—	807,250	7,797,250
Total MVSU	\$ 15,290,000	49,401	—	5,009,934	20,349,335
University of Mississippi:					
2023	\$ 13,056,458	656,169	1,773,371	8,254,455	23,740,453
2024	13,611,458	461,108	1,821,133	7,698,869	23,592,568
2025	14,256,458	249,289	1,870,745	7,064,929	23,441,421
2026	14,917,220	83,740	1,921,427	6,389,724	23,312,111
2027	15,024,141	63,309	880,840	5,705,508	21,673,798
2028 - 2032	74,921,237	127,671	773,734	18,338,590	94,161,232
2033 - 2037	43,117,341	—	—	6,635,294	49,752,635
2038 - 2042	11,128,177	—	—	2,663,625	13,791,802
2043 - 2047	6,940,713	—	—	691,750	7,632,463
Total UM	\$ 206,973,203	1,641,286	9,041,250	63,442,744	281,098,483
University of Southern Mississippi:					
2023	\$ 6,097,950	965,646	—	6,079,972	13,143,568
2024	6,514,927	963,568	—	5,835,724	13,314,219
2025	6,937,129	890,961	—	5,577,713	13,405,803
2026	7,304,230	574,030	—	5,300,631	13,178,891
2027	7,893,054	341,849	—	5,002,532	13,237,435
2028 - 2032	45,122,796	362,624	—	19,937,863	65,423,283
2033 - 2037	42,782,410	27,420	—	9,566,724	52,376,554
2038 - 2042	20,958,581	—	—	3,082,650	24,041,231
2043 - 2047	4,495,894	—	—	165,225	4,661,119
Total USM	\$ 148,106,971	4,126,098	—	60,549,034	212,782,103
University of Mississippi Medical Center:					
2023	\$ 10,479,739	14,027,338	5,293,434	13,905,843	43,706,354
2024	10,810,144	12,944,849	5,389,615	13,169,047	42,313,655
2025	10,270,543	10,822,432	5,487,622	12,504,127	39,084,724
2026	10,511,308	9,139,146	1,578,984	11,856,962	33,086,400
2027	10,751,067	7,826,165	—	11,286,826	29,864,058
2028 - 2032	58,246,067	31,518,541	—	47,894,740	137,659,348
2033 - 2037	72,815,235	4,604,491	—	35,762,959	113,182,685
2038 - 2042	81,189,458	—	—	24,530,625	105,720,083
2043 - 2047	74,009,374	—	—	10,149,050	84,158,424
Total UMMC	\$ 339,082,935	90,882,962	17,749,655	181,060,179	628,775,731

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Lease Liability</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
Executive Office					
2023	\$ —	37,694	—	1,402	39,096
2024	—	15,744	—	837	16,581
2025	—	13,276	—	513	13,789
2026	—	11,689	—	227	11,916
2027	—	3,870	—	27	3,897
Total Executive Office	\$ —	<u>82,273</u>	<u>—</u>	<u>3,006</u>	<u>85,279</u>
State of Mississippi - Institutions of Higher Learning (Combined):					
2023	\$ 51,787,138	18,046,256	7,193,596	45,988,469	123,015,459
2024	53,828,970	16,308,352	7,343,387	43,522,089	121,002,798
2025	52,648,575	13,718,962	7,426,961	40,991,965	114,786,463
2026	54,614,023	11,631,050	3,500,411	38,240,892	107,986,376
2027	55,735,352	9,861,956	880,840	35,868,953	102,347,101
2028 - 2032	297,017,172	38,117,351	773,734	142,474,967	478,383,224
2033 - 2037	275,130,880	7,511,324	—	85,299,874	367,942,078
2038 - 2042	193,532,975	626,948	—	44,735,699	238,895,622
2043 - 2047	117,235,182	736,292	—	13,132,640	131,104,114
2048 - 2052	—	932,534	—	214,497	1,147,031
Thereafter	—	1,408,322	—	161,263	1,569,585
Total System	\$ <u>1,151,530,267</u>	<u>118,899,347</u>	<u>27,118,929</u>	<u>490,631,308</u>	<u>1,788,179,851</u>

The educational building corporations have pledged future designated revenues to repay \$1.2 billion in EBC bonds. Proceeds from bonds provided financing for the construction of various improvements and other capital expenditures. The bonds are payable solely from appropriate designated revenues and are payable through 2047. Annual principal and interest payments on the bonds are expected to require less than 4% of designated revenues. The total principal and interest remaining to be paid on the bonds is \$1.6 billion. Principal and interest paid for the current year and total designated revenues were \$98.6 million and \$3.15 billion, respectively.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11

Operating Expenses by Natural and Functional Classifications

The IHL System's operating expenses by functional classification were as follows for the year ended June 30, 2022:

Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation and amortization	Other	Total
Instruction	\$ 473,880,902	119,296,753	7,000,941	42,701,588	344,656	762,266	15,841,562	—	140,092	659,968,760
Research	199,655,133	62,188,920	5,346,464	75,066,143	3,871,764	1,376,057	30,942,485	—	517,431	378,964,397
Public service	90,577,587	25,729,602	3,352,658	45,597,100	1,884,332	123,547	9,062,329	—	83,143	176,410,298
Academic support	84,664,159	20,786,558	1,384,894	33,808,673	417,470	554,664	16,810,346	—	1,800	158,428,564
Student services	51,846,620	12,206,485	5,665,111	16,062,433	239,318	2,200,177	8,291,318	—	162,187	96,673,649
Institutional support	146,578,385	41,334,280	2,410,623	107,062,468	454,119	610,432	23,201,501	—	597,916	322,249,724
Operation of plant	52,022,623	16,068,519	165,660	51,757,843	54,721,463	13,105,001	13,114,927	—	247,105	201,203,141
Student aid	2,424,511	6,038,860	105,361	5,008,438	—	271,889,428	178,924	—	—	285,645,522
Auxiliary enterprises	92,257,718	20,453,113	17,447,796	90,512,661	18,999,041	31,098,524	19,254,946	—	48,613	290,072,412
Depreciation and amortization	—	—	—	—	—	—	—	190,819,779	—	190,819,779
Hospital	537,747,489	120,593,887	368,190	178,745,731	1,122,342	—	337,629,753	—	—	1,176,207,392
Loan fund expense	—	—	—	—	—	—	—	—	1,691,621	1,691,621
	<u>1,731,655,127</u>	<u>444,696,977</u>	<u>43,247,698</u>	<u>646,323,078</u>	<u>82,054,505</u>	<u>321,720,096</u>	<u>474,328,091</u>	<u>190,819,779</u>	<u>3,489,908</u>	<u>3,938,335,259</u>
Elimination entries	<u>—</u>	<u>—</u>	<u>—</u>	<u>(56,042,749)</u>	<u>—</u>	<u>(35,204,443)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(91,247,192)</u>
Total operating expenses	<u>\$ 1,731,655,127</u>	<u>444,696,977</u>	<u>43,247,698</u>	<u>590,280,329</u>	<u>82,054,505</u>	<u>286,515,653</u>	<u>474,328,091</u>	<u>190,819,779</u>	<u>3,489,908</u>	<u>3,847,088,067</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12

Leases

(a) Lessee

The IHL System leases equipment, land, as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2109 and provide for renewal options ranging from 1 year to ten years.

Certain land leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Some leases require variable payments based on usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2022, the system made variable payments as required by lease agreements totaling \$53,915.

In 2014, MSU entered into a lease-leaseback arrangement. Under the arrangement, the university leased an office building to a private party. The lease receivable and deferred inflow under this arrangement were \$2,929,814 and \$2,806,042 respectively. The Entity leased back 36,000 RSF of office space in the building and determined that, as the lessee, the initial lease liability and related lease asset are \$7,581,334 and \$7,937,166. As a result, a net lease liability and related net lease asset of \$4,651,520 and \$5,131,124 were recorded in the statement of net position.

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

Year ending June 30,	Principal	Interest	Total
2023	\$ 18,046,256	2,488,549	20,534,805
2024	16,308,352	2,106,591	18,414,943
2025	13,718,962	1,754,472	15,473,434
2026	11,631,050	1,471,369	13,102,420
2027	9,861,956	1,228,652	11,090,608
2028 - 2032	38,117,351	3,199,574	41,316,926
2033 - 2037	7,511,323	686,541	8,197,864
2038 - 2042	626,948	382,763	1,009,711
2043 - 2047	736,292	307,794	1,044,086
2048 - 2052	932,534	214,497	1,147,032
Thereafter	1,408,321	161,262	1,569,583
Total minimum lease payments	<u>\$ 118,899,345</u>	<u>14,002,066</u>	<u>132,901,411</u>

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

Land	\$ 2,335,557
Buildings	90,335,474
Equipment, vehicles, other	40,218,814
Less: accumulated amortization	<u>(19,123,561)</u>
	<u>\$ 113,766,284</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

(b) Lessor

The System, acting as lessor, leases buildings, land, and other various equipment under long-term, non-cancelable lease agreements. The leases expire at various dates through 2109 and provide for renewal options ranging from 5 years to 10 years. During the year ended June 30, 2022, the system recognized \$5,665,103 and \$1,058,771 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain land and building leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended June 30, 2022, the system received variable payments as required by lease agreements totaling \$0.

Total future minimum lease payments to be received under lease agreements are as follows:

Year ending June 30,	Principal	Interest	Total
2023	\$ 4,606,365	993,562	5,599,927
2024	4,012,993	894,090	4,907,083
2025	3,658,553	806,634	4,465,187
2026	3,141,553	724,882	3,866,435
2027	2,976,316	655,273	3,631,589
2028 - 2032	11,537,220	2,355,734	13,892,954
2033 - 2037	6,574,364	1,402,394	7,976,758
2038 - 2042	3,918,713	846,541	4,765,254
2043 - 2047	2,402,722	447,062	2,849,784
2048 - 2052	742,713	306,873	1,049,586
Thereafter	3,192,108	725,960	3,918,068
Total minimum lease payments	<u>\$ 46,763,620</u>	<u>10,159,005</u>	<u>56,922,625</u>

Note 13

Construction Commitments and Financing

The IHL System 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:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

	Remaining estimated cost to complete	Source of Funding			
		Federal	State	Institutional	Other
Alcorn State University	\$ 22,579,037	—	22,579,037	—	—
Delta State University	11,352,899	—	11,352,899	—	—
Jackson State University	25,392,083	—	25,392,083	—	—
Mississippi State University	130,162,893	10,212,378	51,303,067	42,947,448	25,700,000
Mississippi University for Women	13,156,547	—	11,511,852	—	1,644,695
Mississippi Valley State University	28,348,785	391,330	27,957,455	—	—
University of Mississippi	169,425,000	—	35,350,000	93,850,000	40,225,000
University of Southern Mississippi	38,569,799	7,600,000	25,970,002	4,999,797	—
University of Mississippi Medical Center	34,045,537	818,997	19,579,959	13,646,581	—
Totals	\$ 473,032,580	19,022,705	230,996,354	155,443,826	67,569,695

Note 14

Donor Restricted Endowments

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated \$39.1 million as of June 30, 2022. These amounts are included in the accompanying statement of net position in "net position – expendable for other purposes," and "net position – expendable for scholarships and fellowships." The endowment investments totaled \$357.3 million at June 30, 2022.

Most endowments operate on the total-return concept as permitted by the Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Sections 79-11-701 through 79-11-719, MS Code, Ann. 1972) of 2006. The annual rate for spendable transfers distributed annually, is 4% of the investment pool's average unit value over the 36-month period.

Note 15

Employee Benefits – Pension Plans

The IHL System 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 IHL System 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, 2021 for fiscal year 2022.

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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Disclosures under GASB Statement No. 68

The pension disclosures that follow for fiscal year 2022 include all disclosures for GASB Statement No. 68 using the latest valuation report available (June 30, 2020). For fiscal year 2022, the measurement date for the PERS defined benefit plan is June 30, 2021. The IHL System is presenting net pension liability as of June 30, 2021 for the fiscal year 2022 financials.

(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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 year ended June 30, 2022 was 17.40% for each year of annual payroll. Contributions from the IHL System are recognized when legally due based on statutory requirements.

Employer Contributions

The IHL System's contributions to PERS for the year ended June 30, 2022 was \$188.0 million. The IHL System'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 IHL System'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
\$ 183,329,845	15.85%	-0.29%

Net Pension Liability

The IHL System's proportion of the net pension liability at June 30, 2022 is as follows:

Proportionate share of net pension liability	Proportion of net pension liability
\$ 2,342,156,188	15.85%

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 year ended June 30, 2022, the remaining service life was 3.88 years. 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 includes contributions made by the employer during its fiscal year that will be reflected in the net pension liability in the next measurement period.

The IHL System's proportionate share of the collective pension expense for the year ended June 30, 2022 is equal to the collective pension expense multiplied by the employer's allocation percentage, or \$117.3 million. 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. After amortization of these deferred amounts, the IHL System's net pension expense/(revenue) at June 30, 2022 and 2021, was \$(78.4) million and \$120.0 million, respectively.

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

	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	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
Alcorn State University	\$ 886,810	4,267,643	—	4,124,495	9,278,948	7,547,726	16,702,282	24,250,008
Delta State University	630,567	3,034,513	—	3,238,902	6,903,982	308,153	11,876,179	12,184,332
Jackson State University	1,586,190	7,633,308	—	8,153,424	17,372,922	6,297,857	29,874,492	36,172,349
Mississippi State University	7,745,524	37,274,206	13,463,099	38,656,800	97,139,629	—	145,880,126	145,880,126
Mississippi University for Women	535,915	2,579,011	—	2,742,395	5,857,321	69,567	10,093,481	10,163,048
Mississippi Valley State University	537,853	2,588,340	—	2,617,906	5,744,099	3,047,684	10,129,990	13,177,674
University of Mississippi	4,472,410	21,522,823	—	22,793,811	48,789,044	4,987,067	84,233,913	89,220,980
University of Southern Mississippi	3,065,937	14,754,374	—	15,254,661	33,074,972	3,160,588	57,744,221	60,904,809
University of Mississippi Medical Center	17,732,364	85,334,419	—	87,049,388	190,116,171	20,381,624	333,973,468	354,355,092
Executive Office	235,326	1,132,472	—	1,203,862	2,571,660	832,330	4,432,156	5,264,486
M CVS	22,152	106,601	—	106,561	235,314	77,863	417,205	495,068
Total	\$ 37,451,048	180,227,710	13,463,099	185,942,205	417,084,062	46,710,459	705,357,513	752,067,972

Contributions subsequent to the measurement date of \$185.9 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

	Deferred outflows of resources, Year Ended June 30			
	2023	2024	2025	Total
Alcorn State University	\$ 2,001,750	1,748,050	1,404,653	5,154,453
Delta State University	1,423,347	1,242,953	998,780	3,665,080
Jackson State University	3,580,425	3,126,645	2,512,428	9,219,498
Mississippi State University	24,467,171	19,434,374	14,581,284	58,482,829
Mississippi University for Women	1,209,693	1,056,377	848,856	3,114,926
Mississippi Valley State University	1,214,068	1,060,199	851,926	3,126,193
University of Mississippi	10,095,341	8,815,868	7,084,024	25,995,233
University of Southern Mississippi	6,920,581	6,043,474	4,856,256	17,820,311
University of Mississippi Medical Center	40,026,350	34,953,454	28,086,979	103,066,783
Executive Office	531,189	463,867	372,742	1,367,798
M CVS	50,002	43,664	35,087	128,753
Total	<u>\$ 91,519,917</u>	<u>77,988,925</u>	<u>61,633,015</u>	<u>231,141,857</u>

	Deferred inflows of resources, Year Ended June 30				
	2023	2024	2025	2026	Total
Alcorn State University	\$ 7,349,059	6,136,333	5,787,427	4,977,189	24,250,008
Delta State University	3,055,761	2,850,767	2,738,767	3,539,037	12,184,332
Jackson State University	11,342,336	8,309,799	7,617,777	8,902,437	36,172,349
Mississippi State University	34,893,061	32,441,677	35,073,902	43,471,486	145,880,126
Mississippi University for Women	2,548,159	2,159,068	2,448,019	3,007,802	10,163,048
Mississippi Valley State University	3,649,091	3,293,510	3,216,391	3,018,682	13,177,674
University of Mississippi	22,801,174	20,198,700	21,119,856	25,101,250	89,220,980
University of Southern Mississippi	15,836,237	13,559,259	14,301,848	17,207,465	60,904,809
University of Mississippi Medical Center	79,601,592	85,159,861	90,071,355	99,522,284	354,355,092
Executive Office	1,409,158	1,274,534	1,260,035	1,320,759	5,264,486
M CVS	126,583	120,016	124,145	124,324	495,068
Total	<u>\$ 182,612,211</u>	<u>175,503,524</u>	<u>183,759,522</u>	<u>210,192,715</u>	<u>752,067,972</u>

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the four-year period ending June 30, 2020.

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the year ended June 30, 2022:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Asset valuation method	Market value
Actuarial assumptions:	
Inflation rate	2.40 %
Salary increases	2.65
Investment rate of return	7.55

Mortality

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic Equity	27.00 %	4.60 %
International equity	22.00	4.50
Global Equity	12.00	4.80
Debt Securities	20.00	(0.25)
Real Estate	10.00	3.75
Private equity	8.00	6.00
Cash Equivalents	1.00	(1.00)
	<u>100.00</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Discount Rate

For the year ended June 30, 2022, the discount rate used to measure the total pension liability was 7.55%. 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 year ended June 30, 2022. 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 IHL System's proportionate share of the net pension liability of the cost-sharing plan for 2022, calculated using the discount rate of 7.55%, as well as what the IHL System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (6.55%)	Current discount rate (7.55%)	1% Increase (8.55%)
\$ 3,317,042,270	\$ 2,342,156,188	\$ 1,538,772,514

(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 IHL System 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 IHL System's contributions to the ORP for the year ended June 30, 2022 was \$75.3 million, 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 IHL System 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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 or her designee; the Chairman of the House of Representatives Insurance Committee, or his or her designee; the Chairman of the Senate Appropriations Committee, or his or her designee; and the Chairman of the House of Representatives' Appropriations Committee, or his or her 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 determines 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 determines 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, 2021, the Plan provided health coverage to 321 employer units.

Disclosures under GASB Statement No. 75

The disclosures that follow for fiscal year 2022 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2021). For fiscal year 2022, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2021. The IHL System is presenting net OPEB liability as of June 30, 2021 for the fiscal year 2022 financials.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022, the IHL System reported a liability of \$119.3 million for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2022, the NOL was measured as of June 30, 2021, 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, 2022, the IHL System's proportion was 18.53%.

For the year ended June 30, 2022, the IHL System recognized OPEB revenue of (\$6.9) million.

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

	Deferred outflows					Deferred inflows				
	Differences between expected and actual experience	Net difference between projected 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
Alcorn State University	\$ 3,458	148	515,043	11,843	95,817	626,309	107,555	994,381	514,067	1,616,003
Delta State University	2,895	124	431,110	86,564	84,298	604,991	90,027	832,334	72,614	994,975
Jackson State University	5,713	245	850,775	—	167,478	1,024,211	177,665	1,642,570	841,928	2,662,163
Mississippi State University	29,082	1,246	4,331,130	1,889,318	837,330	7,088,106	904,457	8,362,008	106,731	9,373,196
Mississippi University for Women	2,216	95	330,009	112,752	64,892	509,964	68,915	637,140	13,415	719,470
Mississippi Valley State University	2,440	105	363,391	6,515	65,607	438,058	75,886	701,591	321,771	1,099,248
University of Mississippi	18,560	795	2,764,064	745,591	538,017	4,067,027	577,211	5,336,511	152,436	6,066,158
University of Southern Mississippi	12,559	538	1,870,369	165,766	363,522	2,412,754	390,583	3,611,076	104,516	4,106,175
University of Mississippi Medical Center	52,187	2,229	7,772,377	2,062,638	1,436,359	11,325,790	1,623,086	15,005,947	2,078,074	18,707,107
Executive Office	596	25	88,702	8,001	18,009	115,333	18,523	171,254	41,625	231,402
Total	<u>\$ 129,706</u>	<u>5,550</u>	<u>19,316,970</u>	<u>5,088,988</u>	<u>3,671,329</u>	<u>28,212,543</u>	<u>4,033,908</u>	<u>37,294,812</u>	<u>4,247,177</u>	<u>45,575,897</u>

\$3.7 million reported as deferred outflows of resources related to OPEB resulting from the System's implicit rate subsidy will be recognized as a reduction of the NOL in the year ending June 30, 2023.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2021 measurement period was 5.9 years. 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					
	2023	2024	2025	2026	2027	Total
Alcorn State University	\$ (258,255)	(249,963)	(212,910)	(216,780)	(147,603)	(1,085,511)
Delta State University	(110,368)	(104,148)	(90,231)	(111,517)	(58,018)	(474,282)
Jackson State University	(514,624)	(492,744)	(360,252)	(306,079)	(131,731)	(1,805,430)
Mississippi State University	(865,510)	(765,247)	(427,947)	(634,924)	(428,792)	(3,122,420)
Mississippi University for Women	(66,172)	(60,527)	(45,579)	(60,012)	(42,108)	(274,398)
Mississippi Valley State University	(176,971)	(170,793)	(143,361)	(148,653)	(87,019)	(726,797)
University of Mississippi	(528,049)	(501,055)	(449,575)	(620,403)	(438,066)	(2,537,148)
University of Southern Mississippi	(479,193)	(456,304)	(382,314)	(458,459)	(280,673)	(2,056,943)
University of Mississippi Medical Center	(2,062,193)	(1,916,361)	(1,399,440)	(1,909,462)	(1,530,220)	(8,817,676)
Executive Office	(36,187)	(33,521)	(24,255)	(27,133)	(12,982)	(134,078)
Total	<u>\$ (5,097,522)</u>	<u>(4,750,663)</u>	<u>(3,535,864)</u>	<u>(4,493,422)</u>	<u>(3,157,212)</u>	<u>(21,034,683)</u>

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 year ended June 30, 2022:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Actuarial assumptions:	
Cost method	Entry age normal
Inflation rate	2.40 %
Long-term expected rate of return	4.50 %
Discount rate	2.13 %
Projected cash flows	N/A
Projected salary increases	2.65% - 17.90%
Healthcare cost trend rates	6.50% decreasing to 4.50% by 2030

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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Mortality

Mortality rates for service retirees were based on the PubS H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77, and for females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for

females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

Discount Rate

For the year ended June 30, 2022 the discount rate used to measure the total OPEB liability was 2.13%. 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, 2022, the long-term expected rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following table presents the IHL System's proportionate share of the NOL for 2022, calculated using the discount rate of 2.13%, as well as what the IHL System'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 (1.13%)	Current discount rate (2.13%)	1% Increase (3.13%)
\$ 132,017,085	\$ 119,272,015	\$ 108,404,937

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

The following table presents the NOL of the IHL System, calculated using the health care cost trend rates, as well as what the IHL System'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
\$ 110,476,738	\$ 119,272,015	\$ 129,225,408

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Non-cash Impact on Fringe Benefits Expense

For the year ended June 30, 2022, the non-cash impact of GASB Statement No. 68 on fringe benefits revenue was \$(78.4) million. For the year ended June 30, 2022, the non-cash impact of GASB Statement No. 75 on fringe benefits revenue was \$(10.1) million.

	Total fringe benefits expense	Non-cash change in net pension liability and related deferred inflows and outflows due to GASB 68	Non-cash change in net OPEB liability and related deferred inflows and outflows due to GASB 75	Fringe benefits expense excluding non-cash impact of GASB 68 and 75
Alcorn State University	\$ 4,385,770	5,217,993	390,060	9,993,823
Delta State University	7,842,787	1,378,145	224,789	9,445,721
Jackson State University	6,826,420	13,460,183	741,548	21,028,151
Mississippi State University	125,104,456	9,429,714	2,005,465	136,539,635
Mississippi University for Women	5,715,475	1,509,515	154,122	7,379,112
Mississippi Valley State University	4,315,653	2,195,276	267,969	6,778,898
University of Mississippi	60,669,256	10,864,161	1,259,197	72,792,614
University of Southern Mississippi	46,254,864	7,871,028	973,403	55,099,295
University of Mississippi Medical Center	182,028,597	25,457,357	4,041,587	211,527,541
Executive Office	1,422,863	912,105	60,396	2,395,364
MCVS	130,836	65,790	—	196,626
Totals	<u>\$ 444,696,977</u>	<u>78,361,267</u>	<u>10,118,536</u>	<u>533,176,780</u>

Note 17

Self-Insured Workers' Compensation Fund

The IHL System participates in the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund (the WC Fund). The WC Fund provides a mechanism for the institutions to fund and budget for the costs of providing worker compensation benefits to eligible employees. The WC Fund does not pay benefits directly to employees. Funds are set aside in trust, and a third-party administrator is utilized to distribute the benefits to eligible employees. Total assets and liabilities of the WC Fund approximated \$33.3 million and \$17.5 million at June 30, 2022, and are included in the statement of net position.

A professionally licensed actuarial firm was contracted to establish a liability for both reported and unreported insured events, which includes estimates of future payments of losses. The difference between the assets and liabilities of the fund is not expected to impact the WC Fund's ability to pay claims.

In order to minimize the amount of risk and in accordance with self-insurance general practices, the WC Fund purchases excess loss insurance to cover risks exceeding \$1,000,000 per occurrence. Excess loss insurance premiums for the year ended June 30, 2022 were approximately \$360,000. Excess loss insurance does not discharge the WC Fund from its primary liability to cover the IHL System's claims. Consequently, failure of the insurer to honor its obligation could result in losses to the WC Fund.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

The following represents changes in the unpaid claims liabilities for the WC Fund for the years ended June 30, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Unpaid claim liability at beginning of year	\$ 17,277	20,067
Incurred claims:		
Insured events of the current	7,054	5,100
Decrease in provisions for insured events of prior years	<u>(2,878)</u>	<u>(3,250)</u>
Total incurred claims	<u>4,176</u>	<u>1,850</u>
Payments:		
Attributable to insured events of the current year	1,510	1,063
Attributable to insured events of the prior year	<u>2,558</u>	<u>3,577</u>
Total payments	<u>4,068</u>	<u>4,640</u>
Unpaid claim liability at end of year	<u>\$ 17,385</u>	<u>17,277</u>

Total accrued claims, included in long-term liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$1.9 million as of June 30, 2022.

Note 18

Unemployment Trust Fund

The IHL System participates in a self-funded Unemployment Trust Fund (the Unemployment Fund). The Unemployment Fund exists to provide a mechanism for the IHL System to fund and budget for the costs of providing unemployment benefits to eligible former employees. The Unemployment Fund does not pay benefits directly to former employees. Rather, it reimburses the Mississippi Department of Employment Security Commission for benefits it pays directly to former IHL System employees. Total assets and liabilities of the Unemployment Fund approximated \$10.9 million and \$4.5 million at June 30, 2022, and are included in the statement of net position.

A professionally licensed actuarial firm was contracted to perform an actuarial analysis of the Unemployment Fund as of June 30, 2022. The actuaries concluded that the fund's actual assets at June 30, 2022 exceeded the recommended minimum fund balance. The recommended fund balance at June 30, 2022 is \$4.5 million. Actual fund assets equaled \$10.9 million at June 30, 2022. The fiscal year 2023 assessment level was set at \$1.5 million. Future assessments are recommended to be set at \$1.5 million for fiscal years 2024 through 2026. These facts will be considered by the IHL System when determining future funding rates.

Note 19

Tort Liability Fund and Other Contingencies

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

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

A professionally licensed actuarial firm was contracted to perform an actuarial analysis of the IHL Tort Fund as of June 30, 2022. Total assets and liabilities related to this activity approximated \$16.3 million and \$9.1 million at June 30, 2022, respectively, and are included in the statement of net position.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

The following represents changes in the unpaid claims liabilities for the IHL Tort Fund during the years ended June 30, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Unpaid claim liability at beginning of year	\$ 10,000	10,560
Incurring claims:		
Insured events of the current	7,127	4,307
Decrease in provisions for		
insured events of prior years	<u>(4,855)</u>	<u>(3,440)</u>
Total incurred claims	<u>2,272</u>	<u>867</u>
Payments:		
Attributable to insured events of the current year	1,931	296
Attributable to insured events of the prior year	<u>1,388</u>	<u>1,131</u>
Total payments	<u>3,319</u>	<u>1,427</u>
Unpaid claim liability at end of year	<u>\$ 8,953</u>	<u>10,000</u>

Total accrued claims, included in long-term liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$778,000 as of June 30, 2022.

In addition to claims covered by the IHL Tort Fund and the UMMC Tort Fund (described more fully below), the IHL System is defendant in various other legal matters occurring in the normal course of business activities. Management, with the advice of legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse impact on the IHL System's financial statements.

Note 20

UMMC Tort Claims Fund

The UMMC participates in the University of Mississippi Medical Center Tort Claims Fund (UMMC Tort Claims Fund). In accordance with Section 11-46-1, et seq., Mississippi Code Annotated (1972), the Mississippi Tort Claims Board has authorized the Board of Trustees of the IHL System to establish a fund 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 limit of liability of \$500,000 per occurrence is currently permissible.

The Board of Trustees of Higher Learning has established a Medical Center Tort Claims fund to pay claims up to the maximum liability limits described above. Losses from professional and tort liability claims of the Medical Center are the responsibility of the Medical Center Tort Claims Fund.

Total assets and liabilities related to this activity approximated \$48.6 million and \$31.4 million at June 30, 2022, respectively, and are included in the statements of net position.

A professionally licensed actuarial firm was contracted to perform an actuarial analysis to establish a liability for both reported and unreported insured events, which includes estimates of future payments of losses.

The following represents changes in the unpaid claims liabilities for the UMMC Tort Claims Fund for the years ended June 30, 2022 and 2021 (in thousands):

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

	<u>2022</u>	<u>2021</u>
Unpaid claim liability at beginning of year	\$ 31,350	31,198
Incurred claims:		
Insured events of the current	6,845	6,845
Decrease in provisions for		
insured events of prior years	<u>(5,683)</u>	<u>(4,112)</u>
Total incurred claims	<u>1,162</u>	<u>2,733</u>
Payments:		
Attributable to insured events of the current year	26	22
Attributable to insured events of the prior year	<u>2,624</u>	<u>2,559</u>
Total payments	<u>2,650</u>	<u>2,581</u>
Unpaid claim liability at end of year	<u>\$ 29,862</u>	<u>31,350</u>

At June 30, 2022, unpaid claims of \$32.8 million are presented at their net present value of \$29.9 million using a discount rate of 4%.

Note 21

Subsequent Events

In October 2022, the University of Mississippi Educational Building Corporation issued tax-exempt bonds totaling \$72,760,000 (Series 2022) to provide funds in support of the construction of the Jim and Thomas Duff Center for Science and Technology Innovation. The Series 2022 bonds require varying principal payments through October 2052, and outstanding coupons bear interest rates ranging from 4.125% to 5.00%, with interest payable semiannually on April 1 and October 1 of each year.

Note 22

Significant Disclosures for the Discretely Presented Component Unit of the IHL System – Mississippi State University Foundation, Inc.

(a) Nature of Organization

Mississippi State University Foundation, Inc. (MSUF) is a not-for-profit entity established to solicit and manage funds for the benefit of MSU. MSUF also manages funds for affiliates of the University, including Mississippi State University Alumni Association, Inc. and The Bulldog Club, Inc.

(b) Significant Accounting Policies

Basis of Accounting

The MSUF consolidated financial statements include the foundation; Maroon Air, LLC; 107 Muldrow Properties, LLC; 111 Muldrow Properties, LLC; 800-804 University Drive Properties, LLC; 806 University Drive Apartments, LLC; 109 Muldrow Properties, LLC; DG South, LLC; West Side Fund I, LLC; West Side Fund II, LLC; West Side Fund III, LLC; West Side Fund IV, LLC; West Side Funds, Inc., and the Mississippi State Investment Pool in which the foundation has a controlling financial interest. The consolidated financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets with donor restrictions – net assets subject to donor-imposed stipulations that may or will be met either by actions of MSUF and/or the passage of time. Net assets in this class include unconditional gifts for restricted purposes and donor-restricted endowment funds.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Generally, the donor of these assets permits the foundation to use all or part of the income earned on related investments for general or specific purposes in support of the university.

Net assets without donor restrictions – net assets that represent resources generated from operations or that are not subject to donor-imposed stipulations. Net assets without donor restrictions include contributions designated to a particular college or unit for which the use or purpose is unrestricted.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of intellectual property are based on its estimated fair value, considering the characteristics specific to the assets and estimated usage during the term of the agreement. Contributed goods and services are recorded as revenues and expenses in the consolidated statements of activities at estimated fair value.

Use of Estimates

The preparation of consolidated 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 expenditures during the reporting period. Actual results could differ from those estimates.

MSUF's investments are invested in various types of investment securities and in various companies 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 MSUF's consolidated financial statements.

Investments

The overall investment objective of MSUF is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund donor-designated directives and maintain the inflation-adjusted impact of each donor restricted fund. Beginning July 1, 2017, investment decisions have been delegated to Perella Weinberg Partners Capital Management LP, the foundation's outsourced chief investment officer that operates under the brand name, "Agility". Agility executes investment decisions in accordance with the foundation's approved investment policy.

Investments are reported at estimated fair value. If an investment is held directly by MSUF and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in mutual funds registered with the U.S. Securities and Exchange Commission are based on share prices reported by the funds as of the last business day of the fiscal year. Fixed income securities are based on quoted market prices or other observable inputs such as quoted prices for similar assets or inputs corroborated by observable market data. MSUF's interests in alternative investment funds are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2022, MSUF had no plans or intentions to sell investments at amounts different from NAV. Properties held for investment are reported at estimated fair value based on periodic

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

appraisals conducted by third-party appraisers who utilize the cost, sales comparison and income capitalization approaches to estimate the fair value of the investments. MSUF considers recent comparables, among other things, to adjust for any changes in fair value between the most recent appraisal date and year-end.

Mississippi State Investment Pool

MSUF, MSU, MSU Alumni Association, and The Bulldog Club, Inc. are participants in a joint venture, the Mississippi State Investment Pool (MSIP), whereby investable assets are pooled for investment purposes. The MSUF is the investment pool's managing member and maintains separate accounts for each participant. Investment income, gains and losses, and expenses of the MSIP are allocated to each participant based on their share of ownership of the MSIP. Due to MSUF's controlling financial interest in the MSIP of approximately 92% as of June 30, 2022, the foundation has consolidated the MSIP, reflecting the noncontrolling interests of the other participants in its consolidated financial statements.

(c) Pledges Receivable, Net

All unconditional promises to give are recorded at their estimated realizable value on a discounted basis using rates commensurate with the risks involved. Allowance is made for uncollectible pledges based upon management's judgment and analysis of specific accounts, past collection experience, and other relevant factors.

Pledges receivable, net, are summarized as follows at June 30, 2022:

Unconditional promises expected to be collected in:

One year	\$ 11,965,844
two to five years	27,338,409
More than five years	<u>11,024,303</u>
	50,328,556
Present value discounts (rates ranging from 0.3% to 5.0%)	<u>(5,364,078)</u>
	44,964,478
Allowances for uncollectible pledges	<u>(879,246)</u>
	<u><u>\$ 44,085,232</u></u>

(d) Investments

Investments are summarized as follows as of June 30, 2022:

Short-term investments	\$ 7,219,683
Agility Comprehensive Solutions Fund	516,633,642
Global fixed income	4,169,211
Global equities	8,519,491
Real assets	27,596,321
Absolute return strategies	30,105
Private capital	31,219,702
Contributed properties held for investment	30,339,389
Cash-surrender value of life insurance	<u>3,047,163</u>
	<u><u>\$ 628,774,707</u></u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

During 2022, the MSIP invested in a limited partnership interest in the Agility Comprehensive Solutions Fund LP, a Delaware limited partnership (the Fund). Perella Weinberg Partners Agility Comprehensive Solutions Fund GP LP serves as general partner of the Fund.

The Fund invests in five broad asset classes with approximate allocation percentages at June 30, 2022:

Global equities	61 %
Global fixed income	4
Absolute return strategies	15
Real assets	9
Private capital	11

MSUF has entered into various split interest agreements, including charitable remainder unitrusts and charitable gift annuities, whereby MSUF serves as trustee. The assets held under these split interest agreements are included in investments at June 30, 2022 with a fair value of \$13.7 million.

The following schedule summarizes net investment income in the consolidated statement of activities for the year ended June 30, 2022:

Dividends and interest, net of expenses	\$ 4,560,369
Net realized and unrealized losses	<u>(76,916,450)</u>
	<u>\$ (72,356,081)</u>

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date.
- Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and
- Level 3: Significant unobservable inputs for the asset or liability that reflects the reporting entity's own estimates about the assumptions that market participants would use in pricing the asset or liability. These assumptions are based on audited financial statements provided by the general partner of the investment combined with additional third-party due diligence.

The level in the fair value hierarchy within 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. In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the fair value hierarchy table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statement of financial position.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

The following table summarizes MSUF's financial instruments by major category in the fair value hierarchy as of June 30, 2022:

	Level 1	Level 2	Level 3	Investments at NAV	Total
Short-term investments	\$ 7,219,683	—	—	—	7,219,683
Agility-Comprehensive Solutions Fund (1)	—	—	—	516,633,642	516,633,642
Global fixed income:					
Interest-rate sensitive	4,169,211	—	—	—	4,169,211
Global equities:					
Domestic	8,519,491	—	—	—	8,519,491
Real assets:					
Real estate funds (2)	—	—	—	8,371,796	8,371,796
Natural resources (3)	—	—	—	19,224,525	19,224,525
Total real assets	—	—	—	27,596,321	27,596,321
Absolute return strategies (4)	—	—	—	30,105	30,105
Private capital (2)	—	—	—	31,219,702	31,219,702
Contributed properties held for investment (5)	—	—	30,339,389	—	30,339,389
Cash surrender value of life insurance (6)	—	3,047,163	—	—	3,047,163
Total investments	<u>\$ 19,908,385</u>	<u>3,047,163</u>	<u>30,339,389</u>	<u>575,479,770</u>	<u>628,774,707</u>
Present value of amounts due from externally managed trusts	\$ —	—	54,819,357	—	54,819,357

- (1) The master fund's terms allow for 5-day notice withdrawals at any month-end totaling up to 10% of its account balance at the fund's previous fiscal yearend, (plus any capital contributions to the fund during the current year). In addition, the MSIP may make withdrawals from its capital account, of up to 100% of its Agility Global Equities, Agility Fixed Income, and Agility Real Asset holdings, as well as 25% of its Agility Absolute Return holdings, as of any fiscal quarter end, with at least one quarter's prior written notice to the general partner. Further, approximately \$65.4 million of MSIP's investment in the Fund is considered illiquid at June 30, 2022, with up to a 10-year lockup period and 1-3 year extensions.
- (2) These funds have initial 10-year terms or 12-year terms, unless extended or dissolved sooner in accordance with the limited partnership agreements. Future commitments to these funds approximate \$7,288,000 at June 30, 2022. Private capital and real estate funds are generally made through limited partnerships. Under the terms of such agreements, the MSIP may be required to provide additional funding when capital or liquidity calls are made by fund managers. These partnerships have a limited existence, and they may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, or other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The MSUF cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur they could reduce liquidity or originally anticipated investment returns. Accordingly, the timing and amount of future capital or liquidity calls in any particular future year are uncertain.
- (3) The MSIP invests in three natural resource investments at June 30, 2022, which have terms ending in 2023, 2026 and 2027. Investments with lockup periods are subject to one or more one to two-year extensions. Future commitments to these funds approximate \$3,262,000 at June 30, 2022.
- (4) Generally, MSIP's investments in absolute return strategies (or hedge funds) allow early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary, usually with the majority requiring 60 days to 12 months notice after the initial lock up period, which may be from one to three years. At June 30, 2022, the MSUF had no absolute return strategy investments for which an otherwise redeemable investment was not redeemable.
- (5) Bulldog Forest properties totaling approximately \$27,560,708 at June 30, 2022, may be held in perpetuity or liquidated at the Foundation's discretion. Other properties are for immediate sale.
- (6) The Foundation currently has no plans to surrender these policies prior to maturity, but cash would be realized in a minimal amount of time if an insurance policy is canceled.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

The following table presents MSUF's activities for the year ended June 30, 2022 for contributed properties held for investments classified as Level 3:

Balance, beginning of year	\$ 30,531,907
Acquisitions	2,462,750
Dispositions	(2,037,308)
Net realized and unrealized gains	<u>(617,960)</u>
Balance, end of year	<u>\$ 30,339,389</u>

For the year ended June 30, 2022, the change in present value of amounts due from externally managed trusts classified as Level 3 are as follows:

Balance, beginning of year	\$ 59,215,668
Contributions	4,925,120
Terminations	(72,463)
Change in valuation	<u>(9,248,968)</u>
Balance, end of year	<u>\$ 54,819,357</u>

(e) Net Assets Without Donor Restrictions

Net assets attributable to the foundation without donor restrictions as of June 30, 2022 are as follows:

Spendable funds	\$ 24,465,799
Quasi-endowment funds	22,341,847
Net investment in land, buildings and equipment	<u>11,264,942</u>
	<u>\$ 58,072,588</u>

Quasi-endowment funds are those funds held by the Foundation to function as endowments for the benefit of MSU.

(f) Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2022:

Subject to expenditure for specified purpose:	
General college support	\$ 20,714,082
Student financial aid	19,666,007
Research	303,367
Faculty and staff support	624,985
Facilities	871,493
Other	<u>2,111,560</u>
	<u>44,291,494</u>
Subject to the passage of time and specified purpose:	
Charitable remainder trusts, cash surrender value of life insurance, gift annuities and other	11,603,788
Pledges receivable restricted by donors	<u>22,860,103</u>
	<u>34,463,891</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Donor restricted endowments subject to spending policy and appropriation to support the following purposes (including net accumulated earnings of approximately \$74,544,000 at June 30, 2022:

Subject to endowment spending policy and appropriation:

General college support	127,296,636
Student financial aid	249,282,242
Research	16,812,511
Faculty and staff support	62,592,547
Facilities	8,188,019
Other	<u>8,282,444</u>
	472,454,399
Charitable remainder trusts, gift annuities and other	52,274,601
Pledges receivable restricted to endowment by donors	<u>21,225,129</u>
	<u><u>\$ 624,709,514</u></u>

(g) Endowment Funds

The State of Mississippi adopted the UPMIFA effective July 1, 2012. The foundation's board of directors has determined its donor agreements provide for the preservation of the fair value of the original gift as of the date of the gift. As a result, the foundation segregates within the net asset class with donor restrictions, the original gift amount and amounts required to be retained by donor separate from the portion subject to appropriation.

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor restricted endowment funds	\$ —	472,454,399	472,454,399
Board-designated funds	<u>22,341,847</u>	<u>—</u>	<u>22,341,847</u>
Total	<u><u>\$ 22,341,847</u></u>	<u><u>472,454,399</u></u>	<u><u>494,796,246</u></u>

Change in endowment net assets for the fiscal year ended June 30, 2022 is as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 23,294,756	510,583,283	533,878,039
Investment returns, net	(1,252,132)	(51,615,407)	(52,867,539)
Contributions	5,000	23,077,683	23,082,683
Appropriation of endowment assets for expenditure	(931,480)	(12,037,224)	(12,968,704)
Other	<u>1,225,703</u>	<u>2,446,064</u>	<u>3,671,767</u>
Endowment net assets, end of year	<u><u>\$ 22,341,847</u></u>	<u><u>472,454,399</u></u>	<u><u>494,796,246</u></u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

(h) Funds with Deficiencies

As a result of market declines for certain recently established endowments, the fair value of certain donor-restricted endowments was less than the historical cost value (original gift/book value) of such funds (underwater) by \$2,024,922 at June 30, 2022. These endowments had an original gift value of approximately \$21.6 million at June 30, 2022.

Note 23

Significant Disclosures for the Discretely Presented Component Unit of the IHL System – University of Mississippi Foundation

(a) Nature of Organization

The University of Mississippi Foundation (UMF) is a nonprofit, nonstock corporation formed for the benefit of The University of Mississippi (UM). UMF promotes, encourages, and assists educational, scientific, literary, research, and service activities of UM and its affiliates.

(b) Significant Accounting Policies

Basis of Accounting

The UMF financial statements are presented on the accrual basis of accounting and have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and recorded as follows:

Net assets with donor restrictions – consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that the donor stipulate the resources be maintained in perpetuity, but permit UMF to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Net assets without donor restrictions – represents funds that are available for support of the operations of UMF and that are not subject to donor stipulation.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. UMF considers donor contributions to the various university schools and departments to be included in net assets with donor restrictions as those university units have authority over expenditures. Expenses are reported as decreases in net assets without donor restrictions. When a donor restriction expires or the stated purpose is accomplished, net assets are reclassified as applicable in the statements of activities as net assets released from restriction.

Board-designated net assets are net assets without donor restrictions that are used only for the specific purpose passed by board resolution. Changes to designations require a subsequent board resolution. The President/CEO and other staff of UMF may not change the purpose of any board-designated funds without the consent of the board. These net assets are designated for providing a general operating fund reserve and charitable gift annuity reserve.

Use of Estimates

The UMF prepares its financial statements in accordance with U.S. generally accepted accounting principles, which require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. Such estimates include the present value discount rates applied to the pledges receivable and liabilities under remainder trusts, allowance for uncollectible pledges, fair market values of certain investments including real estate, partnership and member interests and depreciation of property and equipment. Actual results could differ significantly from those estimates.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

UMF's investments are primarily invested in various types of investment securities within many financial 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 reasonably possible that changes in the fair value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investments

Investments are recorded at fair value. The fair values of all investments other than real estate and partnership and membership interests (which includes pooled investment funds) are based on quoted market prices and other observable inputs such as quoted prices for similar assets, quoted prices in inactive markets or inputs corroborated by observable market data. UMF's partnership and member interests are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the foundation's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2022, UMF had no plans or intentions to sell investments at amounts different from NAV. UMF's real estate investments are initially recognized at fair value based on appraised values at the date of receipt and are subsequently carried at fair value. Both realized and unrealized gains and losses are classified in the accompanying statements of activities based on restrictions put in place by the donor.

(c) Pledges Receivable, Net

UMF obtains pledges through fund-raising projects in support of various activities. All pledges are classified as net assets with donor restrictions. A summary of pledges receivable as of June 30, 2022 is as follows:

Unconditional promises expected to be collected in:	
One year	\$ 15,316,600
Two to five years	33,841,736
More than five years	<u>42,696,046</u>
	91,854,382
Present value discounts (rates ranging from 0.73% to 3.2%)	<u>(11,515,729)</u>
	80,338,653
Allowances for uncollectible pledges	<u>(2,776,987)</u>
	<u><u>\$ 77,561,666</u></u>

(d) Investments

Investments, aggregated by investment strategy, consist of the following at June 30, 2022:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Investment strategy:

Fixed income:

U.S. government securities	\$ 10,168,279
Corporate bonds	30,797,249
Other fixed income securities	<u>25,802,336</u>
Total fixed income	<u>66,767,864</u>

Equities:

Common stocks	29,623,470
International common stock funds	610,003
Mutual funds	<u>29,224,781</u>
Total equities	<u>59,458,254</u>
Real estate owned	1,854,481
Other short-term investments	26,484,996
Pooled investment funds, at NAV	<u>427,331,902</u>
Total investments	<u>\$ 581,897,497</u>

The following schedule summarizes net investment income in the statement of activities for the year ended June 30, 2022:

Dividends and interest, net of expenses	\$ 12,212,933
Net realized and unrealized losses	<u>(60,113,717)</u>
	<u>\$ (47,900,784)</u>

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date.
- Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and
- Level 3: Significant unobservable inputs for the asset or liability that reflects the reporting entity's own estimates about the assumptions that market participants would use in pricing the asset or liability. These assumptions are based on audited financial statements provided by the general partner of the investment combined with additional third-party due diligence.

The level in the fair value hierarchy within 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. In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the fair value hierarchy table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statement of financial position.

The following table presents the financial assets of UMF carried at fair value by level within the valuation hierarchy as of June 30, 2022:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment strategy:				
Fixed income:				
U.S. Government securities	\$ —	10,168,279	—	10,168,279
Corporate bonds	—	30,797,249	—	30,797,249
Other fixed income securities	21,481,165	4,321,171	—	25,802,336
Total fixed income	<u>21,481,165</u>	<u>45,286,699</u>	<u>—</u>	<u>66,767,864</u>
Equities:				
Common stock	29,623,470	—	—	29,623,470
International common stock funds:	610,003	—	—	610,003
Mutual funds	29,224,781	—	—	29,224,781
Total equities	<u>59,458,254</u>	<u>—</u>	<u>—</u>	<u>59,458,254</u>
Real estate owned	-	—	1,854,481	1,854,481
Other short-term investments	26,484,996	—	—	26,484,996
	<u>\$ 107,424,415</u>	<u>45,286,699</u>	<u>1,854,481</u>	<u>154,565,595</u>
Pooled investment funds, at NAV				<u>427,331,902</u>
Total investments				<u>\$ 581,897,497</u>
Beneficial interest in trusts	\$ 4,692,963	5,697,943	—	10,390,906

The table below represents a summary of the investments whose net asset value approximates fair value and the related unfunded commitments and redemption restrictions associated with each major category at June 30, 2022:

<u>Investment</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption frequency (if eligible)</u>	<u>Redemption notice period</u>	<u>Expected life span of investment</u>
Pooled investment funds, at NAV:					
Diversifying strategies	\$ 18,308,654	—	Semiannually	60 days	Indefinite
Event driven	70,892	—	Quarterly	60 days	Indefinite
Fixed income	30,664,702	—	Daily	5 days	Indefinite
Global equity	99,309,040	—	Various	None	Indefinite
Global equity-long only	35,343,907	—	Quarterly	90 days	Indefinite
Long/short equity fund	17,122,992	—	Quarterly	60 days	Indefinite
Natural resource private fund	8,677,684	13,801	No redemption feature	None	10 years
Private credit	5,144,939	—	Quarterly	None	Indefinite
Relative value	17,219,166	—	Quarterly	65 days	Indefinite
Timber fund	1,220,060	—	No redemption feature	None	12 years
Other	39,572	—	No redemption feature	None	Indefinite
Venture capital and private equity	194,210,294	65,420,976	No redemption feature	None	7 years to indefinite
	<u>\$ 427,331,902</u>				
Real estate:					
Real estate owned	\$ 1,854,481		No redemption feature	None	Indefinite

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

(e) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 were restricted for the following purposes:

Spendable:

Academic and program support	\$ 204,458,092
Scholarship support	79,187,175
Faculty support	36,682,808
Library support	<u>14,587,021</u>
Total	<u>\$ 334,915,096</u>

Endowment:

Academic and program support	\$ 66,230,685
Scholarship support	136,064,159
Faculty support	77,794,403
Library support	<u>14,203,969</u>
Total	<u>294,293,216</u>
Total net assets with donor restrictions	<u>\$ 629,208,312</u>

(f) Endowment Funds

The State of Mississippi adopted the UPMIFA effective July 1, 2012. The foundation's board of directors has determined its donor agreements provide for the preservation of the fair value of the original gift as of the date of the gift. As a result, the foundation segregates within the net asset class with donor restrictions, the original gift amount and amounts required to be retained by donor separate from the portion subject to appropriation.

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	\$ —	294,293,216	294,293,216
Portion subject to appropriation	—	130,691,505	130,691,505
Board-designated quasi endowment	<u>17,963,593</u>	<u>—</u>	<u>17,963,593</u>
Total endowment funds	<u>\$ 17,963,593</u>	<u>424,984,721</u>	<u>442,948,314</u>

Change in endowment net assets for the year ended June 30, 2022 is as follows:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 18,027,414	465,608,575	483,635,989
Contributions and transfers to endowment	3,139,109	11,075,140	14,214,249
Appropriation of expenditures	(441,976)	(14,828,676)	(15,270,652)
Investment return:			
Investment income	495,782	33,168,872	33,664,654
Net depreciation	(3,256,736)	(70,039,190)	(73,295,926)
Endowment net assets, end of year	<u>\$ 17,963,593</u>	<u>424,984,721</u>	<u>442,948,314</u>

(g) Funds with Deficiencies

When unfavorable market fluctuations cause the fair value of certain donor-restricted endowments to be less than the historical cost (original gift/book value) of such funds, the fund is considered to be underwater, and this deficiency is recorded in net assets with donor restrictions. As of June 30, 2022, endowments with a fair value below the amount of the gifts made to the endowment totaled \$9,096,000. The donor gifts to these endowments total \$9,519,000 for an underwater amount of \$423,000.

Note 24

Significant Disclosures for the Discretely Presented Component Unit of the IHL System – University of Southern Mississippi Foundation

(a) Nature of Organization

The University of Southern Mississippi Foundation (USMF) is a nonprofit entity organized under the laws of the State of Mississippi to provide support to the University of Southern Mississippi (USM) and its students. USMF depends on the university to provide the staff and facilities for its operations.

Foundation Aviation Holdings, LLC was formed by the USMF in October 2008 as a single member limited liability company. The USMF's consolidated financial statements include the accounts of Foundation Aviation Holdings, LLC.

(b) Significant Accounting Policies

Basis of Accounting

The USMF consolidated financial statements are presented on the accrual basis of accounting and have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and recorded as follows:

Net assets without donor restrictions – net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions – net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and release from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless the use of the underlying net asset is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the gift. Contributions to be received after one year are discounted at a rate commensurate with the risks involved. Amortization of the discount is recorded as contribution revenue and recognized in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Income and realized and unrealized gains (losses) on investments of restricted net assets are reported as follows:

- as increases (decreases) in net assets with donor restrictions that are perpetual in nature if the terms of the gift or the foundation's interpretation of relevant state law requires that they be added to the principal of a donor-restricted endowment fund;
- as increases (decreases) in net assets with donor restrictions that are temporary in nature in all other cases and released from restriction when appropriated for expenditure in accordance with donor agreements.

Use of Estimates

The USMF prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles, which require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. Actual results could differ significantly from those estimates.

USMF's investments are held in various types of investment securities across a variety of 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 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 financial statements.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Hedge funds, real estate investment funds and private equity funds are reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the foundation's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. At June 30, 2022, USMF had no plans or intentions to sell investments at amounts different from NAV. Other investments, which consist primarily of donated assets and real estate for which the foundation is the owner and beneficiary are recorded at cost. Transactions are accounted for on a trade date basis.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

(c) Pledges Receivable, Net

Pledges receivable, net, are summarized as follows at June 30, 2022:

Unconditional promises expected to be collected in:	
Less than one year	\$ 1,315,184
One year to five years	1,058,504
More than five years	<u>120,708</u>
	2,494,396
Present value discounts (rates ranging from 0.29% to 3.50%)	<u>(42,175)</u>
	2,452,221
Allowances for uncollectible pledges	<u>(284,200)</u>
	<u>\$ 2,168,021</u>

(d) Investments

Investments, aggregated by investment strategy, consist of the following at June 30, 2022:

Fixed income:	
U.S. government securities	\$ 2,117,380
Corporate bonds	2,920,771
Municipal bonds	42,151
Mutual funds	24,682,576
Other fixed income securities	<u>474,872</u>
Total fixed income	30,237,750
Equities:	
Mutual and common stock funds	67,694,890
Alternative investments:	
Hedge funds	22,390,883
Real estate investment funds	6,176,908
Private equity funds	<u>5,546,651</u>
Total alternative investments	34,114,442
Cash and cash equivalents	110,854
Investments held at cost	<u>224,497</u>
Total investments	<u>\$ 132,382,433</u>

The following schedule summarizes net investment income in the consolidated statement of activities for the year ended June 30, 2022:

Dividends and interest, net of expenses	\$ 2,260,482
Net realized and unrealized losses	<u>(15,945,387)</u>
	<u>\$ (13,684,905)</u>

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date.
- Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and
- Level 3: Significant unobservable inputs for the asset or liability that reflects the reporting entity's own estimates about the assumptions that market participants would use in pricing the asset or liability. These assumptions are based on audited financial statements provided by the general partner of the investment combined with additional third-party due diligence.

The level in the fair value hierarchy within 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. In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the fair value hierarchy table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

The following table presents USMF's financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
U.S. Government securities	\$ —	2,117,380	—	2,117,380
Corporate bonds	—	2,920,771	—	2,920,771
Municipal bonds	—	42,151	—	42,151
Mutual funds	24,682,576	—	—	24,682,576
Other fixed income securities	—	474,872	—	474,872
Equities:				
Mutual and common stock	67,694,890	—	—	67,694,890
Total investments at fair value	<u>\$ 92,377,466</u>	<u>5,555,174</u>	<u>—</u>	97,932,640
Investments measured at NAV or equivalent				34,114,442
Cash and cash equivalents				110,854
Other investments held at cost				224,497
Total investments				<u>\$ 132,382,433</u>
Amounts due from externally managed trusts	\$ —	—	10,266,352	10,266,352

For the year ended June 30, 2022, the change in present value of amounts due from externally managed trusts classified as Level 3 are as follows:

	<u>Amounts due from Externally Managed Trusts</u>
Balance, beginning of year	\$ 14,608,988
Change in value	(4,386,803)
Contributions	79,349
Distributions	(35,182)
Balance, end of year	<u>\$ 10,266,352</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

The following is a summary of the investments whose net asset value approximates fair value and the related unfunded commitments and redemption restrictions associated with each major category at June 30, 2022:

Investment	Net Asset Value	Unfunded Commitments	Redemption frequency	Redemption notice
Hedge funds	\$ 22,390,883	—	Various	Various
Real estate investment funds	6,176,908	—	Quarterly	95 days
Private equity	5,546,651	4,684,122	None	None
Total	<u>\$ 34,114,442</u>			

(e) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2022:

Subject to expenditure for specified purpose:

Student financial aid	\$ 1,908,032
Academic divisions	2,386,862
Research	370,133
Operations and maintenance of plant	1,071,901
Library	175,838
Athletics	453,108
Faculty and staff support	51,957
Other restricted purposes	6,407,389
	<u>12,825,220</u>

Not subject to expenditure for specified purpose:

Amounts due from externally managed trusts	72,901
--	--------

Endowments:

Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor:

Student financial aid	55,759,380
Academic divisions	4,733,950
Research	773,125
Operations and maintenance of plant	5,668,875
Library	3,078,031
Faculty and staff support	10,315,695
Other restricted purposes	5,693,079
Total	<u>86,022,135</u>

Subject to foundation endowment spending policy and appropriation:

Student financial aid	14,342,448
Academic divisions	1,414,803
Research	70,052
Operations and maintenance of plant	834,140
Library	649,140
Faculty and staff support	2,710,193
Other restricted purposes	2,701,979
Total	<u>22,722,755</u>
Sub-Total endowments	108,744,890

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Endowment not subject to spending policy or appropriations:	
Externally managed perpetual trust	3,186,176
Total endowments	<u>111,931,066</u>
Not subject to spending policy or appropriation -	
Restricted to endowment:	
Pledges and other receivables, net	1,521,452
Amounts due from externally managed trusts	7,007,275
Gift annuities	14,536
Cash surrender value of life insurance	2,157,968
Investments held at cost - restricted to endowment	<u>167,965</u>
Total	<u>10,869,196</u>
Total net assets with donor restrictions	<u><u>\$ 135,698,383</u></u>

(f) Endowment Funds

The State of Mississippi adopted the UPMIFA effective July 1, 2012. The foundation's board of directors has determined its donor agreements provide for the preservation of the fair value of the original gift as of the date of the gift. As a result, the foundation segregates within the net asset class with donor restrictions, the original gift amount and amounts required to be retained by donor separate from the portion subject to appropriation.

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$ 7,956,555	—	7,956,555
Donor-restricted funds functioning as endowments	4,102,225	7,673,061	11,775,286
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	86,022,135	86,022,135
Accumulated investment gains	—	15,049,694	15,049,694
Sub-total	<u>\$ 12,058,780</u>	<u>108,744,890</u>	<u>120,803,670</u>
Externally managed perpetual trust	—	3,186,176	3,186,176
Total	<u><u>\$ 12,058,780</u></u>	<u><u>111,931,066</u></u>	<u><u>123,989,846</u></u>

During the year ended June 30, 2022, the foundation had the following endowment related activities:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 11,633,500	120,759,639	132,393,139
Net investment loss	(1,910,824)	(11,941,448)	(13,852,272)
Contributions	44,769	4,028,232	4,073,001
Other	2,291,335	(4,101,533)	(1,810,198)
Endowment net assets, end of year	<u>\$ 12,058,780</u>	<u>108,744,890</u>	<u>120,803,670</u>

(g) Funds with Deficiencies

When unfavorable market fluctuations cause the fair value of certain donor-restricted endowments to be less than the historical cost (original gift/book value) of such funds, the fund is considered to be underwater, and this deficiency is recorded in net assets with donor restrictions. At June 30, 2022, 70 funds were underwater with an original gift value of \$8.8 million, fair value of \$8.2 million and deficiencies of \$569,274, \$52,050 of which is reported in net assets without donor restrictions and \$517,224 of which is reported in net assets with donor restrictions.

COMBINING SUPPLEMENTARY INFORMATION

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Position
June 30, 2022

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Assets													
Current assets:													
Cash and cash equivalents	\$ 49,117,572	8,398,126	47,009,081	310,610,059	8,846,639	30,504,730	66,101,188	101,524,390	81,368,555	13,079,938	223,544	—	716,783,822
Short-term investments	3,581,931	356,261	—	13,225,604	—	2,606,490	51,673,310	2,093,080	319,008,858	8,444,066	125,161	—	401,114,761
Accounts receivable, net	12,580,280	5,581,046	32,002,059	73,269,943	3,710,851	11,162,848	49,511,121	43,283,421	147,146,797	2,182,856	232,873	(3,902,378)	376,761,717
Student notes receivable, net	709,240	302,609	—	3,009,918	3,742	—	8,124,473	2,926,639	1,143,152	978,091	—	—	17,197,864
Inventories	255,383	402,974	318,285	3,136,885	—	381,565	1,189,709	217,974	35,374,177	1,012,266	—	—	42,289,218
Prepaid expenses	—	—	11,539	8,643,480	303,784	215,450	383,374	6,969,927	13,187,769	43,764	—	—	29,759,087
Other current assets	—	—	—	95,000	—	—	—	—	9,366,450	—	—	—	9,461,450
Total current assets	<u>66,244,406</u>	<u>15,041,016</u>	<u>79,340,964</u>	<u>411,990,889</u>	<u>12,865,016</u>	<u>44,871,083</u>	<u>176,983,175</u>	<u>157,015,431</u>	<u>606,595,758</u>	<u>25,740,981</u>	<u>581,578</u>	<u>(3,902,378)</u>	<u>1,593,367,919</u>
Noncurrent assets:													
Restricted cash and cash equivalents	3,367,074	(1,176,744)	4,449,293	2,817,682	5,230,470	—	9,054,389	11,190,419	104,870,629	—	—	—	139,803,212
Restricted short-term investments	1,055,554	—	—	—	—	692,835	—	—	—	—	—	—	1,748,389
Endowments investments	20,252,468	—	48,933,270	45,857,931	4,003,059	3,263,283	105,052,387	9,791,065	97,178,011	22,971,628	—	—	357,303,102
Other long-term investments	—	—	—	81,220,169	9,355,767	992,761	387,645,136	48,415,217	164,441,665	51,885,343	514,398	—	744,470,456
Student notes receivable, net	—	238,074	1,232,716	12,782,848	43,045	—	25,219,716	8,883,031	3,272,397	12,395,616	—	—	64,067,443
Beneficial interest in irrevocable trust	—	—	—	—	—	—	—	—	38,316,824	—	—	—	38,316,824
Capital assets, net	158,883,914	126,179,146	255,006,401	1,174,426,368	117,646,213	109,712,102	1,150,426,821	591,202,608	919,461,106	4,013,059	2,392	—	4,606,960,130
Other noncurrent assets	152,036	1,831,768	375,652	15,490,241	—	132,798	15,783,579	13,359,026	4,285,269	—	—	(9,473,245)	41,937,124
Total noncurrent assets	<u>183,711,046</u>	<u>127,072,244</u>	<u>309,997,332</u>	<u>1,332,595,239</u>	<u>136,278,554</u>	<u>114,793,779</u>	<u>1,693,182,028</u>	<u>682,841,366</u>	<u>1,331,825,901</u>	<u>91,265,646</u>	<u>516,790</u>	<u>(9,473,245)</u>	<u>5,994,606,680</u>
Total assets	<u>249,955,452</u>	<u>142,113,260</u>	<u>389,338,296</u>	<u>1,744,586,128</u>	<u>149,143,570</u>	<u>159,664,862</u>	<u>1,870,165,203</u>	<u>839,856,797</u>	<u>1,938,421,659</u>	<u>117,006,627</u>	<u>1,098,368</u>	<u>(13,375,623)</u>	<u>7,587,974,599</u>
Deferred outflows of resources	14,209,706	7,508,973	25,124,750	116,419,651	6,367,285	6,182,157	52,856,071	45,129,374	214,031,881	2,686,993	235,314	—	490,752,155
Total assets and deferred outflows of resources	<u>\$ 264,165,158</u>	<u>149,622,233</u>	<u>414,463,046</u>	<u>1,861,005,779</u>	<u>155,510,855</u>	<u>165,847,019</u>	<u>1,923,021,274</u>	<u>884,986,171</u>	<u>2,152,453,540</u>	<u>119,693,620</u>	<u>1,333,682</u>	<u>(13,375,623)</u>	<u>8,078,726,754</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Position

June 30, 2022

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	M CVS	Elimination entries	Total
Liabilities													
Current liabilities:													
Accounts payable and accrued liabilities	\$ 5,397,310	5,093,043	20,421,223	56,333,620	2,553,255	2,169,916	37,520,580	23,645,845	156,095,778	1,091,732	242,613	(60,102)	310,504,813
Unearned revenues	2,773,824	1,142,652	6,575,087	19,409,915	1,588,893	3,340,979	55,643,481	15,192,627	26,576,114	—	—	—	132,243,572
Accrued leave liabilities – current portion	597,976	379,619	487,775	2,345,093	43,055	227,112	2,487,000	1,235,048	6,474,712	46,949	14,272	—	14,338,611
Long-term liabilities – current portion	1,739,137	633,151	5,815,213	15,766,196	57,279	593,784	15,485,998	7,063,596	33,995,511	6,817,533	—	(3,842,276)	84,125,122
Other current liabilities	—	—	—	—	275,525	79,436	105,290	64,373	93,514,238	358,025	—	—	94,396,887
Total current liabilities	<u>10,508,247</u>	<u>7,248,465</u>	<u>33,299,298</u>	<u>93,854,824</u>	<u>4,518,007</u>	<u>6,411,227</u>	<u>111,242,349</u>	<u>47,201,489</u>	<u>316,656,353</u>	<u>8,314,239</u>	<u>256,885</u>	<u>(3,902,378)</u>	<u>635,609,005</u>
Noncurrent liabilities:													
Accrued leave liabilities	2,372,231	1,138,857	6,148,904	23,457,832	1,033,329	1,180,419	15,572,127	9,992,663	61,911,603	845,375	39,742	—	123,693,082
Deposits refundable	677,215	108,966	703,814	49,627	—	28,164	262,531	2,986	—	—	—	—	1,833,303
Long-term liabilities	42,842,509	10,915,000	90,493,046	293,331,164	—	14,745,617	202,169,741	145,169,473	445,070,041	24,332,128	—	(9,473,245)	1,259,595,474
Net pension liability	55,460,320	39,435,132	99,198,952	484,398,386	33,515,640	33,636,869	279,700,687	191,741,041	1,108,966,743	14,717,078	1,385,339	—	2,342,156,187
Net OPEB liability	3,180,116	2,661,875	5,253,081	26,742,421	2,037,630	2,243,749	17,066,623	11,548,533	47,990,300	547,687	—	—	119,272,015
Other long-term liabilities	—	—	1,912,787	4,811,107	96,439	—	7,104,800	18,416,913	2,049,506	—	—	—	34,391,552
Total noncurrent liabilities	<u>104,532,391</u>	<u>54,259,830</u>	<u>203,710,584</u>	<u>832,790,537</u>	<u>36,683,038</u>	<u>51,834,818</u>	<u>521,876,509</u>	<u>376,871,609</u>	<u>1,665,988,193</u>	<u>40,442,268</u>	<u>1,425,081</u>	<u>(9,473,245)</u>	<u>3,880,941,613</u>
Total liabilities	<u>115,040,638</u>	<u>61,508,295</u>	<u>237,009,882</u>	<u>926,645,361</u>	<u>41,201,045</u>	<u>58,246,045</u>	<u>633,118,858</u>	<u>424,073,098</u>	<u>1,982,644,546</u>	<u>48,756,507</u>	<u>1,681,966</u>	<u>(13,375,623)</u>	<u>4,516,550,618</u>
Deferred inflows of resources	<u>25,866,011</u>	<u>13,996,045</u>	<u>39,696,905</u>	<u>169,514,035</u>	<u>10,882,518</u>	<u>14,276,922</u>	<u>105,500,478</u>	<u>80,328,122</u>	<u>414,340,423</u>	<u>5,495,888</u>	<u>495,068</u>	<u>—</u>	<u>880,392,415</u>
Total liabilities and deferred inflows of resources	<u>\$ 140,906,649</u>	<u>75,504,340</u>	<u>276,706,787</u>	<u>1,096,159,396</u>	<u>52,083,563</u>	<u>72,522,967</u>	<u>738,619,336</u>	<u>504,401,220</u>	<u>2,396,984,969</u>	<u>54,252,395</u>	<u>2,177,034</u>	<u>(13,375,623)</u>	<u>5,396,943,033</u>
Net Position													
Net investment in capital assets	\$ 117,316,793	114,644,004	174,215,604	878,977,470	117,588,963	94,671,560	949,583,971	425,383,963	473,351,806	3,932,685	2,392	—	3,349,669,211
Restricted for:													
Nonexpendable:													
Scholarship and fellowships	—	—	5,576,243	2,286,265	830,638	1,511,788	10,013,196	5,569,090	—	894,370	—	—	26,681,590
Research	—	—	—	4,492,419	—	—	317,789	—	—	—	—	—	4,810,208
Other purposes	17,468,403	—	34,549,176	7,708,329	286,659	—	45,595,920	—	28,766,203	19,656,438	—	—	154,031,128
Expendable:													
Scholarships and fellowships	—	—	8,668,084	1,794,649	436,068	1,324,674	7,311,242	1,296,428	8,718,729	17,099,470	—	—	46,649,344
Research	—	—	—	34,689,867	—	—	9,709,920	—	44,001,512	—	—	—	88,401,299
Capital projects	—	—	1,767,983	5,707,908	1,913,350	766,858	9,787,942	1,842,302	—	—	—	—	21,786,343
Debt service	—	—	16,929	(4,539,743)	—	399,939	—	25,496,452	1,204,437	—	—	—	22,578,014
Loans	553,699	—	337,551	13,814,905	233,656	—	31,807,912	4,582,814	7,465,227	—	—	—	58,795,764
Other purposes	—	—	8,233	1,447,706	—	1,005,019	25,536,641	11,206,543	86,791,735	30,092,774	858,248	—	156,946,899
Unrestricted	<u>(12,080,386)</u>	<u>(40,526,111)</u>	<u>(87,383,544)</u>	<u>(181,533,392)</u>	<u>(17,862,042)</u>	<u>(6,355,786)</u>	<u>94,737,405</u>	<u>(94,792,641)</u>	<u>(894,831,078)</u>	<u>(6,234,512)</u>	<u>(1,703,992)</u>	<u>—</u>	<u>(1,248,566,079)</u>
Total net position	<u>\$ 123,258,509</u>	<u>74,117,893</u>	<u>137,756,259</u>	<u>764,846,383</u>	<u>103,427,292</u>	<u>93,324,052</u>	<u>1,184,401,938</u>	<u>380,584,951</u>	<u>(244,531,429)</u>	<u>65,441,225</u>	<u>(843,352)</u>	<u>—</u>	<u>2,681,783,721</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2022

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	M CVS	Elimination entries	Total
Operating revenues:													
Tuition and fees	\$ 23,084,812	22,733,986	61,690,440	334,585,821	18,848,176	11,217,971	354,622,121	143,020,692	45,377,371	—	—	—	1,015,181,390
Scholarship allowances	(11,606,840)	(6,358,081)	(11,936,556)	(119,698,249)	(5,831,844)	(6,181,931)	(113,563,333)	(48,691,721)	(6,714,627)	—	—	—	(330,583,182)
Bad debt expense	(1,582,950)	—	—	(2,353,901)	(332,378)	(1,311,579)	(270,871)	(1,446,490)	—	—	—	—	(7,298,169)
Net tuition and fees	9,895,022	16,375,905	49,753,884	212,533,671	12,683,954	3,724,461	240,787,917	92,882,481	38,662,744	—	—	—	677,300,039
Federal appropriations	—	—	—	14,800,675	—	—	—	—	—	—	—	—	14,800,675
Federal grants and contracts	40,817,454	7,293,941	25,985,136	168,818,106	9,026,556	7,858,451	54,698,767	58,743,161	70,786,931	6,543,741	2,871,598	(41,744,301)	411,699,541
State grants and contracts	198,603	1,598,121	2,500,511	31,752,210	6,763,445	213,670	13,728,454	9,368,652	6,811,814	370,816	—	(35,204,443)	38,101,853
Nongovernmental grants and contracts	711,005	4,008,522	1,583,271	15,842,898	2,866,377	—	33,917,991	13,619,351	15,787,043	1,227,779	—	—	89,564,237
Sales and services of educational departments	526,481	1,056,708	3,730,478	60,726,207	1,110,892	2,193,237	7,809,890	1,772,715	1,208,422	3,214,246	—	(2,478,330)	80,870,946
Auxiliary enterprises:													
Student housing	8,580,903	2,396,214	10,634,344	32,668,471	2,088,596	3,029,568	28,253,174	18,323,656	—	—	—	—	105,974,926
Food services	7,147,849	2,499,160	10,540,450	2,990,352	1,505,933	2,351,097	3,507,799	3,110,671	—	—	—	—	33,653,311
Bookstore	214,988	185,990	—	1,189,000	62,079	1,010,086	629,544	821,671	1,717,625	—	—	—	5,830,983
Athletics	—	—	—	69,975,856	—	—	83,690,236	11,460,794	—	—	—	—	165,126,886
Other auxiliary revenues	567,834	648,350	2,379,364	12,409,768	212,668	1,118,915	11,996,363	5,568,285	867,599	2,259,331	—	—	38,028,477
Less auxiliary enterprise scholarship allowances	(3,085,363)	—	(6,608,510)	(12,696,673)	(1,129,134)	—	(8,547,778)	(4,001,220)	—	—	—	—	(36,068,678)
Interest earned on loans to students	—	13,289	—	738,272	—	—	606,564	—	348,682	—	—	—	1,706,807
Patient care revenues	—	—	—	—	—	—	—	—	1,251,077,962	—	—	—	1,251,077,962
Other operating revenues	6,527,258	1,620,340	13,303,129	8,072,388	250,338	2,443,655	11,462,514	5,068,875	114,657,843	15,710,131	15,453	(11,820,118)	167,311,806
Total operating revenues	72,102,034	37,696,540	113,802,057	619,821,201	35,441,704	23,943,140	482,541,435	216,739,092	1,501,926,665	29,326,044	2,887,051	(91,247,192)	3,044,979,771
Operating expenses:													
Salaries and wages	30,277,153	28,645,966	65,356,549	373,685,213	22,444,371	18,628,125	253,673,758	149,254,153	781,532,816	7,537,737	619,286	—	1,731,655,127
Fringe benefits	4,385,770	7,842,787	6,826,420	125,104,456	5,715,475	4,315,653	60,669,256	46,254,864	182,028,597	1,422,863	130,836	—	444,696,977
Travel	2,626,087	1,107,635	3,781,391	11,524,030	790,888	871,610	15,189,966	5,837,740	1,439,253	52,623	26,475	—	43,247,698
Contractual services	22,812,500	12,326,982	42,342,493	133,849,689	7,093,638	19,990,562	75,126,585	70,296,115	237,256,511	22,330,650	2,897,353	(56,042,749)	590,280,329
Utilities	4,313,385	1,912,114	5,047,378	17,979,233	2,975,113	2,079,682	19,668,773	10,808,140	16,483,613	787,074	—	—	82,054,505
Scholarships and fellowships	17,262,894	7,096,138	12,003,399	80,345,160	9,333,340	2,883,211	98,902,257	38,339,389	8,825,765	46,728,543	—	(35,204,443)	286,515,653
Commodities	5,279,678	3,888,372	3,514,997	41,701,036	2,401,953	4,105,491	34,594,483	17,508,862	360,872,552	413,305	47,362	—	474,328,091
Depreciation and amortization	4,671,645	4,692,754	9,219,139	41,987,499	2,714,966	2,917,660	38,786,864	19,019,264	66,648,269	160,643	1,076	—	190,819,779
Other operating expenses	—	212,599	1,462,399	—	—	—	1,498,630	—	99,489	202,228	14,563	—	3,489,908
Total operating expenses	91,629,112	67,725,347	149,554,165	826,176,316	53,469,744	55,791,994	598,110,572	357,318,527	1,655,186,865	79,635,666	3,736,951	(91,247,192)	3,847,088,067
Operating loss	(19,527,078)	(30,028,807)	(35,752,108)	(206,355,115)	(18,028,040)	(31,848,854)	(115,569,137)	(140,579,435)	(153,260,200)	(50,309,622)	(849,900)	—	(802,108,296)

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2022

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Nonoperating revenue (expenses):													
State appropriations	\$ 27,623,371	21,048,003	43,507,603	180,990,942	15,665,872	15,444,423	91,926,010	89,085,790	170,192,799	54,939,666	786,602	—	711,211,081
Gifts and grants	1,037,812	5,091,287	16,591,492	116,448,681	5,539,090	23,192,885	57,699,412	64,166,339	47,165,352	—	—	—	336,932,350
Investment income, net of investment expense	(675,514)	62,340	(6,922,782)	(8,948,478)	(438,070)	(385,495)	(34,375,503)	44,386	(12,021,793)	(4,600,387)	(36,707)	(265,884)	(68,563,887)
Interest expense on capital assets-related debt	(1,732,688)	(471,955)	(3,373,286)	(11,326,978)	—	(550,566)	(5,881,830)	(5,184,153)	(13,630,243)	(1,883)	—	265,884	(41,887,698)
Other nonoperating revenues	—	—	41,679,525	424,809	59,808	—	686,482	—	—	—	—	—	42,850,624
Other nonoperating expenses	(204,458)	(44,063)	(38,070,788)	(2,914,241)	(293,499)	—	(30,506)	—	—	(1,737,988)	—	—	(43,295,543)
Total net nonoperating revenue	26,048,523	25,685,612	53,411,764	274,674,735	20,533,201	37,701,247	110,024,065	148,112,362	191,706,115	48,599,408	749,895	—	937,246,927
Income (loss) before other revenues, expenses, gains and losses	6,521,445	(4,343,195)	17,659,656	68,319,620	2,505,161	5,852,393	(5,545,072)	7,532,927	38,445,915	(1,710,214)	(100,005)	—	135,138,631
Capital grants and gifts	—	—	—	3,701,753	—	—	6,467,530	9,109,665	1,045,476	—	—	—	20,324,424
State appropriations restricted for capital purposes	6,740,188	8,346,109	4,241,692	12,123,870	9,190,504	1,232,684	43,299,122	5,070,662	5,677,872	1,788,804	—	—	97,711,507
Additions to permanent endowments	—	—	—	—	(187,666)	170,143	10,732	—	35,932	—	—	—	29,141
Other additions	—	122,530	—	—	458,976	—	143,414	889,968	—	—	345	—	1,615,233
Other deletions	(2,022,977)	—	—	(619,007)	(223,148)	—	(248,030)	(1,548,434)	(408,039)	(104,199)	—	—	(5,173,834)
Change in net position	11,238,656	4,125,444	21,901,348	83,526,236	11,743,827	7,255,220	44,127,696	21,054,788	44,797,156	(25,609)	(99,660)	—	249,645,102
Net position, beginning of the year	112,019,853	69,992,449	115,854,911	681,320,147	91,683,465	86,068,832	1,140,274,242	359,530,163	(289,328,585)	65,466,834	(743,692)	—	2,432,138,619
Net position, end of the year	123,258,509	74,117,893	137,756,259	764,846,383	103,427,292	93,324,052	1,184,401,938	380,584,951	(244,531,429)	65,441,225	(843,352)	—	2,681,783,721

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows
Year ended June 30, 2022

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Operating activities:													
Tuition and fees	\$ 8,990,224	16,131,768	43,789,234	220,274,333	12,929,877	7,478,188	241,014,176	73,509,473	40,635,625	—	—	—	664,752,898
Grants and contracts	43,018,905	13,147,116	31,135,243	191,740,870	18,656,378	8,126,294	100,732,675	81,731,165	99,170,509	8,142,336	3,134,586	(76,948,744)	521,787,333
Sales and services of educational departments	526,481	1,056,708	2,828,617	61,679,982	1,110,892	2,193,237	7,815,799	1,772,715	1,208,422	3,174,429	—	(2,478,330)	80,888,952
Payments to suppliers	(31,777,435)	(16,851,559)	(50,624,811)	(188,678,472)	(9,483,726)	(24,102,027)	(106,762,653)	(90,150,408)	(623,774,516)	(23,780,623)	(2,973,817)	56,042,749	(1,112,917,298)
Payments to employees for salaries and benefits	(40,067,938)	(37,987,412)	(85,242,879)	(516,608,327)	(29,822,386)	(25,639,452)	(326,067,274)	(186,844,318)	(994,482,991)	(9,839,980)	(817,589)	—	(2,253,420,546)
Payments for utilities	(4,313,385)	(1,912,114)	(5,047,378)	(17,987,167)	(2,975,113)	(2,079,682)	(19,597,628)	(10,808,140)	(16,483,613)	(787,074)	—	—	(81,991,294)
Payment for scholarships and fellowships	(17,262,894)	(7,096,138)	(12,003,399)	(80,345,160)	(9,333,340)	(2,883,211)	(98,902,257)	(38,339,389)	(9,469,113)	(46,984,936)	—	35,204,443	(287,415,394)
Loans issued to students	19,077	—	—	(2,956,386)	—	—	(3,871,557)	—	(433,747)	(622,061)	—	—	(7,864,674)
Collections of loans from students	—	159,477	—	3,712,424	79,879	—	2,572,163	3,688,179	2,782,727	2,516,747	—	—	15,511,596
Federal loan program receipts	13,187,978	17,737,149	56,237,492	129,178,943	10,344,737	10,154,044	89,371,038	73,875,748	35,107,908	—	—	—	435,195,037
Federal loan program disbursements	(16,206,581)	(14,392,549)	(56,237,492)	(128,571,956)	(10,504,993)	(10,154,044)	(89,371,038)	(77,054,164)	(37,918,123)	—	—	—	(440,410,940)
Auxiliary enterprise charges:													
Student housing	3,967,109	1,782,346	9,558,958	31,247,535	1,393,266	3,029,568	18,202,511	18,323,656	—	—	—	—	87,504,949
Food services	7,147,849	2,512,006	6,964,148	2,984,192	1,032,881	2,351,097	3,920,929	3,110,671	—	—	—	—	30,023,773
Bookstore	214,988	185,990	—	1,238,339	62,079	1,010,086	629,543	821,671	1,034,138	—	—	—	5,196,834
Athletics	—	—	—	70,031,167	—	—	85,027,266	7,459,574	—	—	—	—	162,518,007
Other auxiliary enterprises	567,834	648,350	2,379,363	(4,168,790)	212,668	1,118,915	11,383,824	5,568,285	867,599	2,381,888	—	—	20,959,936
Patient care services	—	—	—	—	—	—	—	—	1,211,040,883	—	—	—	1,211,040,883
Interest earned on loans to students	—	—	—	—	—	—	606,564	—	348,682	205,304	—	—	1,160,550
Other receipts	9,883,091	937,903	11,373,181	22,091,515	250,338	2,137,239	11,439,962	5,068,873	113,917,185	15,710,131	15,453	(11,820,118)	181,004,753
Other payments	—	(3,321,449)	—	—	—	—	(14,785,971)	2,082,195	(238,591)	(202,228)	(14,218)	—	(16,480,262)
Net cash used in operating activities	(22,104,697)	(27,262,408)	(44,889,723)	(205,136,958)	(16,046,563)	(27,259,748)	(86,641,928)	(126,184,214)	(176,687,016)	(50,086,067)	(655,585)	—	(782,954,907)
Noncapital financing activities:													
State appropriations	27,623,371	21,048,003	43,290,089	178,474,410	15,072,611	15,403,353	91,323,830	89,085,790	170,192,799	54,879,936	786,602	—	707,180,794
Gifts and grants for other than capital purposes	1,037,812	5,091,287	16,591,492	117,192,115	6,484,362	23,192,886	57,463,586	64,166,339	47,165,352	—	—	—	338,385,231
Private gifts for endowment purposes	—	—	—	—	—	170,143	10,732	—	35,932	—	—	—	216,807
Other sources	—	122,530	—	—	9,510,629	—	75,718	889,968	—	1,776,244	—	—	12,375,089
Other uses	—	(26,558)	—	(2,864,824)	(516,647)	—	—	(99,835)	(578,425)	(1,842,187)	—	—	(5,928,476)
Net cash provided by noncapital financing activities	28,661,183	26,235,262	59,881,581	292,801,701	30,550,955	38,766,382	148,873,866	154,042,262	216,815,658	54,813,993	786,602	—	1,052,229,445

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows
Year ended June 30, 2022

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Capital and related financing activities:													
Proceeds from Capital Debt	\$ —	—	—	—	—	—	—	—	—	—	—	—	—
Cash Paid for Capital Assets	(7,892,647)	(8,071,956)	(121,201)	(64,838,926)	905,561	(48,068)	(48,594,734)	(25,008,165)	(29,062,386)	(54,583)	—	—	(182,787,105)
Capital Appropriations Received	6,740,188	8,346,109	—	11,625,228	(10,838,905)	—	43,299,122	5,070,662	4,941,899	—	—	—	69,184,303
Capital Grants and Contracts Received	—	—	—	3,489,994	—	—	(31,782,593)	9,109,665	3,980,654	—	—	(3,791,035)	(18,993,315)
Proceeds from Sales of Capital Assets	—	—	—	—	—	—	67,696	—	81,093	—	—	—	148,789
Principal Paid on Capital Debt and Leases	(1,441,625)	(688,128)	(5,078,905)	(16,384,305)	(114,818)	(675,599)	(13,011,577)	(7,025,027)	(27,210,353)	(123,728)	—	3,543,379	(68,210,686)
Interest Paid on Capital Debt and Leases	(1,742,756)	(473,037)	(3,902,316)	(13,050,916)	—	(540,986)	(6,754,593)	(5,184,153)	(14,452,513)	(1,883)	—	513,540	(45,589,613)
Other Source	1,422,513	615,680	2,609,888	329,920	145,580	—	582	—	—	—	—	—	5,124,163
Other Uses	(192,513)	(17,505)	(831,034)	(775,561)	—	—	(1,968,141)	(1,448,596)	—	—	—	—	(5,233,350)
Net cash provided by (used in) capital and related financing activities	(3,106,840)	(288,837)	(7,323,568)	(79,604,566)	(9,902,582)	(1,264,653)	(58,744,238)	(24,485,614)	(61,721,606)	(180,194)	—	265,884	(246,356,814)
Investing activities:													
Proceeds from Sales and Maturities of Investments	10,418,578	231,143	8,636,195	30,293,718	4,802,707	509,660	109,159,141	17,024,231	154,447,640	49,908,966	525,000	—	385,956,979
Interest Received on Investments	138,419	57,033	(6,945,436)	4,356,128	454,228	428,281	1,379,560	205,357	6,385,829	(4,682,378)	245	(265,884)	1,511,382
Purchases of Investments	(10,139,907)	(201,278)	—	(31,688,310)	(4,843,862)	(160,577)	(88,961,947)	(39,518,659)	(431,195,176)	(48,829,743)	(501,893)	—	(656,041,352)
Net cash provided by (used in) investing activities	417,090	86,898	1,690,759	2,961,536	413,073	777,364	21,576,754	(22,289,071)	(270,361,707)	(3,603,155)	23,352	(265,884)	(268,572,991)
Net increase (decrease) in cash and cash equivalents	3,866,736	(1,229,085)	9,359,049	11,021,713	5,014,883	11,019,345	25,064,454	(18,916,637)	(291,954,671)	944,577	154,369	—	(245,655,267)
Cash and cash equivalents - beginning of year	48,617,910	8,450,467	42,099,325	302,406,028	9,062,226	19,485,385	50,091,123	131,631,446	478,193,855	12,135,361	69,175	—	1,102,242,301
Cash and cash equivalents - end of year	52,484,646	7,221,382	51,458,374	313,427,741	14,077,109	30,504,730	75,155,577	112,714,809	186,239,184	13,079,938	223,544	—	856,587,034

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows
Year ended June 30, 2022

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Reconciliation of operating loss to net cash used in operating activities:													
Operating loss	\$ (19,527,078)	(30,028,807)	(35,752,108)	(206,355,115)	(18,028,040)	(31,848,854)	(115,569,137)	(140,579,435)	(153,260,200)	(50,309,622)	(849,900)	—	(802,108,296)
Adjustment to reconcile operating loss to net cash used in operating activities:													
Depreciation and amortization expense	4,671,645	4,692,754	9,219,139	41,987,499	2,714,966	2,917,660	38,786,864	19,019,264	66,648,269	160,643	1,076	—	190,819,779
Self-insurance claims expense	—	—	—	—	—	—	—	—	2,733,717	6,447,558	—	—	9,181,275
Provision for uncollectible accounts receivable	1,582,950	119,097	—	2,353,901	—	1,311,579	297,056	—	140,276,635	(51,090)	—	—	145,890,128
Other	—	—	—	—	—	(2,449,743)	—	—	—	—	345	—	(2,449,398)
Changes in assets and liabilities:													
(Increase) decrease in assets:													
Receivables, net	(4,322,477)	2,793,436	(10,941,954)	(6,079,787)	165,546	(707,438)	(5,387,802)	(18,863,245)	(117,299,440)	1,977,427	262,988	—	(158,402,746)
Inventories	(18,455)	83,428	(224,159)	300,657	—	56,342	(59,342)	(19,147)	(218,173)	(119,744)	—	—	(218,593)
Prepaid expenses	—	—	—	(3,245,965)	(289,488)	35,062	1,493,020	(1,990,321)	(2,606,244)	(9,836)	—	—	(6,613,772)
Loans to students	19,077	146,188	—	—	—	—	(1,380,018)	—	1,185,349	—	—	—	(29,404)
Deferred outflows of resources	(66,385)	(943,970)	(428,373)	(16,298,637)	(777,739)	(388,772)	(5,731,887)	(2,782,013)	12,025,309	(298,817)	(20,479)	—	(15,711,763)
Other assets	307,753	(1,715,392)	—	—	354,291	(9,580)	—	—	558,285	—	—	—	(504,643)
Increase (decrease) in liabilities:													
Accounts payable and accrued liabilities	(1,788,321)	1,312,336	470,559	(5,429,585)	683,658	685,746	2,895,810	5,570,601	(18,688,403)	(211,468)	(2,627)	—	(14,501,694)
Unearned revenue	361,457	131,294	2,805,087	(34,355,199)	(39,248)	2,899,290	4,453,602	2,082,295	13,629,412	—	—	—	(8,032,010)
Deposits refundable	(918)	6,132	—	—	—	(1,946)	(89,668)	(100)	—	—	—	—	(86,500)
Accrued leave liability	(199,090)	(75,229)	1,093,857	55,060	1,098	(141,183)	41,045	1,233,293	(5,090,684)	93,121	(1,677)	—	(2,990,389)
Net pension liability	(25,448,749)	(11,671,153)	(32,758,590)	(139,252,595)	(10,481,007)	(14,063,912)	(90,689,466)	(61,346,854)	(389,135,156)	(5,466,187)	(540,379)	—	(780,854,048)
Net OPEB liability	(1,105,015)	(519,563)	(1,131,987)	(4,266,677)	(383,487)	(673,738)	(3,740,031)	(2,433,329)	(12,363,005)	(113,361)	—	—	(26,730,193)
Deferred inflows of resources	21,269,078	12,348,490	22,758,806	165,449,485	9,978,595	12,663,177	88,038,026	73,993,602	362,935,308	4,905,864	495,068	—	774,835,499
Other liabilities	2,159,831	(3,941,449)	—	—	54,292	2,456,562	—	(68,825)	(78,017,995)	(7,090,555)	—	—	(84,448,139)
Total adjustments	(2,577,619)	2,766,399	(9,137,615)	1,218,157	1,981,477	4,589,106	28,927,209	14,395,221	(23,426,816)	223,555	194,315	—	19,153,389
Net cash used in operating activities	\$ (22,104,697)	(27,262,408)	(44,889,723)	(205,136,958)	(16,046,563)	(27,259,748)	(86,641,928)	(126,184,214)	(176,687,016)	(50,086,067)	(655,585)	—	(782,954,907)
Noncash capital related financing and investing activities:													
Gifts and contributions of capital assets	—	—	—	4,178,103	—	—	337,465	—	26,075	—	—	—	4,541,643
Right-to-use assets under lease obligations	575,891	91,034	8,981,877	11,683,624	114,819	64,528	2,473,132	5,087,681	103,693,530	123,729	—	—	132,889,845

See accompanying independent auditors' report.

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REQUIRED SUPPLEMENTARY INFORMATION

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State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of the Net Pension Liability of the
 Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(b)
 June 30, 2022

Employer	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 payroll	PERS fiduciary net position as a percentage of the total pension liability
Alcorn State University:					
2015	0.47 %	\$ 56,758,259	\$ 28,572,870	199.00 %	67.00 %
2016	0.46	71,034,832	28,709,073	247.43	61.70
2017	0.46	82,196,659	29,437,759	279.22	57.47
2018	0.46	75,934,194	29,303,410	259.13	61.49
2019	0.45	75,156,617	28,855,149	260.46	62.54
2020	0.43	75,787,222	28,057,270	270.12	61.59
2021	0.42	80,909,069	27,829,874	290.73	58.97
2022	0.38	55,460,320	24,948,845	222.30	70.44
Delta State University:					
2015	0.28	33,537,396	16,883,175	199.00	67.00
2016	0.27	42,181,402	17,047,771	247.43	61.70
2017	0.26	47,229,076	16,914,533	279.22	57.47
2018	0.27	44,338,880	17,110,610	259.13	61.49
2019	0.27	44,872,460	17,228,044	260.46	62.54
2020	0.27	48,336,405	17,894,673	270.12	61.59
2021	0.26	51,106,285	17,578,764	290.73	58.97
2022	0.27	39,435,132	17,739,908	222.30	70.44
Jackson State University:					
2015	0.83	100,387,620	50,536,476	199.00	67.00
2016	0.85	130,840,285	52,898,190	247.43	61.70
2017	0.87	155,284,587	55,613,333	279.22	57.47
2018	0.91	152,074,130	58,686,216	259.13	61.49
2019	0.77	128,859,771	49,473,594	260.46	62.54
2020	0.72	126,401,212	46,795,130	270.12	61.59
2021	0.68	131,957,542	45,388,753	290.73	58.97
2022	0.67	99,198,952	44,624,684	222.30	70.44
Mississippi State University:					
2015	3.11	377,668,592	190,123,441	199.00	67.00
2016	3.15	487,619,653	197,073,543	247.43	61.70
2017	3.22	575,770,041	206,205,213	279.22	57.47
2018	3.16	525,651,937	202,851,879	259.13	61.49
2019	3.11	517,960,848	198,862,565	260.46	62.54
2020	3.17	558,213,479	206,656,819	270.12	61.59
2021	3.22	623,650,981	214,514,000	290.73	58.97
2022	3.28	484,398,386	217,906,787	222.30	70.44
Mississippi University for Women:					
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

State of Mississippi Institutions of Higher Learning
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability of the
Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(b)
June 30, 2022

Employer	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 payroll	PERS fiduciary net position as a percentage of the total pension liability
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
Mississippi Valley State University:					
2015	0.26	31,120,964	15,666,711	199.00	67.00
2016	0.24	37,755,185	15,258,908	247.43	61.70
2017	0.25	44,719,677	16,015,822	279.22	57.47
2018	0.25	41,999,298	16,207,752	259.13	61.49
2019	0.25	42,303,133	16,241,594	260.46	62.54
2020	0.25	44,196,596	16,362,070	270.12	61.59
2021	0.25	47,700,781	16,407,391	290.73	58.97
2022	0.23	33,636,869	15,131,557	222.30	70.44
University of Mississippi:					
2015	1.85	224,435,474	112,983,803	199.00	67.00
2016	1.86	287,872,551	116,344,946	247.43	61.70
2017	1.87	333,566,560	119,462,908	279.22	57.47
2018	1.92	319,127,442	123,152,978	259.13	61.49
2019	1.96	325,309,886	124,897,390	260.46	62.54
2020	1.93	339,244,839	125,592,222	270.12	61.59
2021	1.91	370,390,153	127,401,184	290.73	58.97
2022	1.89	279,700,687	125,823,454	222.30	70.44
University of Southern Mississippi:					
2015	1.35	163,430,215	82,272,965	199.00	67.00
2016	1.32	204,738,145	82,745,841	247.43	61.70
2017	1.31	233,764,776	83,720,083	279.22	57.47
2018	1.34	222,060,208	85,694,216	259.13	61.49
2019	1.35	224,453,669	86,175,302	260.46	62.54
2020	1.31	231,330,127	85,640,978	270.12	61.59
2021	1.31	253,087,895	87,053,333	290.73	58.97
2022	1.30	191,741,041	86,254,776	222.30	70.44
University of Mississippi Medical Center:					
2015	6.76	821,435,313	413,521,568	199.00	67.00
2016	7.04	1,087,561,173	439,542,508	247.43	61.70
2017	7.22	1,288,831,062	461,579,562	279.22	57.47
2018	7.30	1,212,970,916	468,091,930	259.13	61.49

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of the Net Pension Liability of the
 Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(b)
 June 30, 2022

Employer	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 payroll	PERS fiduciary net position as a percentage of the total pension liability
2019	7.41 %	\$ 1,232,363,510	\$ 473,145,740	260.46 %	62.54 %
2020	7.73	1,360,163,256	503,547,517	270.12	61.59
2021	7.74	1,498,101,899	515,294,356	290.73	58.97
2022	7.50	1,108,966,743	498,869,086	222.30	70.44
Executive Office:					
2015	0.10	13,082,977	6,586,146	199.00	67.00
2016	0.11	16,593,427	6,706,305	247.43	61.70
2017	0.11	20,018,666	7,169,448	279.22	57.47
2018	0.10	18,081,464	6,977,734	259.13	61.49
2019	0.11	17,819,021	6,841,321	260.46	62.54
2020	0.11	18,717,421	6,929,397	270.12	61.59
2021	0.10	20,183,265	6,942,333	290.73	58.97
2022	0.10	14,717,078	6,620,483	222.30	70.44
Mississippi Commission for Volunteer Service:					
2015	0.01	1,092,239	549,848	199.00	67.00
2016	0.01	1,231,115	503,886	247.43	61.70
2017	0.01	1,586,388	568,146	279.22	57.47
2018	0.01	1,649,603	636,590	259.13	61.49
2019	0.01	1,652,816	634,570	260.46	62.54
2020	0.01	1,750,782	648,159	270.12	61.59
2021	0.01	1,925,718	662,379	290.73	58.97
2022	0.01	1,385,339	623,195	222.30	70.44
2015 Totals	<u>15.24 %</u>	<u>\$ 1,850,037,000</u>	<u>\$ 931,333,441</u>	<u>199.00 %</u>	<u>67.00 %</u>
2016 Totals	<u>15.54 %</u>	<u>\$ 2,402,927,178</u>	<u>\$ 971,178,203</u>	<u>247.43 %</u>	<u>61.70 %</u>
2017 Totals	<u>15.81 %</u>	<u>\$ 2,824,552,261</u>	<u>\$ 1,011,579,899</u>	<u>279.22 %</u>	<u>57.47 %</u>
2018 Totals	<u>15.96 %</u>	<u>\$ 2,653,162,201</u>	<u>\$ 1,023,869,410</u>	<u>259.13 %</u>	<u>61.49 %</u>
2019 Totals	<u>15.93 %</u>	<u>\$ 2,649,318,090</u>	<u>\$ 1,017,162,190</u>	<u>260.46 %</u>	<u>62.54 %</u>
2020 Totals	<u>16.16 %</u>	<u>\$ 2,843,514,960</u>	<u>\$ 1,052,700,786</u>	<u>270.12 %</u>	<u>61.59 %</u>
2021 Totals	<u>16.13 %</u>	<u>\$ 3,123,010,235</u>	<u>\$ 1,074,205,666</u>	<u>290.73 %</u>	<u>58.97 %</u>
2022 Totals	<u>15.85 %</u>	<u>\$ 2,342,156,188</u>	<u>\$ 1,053,619,798</u>	<u>222.30 %</u>	<u>70.44 %</u>

See accompanying independent auditors' report.

State of Mississippi Institutions of Higher Learning

Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of Contributions to the
 Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(c)
 June 30, 2022

Employer	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered- employee payroll	Contribution as a percentage of covered- employee payroll
Alcorn State University:					
2015	\$ 4,487,694	4,487,694	—	28,493,295	15.75 %
2016	4,578,969	4,578,969	—	29,072,819	15.75
2017	4,612,758	4,612,758	—	29,287,352	15.75
2018	4,445,215	4,445,215	—	28,223,587	15.75
2019	4,363,103	4,363,103	—	27,702,241	15.75
2020	4,789,190	4,789,190	—	27,524,080	17.40
2021	4,286,010	4,286,010	—	24,632,241	17.40
2022	4,124,495	4,124,495	—	23,703,994	17.40
Delta State University:					
2015	2,664,943	2,664,943	—	16,920,273	15.75
2016	2,629,908	2,629,908	—	16,697,829	15.75
2017	2,650,434	2,650,434	—	16,828,152	15.75
2018	2,379,412	2,379,412	—	15,107,378	15.75
2019	2,725,784	2,725,784	—	17,306,565	15.75
2020	2,970,686	2,970,686	—	17,072,908	17.40
2021	3,051,947	3,051,947	—	17,539,925	17.40
2022	3,238,902	3,238,902	—	18,614,379	17.40
Jackson State University:					
2015	8,271,356	8,271,356	—	52,516,546	15.75
2016	8,653,220	8,653,220	—	54,941,079	15.75
2017	8,714,352	8,714,352	—	55,329,219	15.75
2018	8,294,334	8,294,334	—	52,662,438	15.75
2019	7,274,360	7,274,360	—	46,186,413	15.75
2020	7,808,898	7,808,898	—	44,878,724	17.40
2021	7,674,848	7,674,848	—	44,108,322	17.40
2022	8,153,424	8,153,424	—	46,858,759	17.40
Mississippi State University:					
2015	30,812,946	30,812,946	—	195,637,752	15.75
2016	32,082,720	32,082,720	—	203,699,810	15.75
2017	32,311,407	32,311,407	—	205,151,790	15.75
2018	31,045,339	31,045,339	—	197,113,263	15.75
2019	32,163,084	32,163,084	—	204,210,057	15.75
2020	36,670,189	36,670,189	—	210,748,213	17.40
2021	37,491,151	37,491,151	—	215,466,385	17.40
2022	38,656,800	38,656,800	—	222,165,517	17.40
Mississippi University for Women:					
2015	2,243,470	2,243,470	—	14,244,254	15.75
2016	2,316,938	2,316,938	—	14,710,717	15.75

State of Mississippi Institutions of Higher Learning

Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of Contributions to the
 Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(c)
 June 30, 2022

Employer	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered- employee payroll	Contribution as a percentage of covered- employee payroll
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
Mississippi Valley State University:					
2015	2,384,644	2,384,644	—	15,140,597	15.75
2016	2,491,943	2,491,943	—	15,821,860	15.75
2017	2,509,604	2,509,604	—	15,933,994	15.75
2018	2,536,037	2,536,037	—	16,101,822	15.75
2019	2,545,552	2,545,552	—	16,162,235	15.75
2020	2,823,856	2,823,856	—	16,229,057	17.40
2021	2,595,820	2,595,820	—	14,918,506	17.40
2022	2,617,906	2,617,906	—	15,045,437	17.40
University of Mississippi:					
2015	18,189,943	18,189,943	—	115,491,702	15.75
2016	18,587,600	18,587,600	—	118,016,508	15.75
2017	18,719,288	18,719,288	—	118,852,622	15.75
2018	19,505,230	19,505,230	—	123,842,730	15.75
2019	19,541,619	19,541,619	—	124,073,771	15.75
2020	21,929,628	21,929,628	—	126,032,345	17.40
2021	21,641,091	21,641,091	—	124,374,086	17.40
2022	22,793,811	22,793,811	—	130,998,914	17.40
University of Southern Mississippi:					
2015	12,934,612	12,934,612	—	82,124,521	15.75
2016	13,009,957	13,009,957	—	82,602,902	15.75
2017	13,118,547	13,118,547	—	83,292,362	15.75
2018	13,456,220	13,456,220	—	85,436,317	15.75
2019	13,321,459	13,321,459	—	84,580,692	15.75
2020	13,777,396	13,777,396	—	79,180,437	17.40
2021	14,836,009	14,836,009	—	85,264,420	17.40
2022	15,254,661	15,254,661	—	87,670,466	17.40
University of Mississippi Medical Center:					
2015	68,736,092	68,736,092	—	436,419,632	15.75
2016	71,818,771	71,818,771	—	455,992,197	15.75
2017	72,327,391	72,327,391	—	459,221,530	15.75

State of Mississippi Institutions of Higher Learning

Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of Contributions to the
 Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(c)
 June 30, 2022

Employer	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered-employee payroll	Contribution as a percentage of covered-employee payroll
2018	\$ 73,927,567	73,927,567	—	469,381,378	15.75 %
2019	78,391,851	78,391,851	—	497,726,038	15.75
2020	88,706,272	88,706,272	—	509,806,161	17.40
2021	85,783,197	85,783,197	—	493,006,879	17.40
2022	87,049,388	87,049,388	—	500,283,839	17.40
Executive Office:					
2015	1,048,459	1,048,459	—	6,656,883	15.75
2016	959,854	959,854	—	6,094,311	15.75
2017	1,123,420	1,123,420	—	7,132,825	15.75
2018	1,068,031	1,068,031	—	6,781,148	15.75
2019	1,078,124	1,078,124	—	6,845,232	15.75
2020	1,194,824	1,194,824	—	6,866,805	17.40
2021	1,138,221	1,138,221	—	6,541,500	17.40
2022	1,203,862	1,203,862	—	6,918,747	17.40
Mississippi Commission for Volunteer Service:					
2015	78,708	78,708	—	499,733	15.75
2016	88,482	88,482	—	561,790	15.75
2017	89,025	89,025	—	565,238	15.75
2018	99,080	99,080	—	629,080	15.75
2019	100,856	100,856	—	640,356	15.75
2020	114,024	114,024	—	655,310	17.40
2021	107,124	107,124	—	615,655	17.40
2022	106,561	106,561	—	612,420	17.40
2015 Totals	\$ 151,852,867	151,852,867	—	964,145,187	15.75 %
2016 Totals	\$ 157,218,362	157,218,362	—	998,211,822	15.75 %
2017 Totals	\$ 158,509,906	158,509,906	—	1,006,412,102	15.75 %
2018 Totals	\$ 159,067,970	159,067,970	—	1,009,955,364	15.75 %
2019 Totals	\$ 163,772,905	163,772,905	—	1,039,827,967	15.75 %
2020 Totals	\$ 183,390,513	183,390,513	—	1,053,968,466	17.40 %
2021 Totals	\$ 181,198,864	181,198,864	—	1,041,372,782	17.40 %
2022 Totals	\$ 185,942,205	185,942,205	—	1,068,633,363	17.40 %

See accompanying independent auditors' report.

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of the Net OPEB Liability of the
 Mississippi State and School Employees' Life and Health Insurance Plan
GASB 74 Paragraph 36(a)
 June 30, 2022

Employer	Proportionate share of the net OPEB liability (%)	Proportionate share of the net pension OPEB (\$)	Covered-employee payroll	Proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
Alcorn State University:					
2018	0.58 %	\$ 4,553,690	\$ 26,074,744	17.46 %	0.00 %
2019	0.57	4,425,422	25,875,362	17.10	0.00
2020	0.56	4,718,847	25,466,787	18.53	0.00
2021	0.55	4,285,131	26,537,344	16.15	0.00
2022	0.49	3,180,116	23,295,570	13.54	0.00
Delta State University:					
2018	0.41	3,212,943	18,397,530	17.46	0.00
2019	0.42	3,268,272	19,109,522	17.10	0.00
2020	0.42	3,556,677	19,194,756	18.53	0.00
2021	0.41	3,181,438	19,702,296	16.15	0.00
2022	0.41	2,661,875	19,492,212	13.54	0.00
Jackson State University:					
2018	1.01	7,923,756	45,371,973	17.46	0.00
2019	0.93	7,183,715	42,003,040	17.10	0.00
2020	0.87	7,374,236	39,797,448	18.53	0.00
2021	0.82	6,385,068	39,542,017	16.15	0.00
2022	0.82	5,253,081	38,984,424	13.54	0.00
Mississippi State University:					
2018	3.85	30,245,677	173,188,825	17.46	0.00
2019	3.84	29,735,714	173,864,154	17.10	0.00
2020	3.90	33,054,895	178,391,432	18.53	0.00
2021	3.98	31,009,098	192,035,910	16.15	0.00
2022	4.15	26,742,421	197,299,217	13.54	0.00
Mississippi University for Women:					
2018	0.30	2,342,410	13,412,798	17.46	0.00
2019	0.31	2,364,085	13,822,757	17.10	0.00
2020	0.30	2,567,364	13,855,612	18.53	0.00
2021	0.31	2,421,117	14,993,708	16.15	0.00
2022	0.32	2,037,630	15,213,434	13.54	0.00
Mississippi Valley State University:					
2018	0.40	3,175,395	18,182,528	17.46	0.00
2019	0.40	3,080,141	18,009,522	17.10	0.00
2020	0.39	3,314,930	17,890,090	18.53	0.00
2021	0.37	2,917,487	18,067,671	16.15	0.00
2022	0.35	2,243,749	16,639,693	13.54	0.00

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of the Net OPEB Liability of the
 Mississippi State and School Employees' Life and Health Insurance Plan
GASB 74 Paragraph 36(a)
 June 30, 2022

Employer	Proportionate share of the net OPEB liability (%)	Proportionate share of the net pension OPEB (\$)	Covered-employee payroll	Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
University of Mississippi:					
2018	2.52 %	\$ 19,806,214	\$ 113,411,739	17.46 %	0.00 %
2019	2.62	20,248,697	118,393,742	17.10	0.00
2020	2.63	22,349,145	120,614,392	18.53	0.00
2021	2.67	20,806,654	128,853,307	16.15	0.00
2022	2.65	17,066,623	125,986,247	13.54	0.00
University of Southern Mississippi:					
2018	1.79	14,037,705	80,380,864	17.46	0.00
2019	1.82	14,044,422	82,117,466	17.10	0.00
2020	1.80	15,274,063	82,431,424	18.53	0.00
2021	1.80	13,981,862	86,588,121	16.15	0.00
2022	1.79	11,548,533	85,100,144	13.54	0.00
University of Mississippi Medical Center:					
2018	7.35	57,663,711	330,186,370	17.46	0.00
2019	7.34	56,789,549	332,047,403	17.10	0.00
2020	7.60	64,529,186	348,252,627	18.53	0.00
2021	7.76	60,353,305	373,761,386	16.15	0.00
2022	7.46	47,990,300	354,663,171	13.54	0.00
Executive Office:					
2018	0.09	712,832	4,081,723	17.46	0.00
2019	0.09	691,744	4,044,610	17.10	0.00
2020	0.09	759,685	4,099,885	18.53	0.00
2021	0.08	661,048	4,093,796	16.15	0.00
2022	0.09	547,687	4,278,778	13.54	0.00
2018 Totals	<u>18.31 %</u>	<u>\$ 143,674,333</u>	<u>\$ 822,689,094</u>	<u>17.46 %</u>	<u>0.00 %</u>
2019 Totals	<u>18.34 %</u>	<u>\$ 141,831,761</u>	<u>\$ 829,287,578</u>	<u>17.10 %</u>	<u>0.00 %</u>
2020 Totals	<u>18.56 %</u>	<u>\$ 157,499,028</u>	<u>\$ 849,994,451</u>	<u>18.53 %</u>	<u>0.00 %</u>
2021 Totals	<u>18.76 %</u>	<u>\$ 146,002,208</u>	<u>\$ 904,175,557</u>	<u>16.15 %</u>	<u>0.00 %</u>
2022 Totals	<u>18.53 %</u>	<u>\$ 119,272,015</u>	<u>\$ 880,952,889</u>	<u>13.54 %</u>	<u>0.00 %</u>

See accompanying independent auditors' report.

State of Mississippi Institutions of Higher Learning
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Employer Contributions to the
Mississippi State and School Employees' Life and Health Insurance Plan
GASB 74 Paragraph 36(c)
June 30, 2022

Employer	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
Alcorn State University:					
2018	\$ 253,468	179,174	74,294	26,074,744	0.69 %
2019	269,284	197,080	72,204	25,875,362	0.76
2020	258,131	189,145	68,986	25,466,787	0.74
2021	274,109	170,891	103,218	26,537,344	0.64
2022	288,561	126,734	161,827	23,295,570	0.54
Delta State University:					
2018	178,839	126,420	52,420	18,397,530	0.69
2019	198,872	145,548	53,324	19,109,522	0.76
2020	194,558	142,562	51,996	19,194,756	0.74
2021	203,509	126,876	76,633	19,702,296	0.64
2022	241,449	106,042	135,407	19,492,212	0.54
Jackson State University:					
2018	441,053	311,776	129,277	45,371,973	0.69
2019	437,124	319,917	117,207	42,003,040	0.76
2020	403,386	295,581	107,806	39,797,448	0.74
2021	408,437	254,637	153,800	39,542,017	0.64
2022	482,898	212,085	270,813	38,984,424	0.54
Mississippi State University:					
2018	1,683,539	1,190,076	493,462	173,188,825	0.69
2019	1,809,398	1,324,240	485,159	173,864,154	0.76
2020	1,808,173	1,324,937	483,236	178,391,432	0.74
2021	1,983,574	1,236,645	746,928	192,035,910	0.64
2022	2,443,935	1,073,356	1,370,579	197,299,217	0.54
Mississippi University for Women:					
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
Mississippi Valley State University:					
2018	176,749	124,942	51,807	18,182,528	0.69
2019	187,424	137,170	50,255	18,009,522	0.76
2020	181,334	132,872	48,462	17,890,090	0.74
2021	186,624	116,350	70,275	18,067,671	0.64
2022	206,115	90,524	115,591	16,639,693	0.54

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of Employer Contributions to the
 Mississippi State and School Employees' Life and Health Insurance Plan
GASB 74 Paragraph 36(c)
 June 30, 2022

Employer	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
University of Mississippi:					
2018	\$ 1,102,456	779,315	323,141	113,411,739	0.69 %
2019	1,232,120	901,748	330,371	118,393,742	0.76
2020	1,222,546	895,819	326,727	120,614,392	0.74
2021	1,330,949	829,771	501,178	128,853,307	0.64
2022	1,560,585	685,396	875,189	125,986,247	0.54
University of Southern Mississippi:					
2018	781,368	552,341	229,027	80,380,864	0.69
2019	854,594	625,449	229,144	82,117,466	0.76
2020	835,524	612,229	223,295	82,431,424	0.74
2021	894,384	557,598	336,787	86,588,121	0.64
2022	1,054,131	462,966	591,165	85,100,144	0.54
University of Mississippi Medical Center:					
2018	3,209,684	2,268,893	940,791	330,186,370	0.69
2019	3,455,606	2,529,046	926,561	332,047,403	0.76
2020	3,529,884	2,586,518	943,366	348,252,627	0.74
2021	3,860,649	2,406,895	1,453,754	373,761,386	0.64
2022	4,393,194	1,929,454	2,463,740	354,663,171	0.54
Executive Office:					
2018	39,678	28,048	11,630	4,081,724	0.69
2019	42,092	30,806	11,286	4,044,612	0.76
2020	41,556	30,450	11,106	4,099,885	0.74
2021	42,286	26,363	15,923	4,093,796	0.64
2022	53,001	23,278	29,723	4,278,778	0.54
2018 Totals	<u>\$ 7,997,218</u>	<u>5,653,152</u>	<u>2,344,066</u>	<u>822,689,094</u>	<u>0.69 %</u>
2019 Totals	<u>\$ 8,630,368</u>	<u>6,316,285</u>	<u>2,314,083</u>	<u>829,287,578</u>	<u>0.76 %</u>
2020 Totals	<u>\$ 8,615,532</u>	<u>6,313,021</u>	<u>2,302,512</u>	<u>849,994,451</u>	<u>0.74 %</u>
2021 Totals	<u>\$ 9,339,393</u>	<u>5,822,581</u>	<u>3,516,812</u>	<u>904,175,557</u>	<u>0.64 %</u>
2022 Totals	<u>\$ 10,912,317</u>	<u>4,792,599</u>	<u>6,119,718</u>	<u>880,952,889</u>	<u>0.54 %</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

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:

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, 2022

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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2022

Change 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.

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:

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:

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.

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REPORT ON INTERNAL CONTROL AND COMPLIANCE



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees
State of Mississippi Institutions of Higher Learning
Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the State of Mississippi Institutions of Higher Learning (the IHL System), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the IHL System's basic financial statements, and have issued our report thereon dated February 7, 2023. Our report includes a reference to other auditors who audited the financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund, as described in our report on State of Mississippi Institutions of Higher Learning's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the IHL System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IHL System's internal control. Accordingly, we do not express an opinion on the effectiveness of the IHL System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the IHL System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
February 7, 2023

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