

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Financial Statements

June 30, 2020 and 2019

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# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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# **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 Financial Statements**

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 years ended June 30, 2020 and 2019, 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.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. For the year ended June 30, 2020, we did not audit the financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, 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 5.0%, 1.5% and 0.7% of the assets, net position and revenues of the IHL System's business-type activities and 89.5%, 89.2% and 88.2% of assets, net assets and revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2020, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for the above mentioned entities/funds, is based solely on the reports of the other auditors. For the year ended June 30, 2019, we did not audit the financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Mississippi Medical Center Educational Building Corporation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, 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 10.5%, 1.2% and 1.2% of the assets, net position and revenues of the IHL System's business-type activities and 89.8%, 89.4% and 90.1% of assets, net assets and revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2019, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for the above mentioned entities/funds, is based

solely on the reports of the other auditors. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Tort Claims Fund, 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*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audits 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, the aggregate discretely presented component units of the IHL System as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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



knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other 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 information on pages 121-127 and the accompanying component unit additional information for inclusion in the State of Mississippi Comprehensive Annual Financial Report on pages 136-151 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining supplementary information and the accompanying component unit additional information for inclusion in the State of Mississippi Comprehensive Annual Financial Report 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, based on our audits and the reports of other auditors, the combining supplementary information and the accompanying component unit additional information for inclusion in the State of Mississippi Comprehensive Annual Financial Report is 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 December 18, 2020, 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 the IHL System's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 18, 2020

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2020 and 2019



## 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 78,000 students with an employee base of 29,000 individuals. Faculty makes up approximately 6,000 of the total employee count. The system offers over 800 degree programs and awarded approximately 19,100 degrees in academic year 2019.

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, 2020. 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
MUW	Mississippi University for Women
MVSU	Mississippi Valley State University

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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 Services – Off-campus entity

The discussion and analysis below provides an overview of the financial position and activities of the IHL System for the years ended June 30, 2020 and 2019. 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 \$42 million in fiscal year 2020. Although federal grants and contracts revenue increased by \$20.0 million (or 6.33%), net revenue from auxiliary enterprise services were down \$24.4 million (or 8.1%). Patient care revenues of the medical center experienced a modest 1.8% increase, or \$21.5 million.

Financial highlights (in millions)	Years ended June 30,		
	2018	2019	2020
Total operating revenues	\$ 2,588	2,720	2,752
Total operating expenses	3,547	3,611	3,793
Operating loss	(959)	(891)	(1,041)
State appropriations	668	669	702
Gifts	202	218	267
Investment income	29	44	18
Interest expense on capital asset-related debt	(44)	(43)	(36)
Other nonoperating revenues, net and other revenue, expenses, gains and losses	99	106	132
Increase (decrease) in net position	(5)	103	42
Net position, beginning of the year, as restated	2,059	2,054	2,157
Net position, end of year	\$ 2,054	2,157	2,199

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 IHL System's financial statements are 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.

### 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 years 2020 and 2019 and includes all assets, deferred outflows, liabilities, and deferred inflows for all institutions within the IHL System. The difference between total assets, deferred

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Management's Discussion and Analysis (Unaudited)

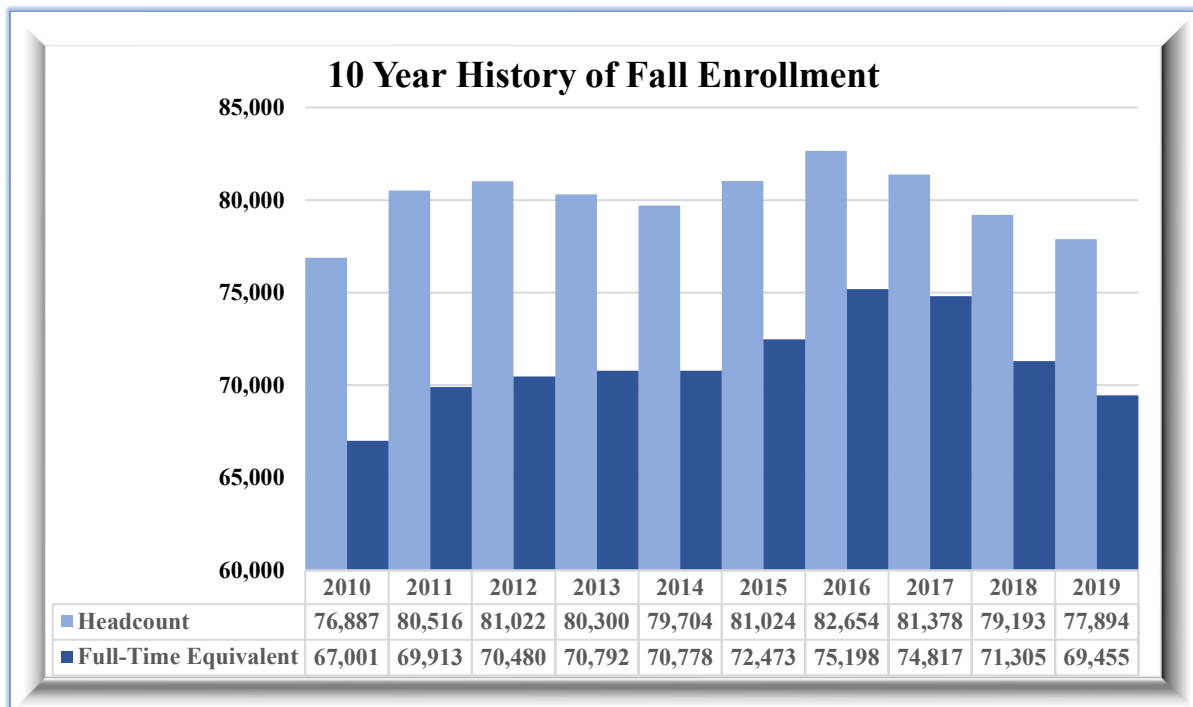
June 30, 2020 and 2019

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 years ended June 30, 2020 and 2019. 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 18.1% and 17.7% of total IHL System net revenues for fiscal years 2020 and 2019, respectively, 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.



### 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. The difference between total assets

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### Management's Discussion and Analysis (Unaudited)

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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)

	June 30, 2018	June 30, 2019	June 30, 2020	Changes between years	
				2018 to 2019	2019 to 2020
<b>Assets:</b>					
Current assets	\$ 1,231,183,158	1,391,902,347	1,638,143,639	13.1 %	17.7 %
Capital assets, net	4,247,559,575	4,348,912,581	4,454,475,918	2.4	2.4
Other assets	1,091,287,006	1,002,280,445	964,168,414	(8.2)	(3.8)
Deferred outflows	351,140,716	242,313,161	308,069,690	(31.0)	27.1
Total assets and deferred outflows of resources	<u>\$ 6,921,170,455</u>	<u>6,985,408,534</u>	<u>7,364,857,661</u>	<u>0.93 %</u>	<u>5.43 %</u>
<b>Liabilities:</b>					
Current liabilities	\$ 462,212,274	462,554,570	667,251,775	0.1	44.3
Noncurrent liabilities	4,300,768,392	4,249,359,249	4,411,834,096	(1.2)	3.8
Deferred inflows	104,616,116	116,479,343	86,792,665	11.3	(25.5)
Total liabilities and deferred inflows of resources	<u>\$ 4,867,596,782</u>	<u>4,828,393,162</u>	<u>5,165,878,536</u>	<u>(0.8)%</u>	<u>7.0 %</u>
<b>Net position (deficit):</b>					
Investment in capital assets, net of debt	\$ 3,041,544,630	3,134,825,439	3,241,081,161	3.1 %	3.4 %
Restricted – nonexpendable	171,902,834	181,254,031	182,569,210	5.4	0.7
Restricted – expendable	327,321,348	320,633,707	323,502,885	(2.0)	0.9
Unrestricted	<u>(1,487,195,139)</u>	<u>(1,479,697,805)</u>	<u>(1,548,174,131)</u>	<u>0.5</u>	<u>(4.6)</u>
Total net position	<u>\$ 2,053,573,673</u>	<u>2,157,015,372</u>	<u>2,198,979,125</u>	<u>5.0 %</u>	<u>1.9 %</u>

At June 30, 2020, 2019, and 2018 current assets totaled \$1.64 billion, \$1.39 billion, and \$1.23 billion, respectively, and consisted primarily of cash and cash equivalents, short-term investments and net receivables. Current assets increased 17.7% (or \$246.2 million) and 13.1% (or \$160.7 million) from June 30, 2019 to 2020 and June 30, 2018 to 2019, respectively. Cash and cash equivalents, and short-term investments constituted approximately 68.9% and 64.8% of current assets as of June 30, 2020 and 2019, respectively, while net receivables constituted approximately 25.1% and 29.0% of current assets as of June 30, 2020 and 2019, respectively. Approximately 35.8% and 31.7% of these net receivables are amounts due from gifts, contracts and grants, and the State of Mississippi for appropriations as of June 30, 2020 and 2019, respectively, while 41.8% and 46.1%, respectively, 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, 2020, 2019 and 2018, noncurrent assets totaled \$5.4 billion, \$5.4 billion, and \$5.3 billion, respectively, which included capital assets of \$4.5 billion, \$4.3 billion, and \$4.2 billion, respectively. Noncurrent cash and investments that are restricted externally by endowment arrangements or specific grant and contract arrangements approximated \$161.1



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### Management's Discussion and Analysis (Unaudited)

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million and \$177.3 million at June 30, 2020 and 2019, respectively. These amounts are reflected in net position expendable for scholarships and fellowships and other purposes in the statement of net position. Unspent bond proceeds amounted to \$44.5 million at June 30, 2019; there were no unspent bond proceeds at June 30, 2020. One other significant noncurrent asset of the IHL System is student notes receivable which equaled \$78.8 million and \$86.4 million at June 30, 2020 and 2019, respectively. In total, noncurrent assets remained stable at \$5.4 billion. Net capital assets increased \$105.6 million and \$101.4 million during 2020 and 2019, respectively. The IHL System's inventory of buildings has increased in pre-depreciation value by a total of \$796 million 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, 2020, 2019 and 2018, current liabilities equaled \$667.3 million, \$462.6 million and \$462.2 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 \$4.4 billion, \$4.2 billion, and \$4.3 billion at June 30, 2020, 2019, and 2018, respectively. The IHL System's proportionate share of the collective net pension liability reported by PERS increased by \$194.2 million (7.3%) and decreased by \$3.8 million (0.1%) as of June 30, 2020 and 2019, respectively. The IHL System's proportionate share of the collective net OPEB liability reported by the State and School Employees' Life and Health Insurance Plan increased by \$15.7 million (or 11.0%) and decreased by \$1.8 million (or 1.3%) as of June 30, 2020 and 2019, respectively. The OPEB liability was implemented as a new standard during 2018.

Deferred outflows of resources increased in 2020 while deferred inflows of resources decreased, primarily due to the impact of net pension liabilities. The IHL System recorded \$242.2 million and \$187.1 million of pension-related deferred outflows at the end of fiscal years 2020 and 2019, respectively, 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, \$34.2 million and \$65.3 million of pension-related deferred inflows at June 30, 2020 and 2019, respectively, 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 \$182.6 million and \$181.3 million at June 30, 2020 and 2019, respectively, 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 increased 0.7% (or \$1.3 million) and 5.4% (or \$9.4 million) from June 30, 2019 to 2020 and June 30, 2018 to 2019, respectively.

Restricted expendable net position equaled \$323.5 million and \$320.6 million at June 30, 2020 and 2019, respectively, 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 0.9% (or \$2.9 million) and decreased 2.0% (or \$6.7 million) from June 30, 2019 to 2020 and June 30, 2018 to 2019, respectively.

Unrestricted net position (deficit) equaled (\$1.55) billion and (\$1.48) billion at June 30, 2020 and 2019, respectively, and represents those assets that are available to the IHL System for any lawful purpose. The value of unrestricted net position has decreased 4.6% (or \$68.5 million) and increased 0.5% (or \$7.5 million) from June 30, 2019 to 2020 and from June 30, 2018 to 2019, respectively. This 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.

## STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

### Management's Discussion and Analysis (Unaudited)

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#### 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.

Changes 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 Changes 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)

	Years ended June 30,			Changes between years	
	2018	2019	2020	2018 to 2019	2019 to 2020
Operating revenues	\$ 2,588,271,917	2,720,082,179	2,752,093,996	5.1 %	1.2 %
Operating expenses	3,546,846,603	3,610,653,918	3,792,667,222	1.8	5.0
Operating loss	(958,574,686)	(890,571,739)	(1,040,573,226)	(7.1)	16.8
Nonoperating revenues	\$ 848,725,053	876,337,399	954,950,291	3.3	9.0
Loss before other revenues, expenses, gains or losses	(109,849,633)	(14,234,340)	(85,622,935)	(87.0)	501.5
Other revenues, expenses, gains or losses	104,684,693	117,676,039	127,586,688	12.4	8.4
Change in net position	(5,164,940)	103,441,699	41,963,753	(2,102.8)	(59.4)
Net position, beginning of the year	2,201,645,519	2,053,573,673	2,157,015,372	(6.7)	5.0
Adjustment to beginning of year net position, related to OPEB	(142,906,906)	—	—		
Net position, beginning of the year, as restated	2,058,738,613	2,053,573,673	2,157,015,372	(0.3)	5.0
Net position, end of the year	\$ 2,053,573,673	2,157,015,372	2,198,979,125	5.0 %	1.9 %

#### Operating Revenues

Operating revenues for the IHL System equaled \$2.8 billion, \$2.7 billion and \$2.6 billion for fiscal years 2020, 2019 and 2018, respectively. Operating revenues increased 1.2% (or \$32.0 million) and 5.1% (or \$131.8 million) during 2020 and 2019, respectively. Major components of operating revenues are the UMMC patient care revenues (43.5% in 2020, 43.2% in 2019 and 42.4% in 2018), net tuition and fees (23.8% in 2020, 24.0% in 2019 and 24.6% in 2018), grants and contracts revenues (16.2% in 2020, 15.7% in 2019 and 15.1% in 2018), and sales and service revenues from auxiliary activities (10.1% in 2020, 11.1% in 2019 and 11.6% in 2018). The following table summarizes the IHL System's operating revenues for the past three fiscal years.

## STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

### Management's Discussion and Analysis (Unaudited)

June 30, 2020 and 2019

<b>Operating Revenues</b>					
	<b>Years ended June 30,</b>			<b>Changes between years</b>	
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2018 to 2019</b>	<b>2019 to 2020</b>
Tuition and fees, net	\$ 637,343,596	652,821,111	656,024,712	2.4 %	0.5 %
Grants and contracts	390,967,888	426,501,389	446,576,323	9.1	4.7
Federal appropriations	11,424,012	14,410,558	15,047,436	26.1	4.4
Sales and services of educational departments	64,361,012	67,564,996	59,175,654	5.0	(12.4)
Auxiliary enterprises, net	299,776,697	301,979,850	277,624,810	0.7	(8.1)
Patient care revenues	1,097,355,744	1,176,072,282	1,197,526,479	7.2	1.8
Other	87,042,968	80,731,993	100,118,582	(7.3)	24.0
<b>Total operating revenues</b>	<b>\$ 2,588,271,917</b>	<b>2,720,082,179</b>	<b>2,752,093,996</b>	<b>5.1 %</b>	<b>1.2 %</b>

Net tuition and fee revenues increased 0.5% (\$3.2 million), 2.4% (\$15.5 million) and 3.9% (\$23.9 million) during fiscal years 2020, 2019 and 2018, respectively. All IHL institutions raised their in-state tuition rates during 2020 and 2019 (average increase of 4.2% and 4.3%, respectively). At institutions where nonresident surcharges exist, non-Mississippi residents also paid a higher tuition rate during 2020 and 2019 (average increase of 4.0%). Despite four years of continuing decline in enrollment, these rate increases have sourced an increase in total tuition and fees, net.

Grants and contracts revenue increased 4.7% (\$20.1 million) and 9.1% (\$35.5 million) during fiscal years 2020 and 2019, respectively, due to timing differences in both federal and state funding of student aid, research, and other various grants and contracts.

Patient care revenues at UMMC increased 1.8%, or \$21.5 million, and 7.2%, or \$78.7 million, from June 30, 2019 to 2020 and June 30, 2018 to 2019.

### Operating Expenses

Operating expenses for the IHL System totaled \$3.8 billion, \$3.6 billion, and \$3.5 billion for fiscal years 2020, 2019 and 2018, respectively. Operating expenses increased by 5.0% (\$182.0 million) during 2020 succeeding a modest increase of 1.8% (\$63.8 million) during 2019. Personnel costs (including fringe benefits) were the largest expense component for the IHL System, representing 62.1% of the total in 2020, 62.4% of the total in 2019 and 64.0% in 2018. Other major components include contractual services (13.1% in 2020, 13.6% in 2019, and 13.0% in 2018), commodities (11.6% in 2020, 11.1% in 2019, and 10.2% in 2018), and scholarships and fellowships (5.9% in 2020, and 4.9% during 2019 and 2018). The following table summarizes the IHL System's operating expenses (by major object category) for the past three fiscal years.

<b>Operating Expenses</b>					
	<b>Years ended June 30,</b>			<b>Changes between years</b>	
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2018 to 2019</b>	<b>2019 to 2020</b>
By major object category:					
Salaries and wages	\$ 1,606,270,626	1,655,778,835	1,714,592,861	3.1 %	3.6 %
Fringe benefits	662,262,302	596,194,684	639,544,393	(10.0)	7.3
Travel	51,554,010	51,263,875	39,220,404	(0.6)	(23.5)
Contractual services	460,274,893	490,922,090	497,655,634	6.7	1.4
Utilities	67,691,651	69,936,844	65,448,869	3.3	(6.4)
Scholarships and fellowships	173,593,845	177,199,230	222,855,969	2.1	25.8
Commodities	360,375,027	400,969,012	441,578,818	11.3	10.1
Depreciation	158,707,098	162,945,647	166,891,329	2.7	2.4
Other	6,117,151	5,443,701	4,878,945	(11.0)	(10.4)
<b>Total operating expenses</b>	<b>\$ 3,546,846,603</b>	<b>3,610,653,918</b>	<b>3,792,667,222</b>	<b>1.8 %</b>	<b>5.0 %</b>

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The IHL System's personnel expenses increased in both 2020 (4.8%, or \$102.9 million) and 2019 (3.5%, or \$72.9 million). However, with the vast fluctuations in the non-cash impact on fringe benefits expense resultant from GASB Statements 68 and 75, it appears that personnel costs decreased 0.7% in 2019. Three institutions experienced large increases in personnel costs in both 2020 and 2019, respectively: MSU (\$22.7 million and \$21.2 million), UM (\$12.2 million and \$13.3 million), and UMMC (\$62.1 million and \$45.0 million); other institutions were able to decrease this outlay. Travel expenses were greatly reduced during 2020, by \$12.0 million or 23.5%. In fiscal year 2020, contractual services increased slightly by 1.4%, or \$6.7 million, after a 6.7%, or \$30.6 million, increase in 2019. The cost for commodities increased substantially by 10.1% (\$40.6 million) in 2020, and 11.3% (\$40.6 million) in 2019. Scholarship and fellowship expenses increased dramatically by 25.8% (\$45.7 million) in 2020 and only 2.1% (\$3.6 million) during 2019.

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.

	<b>Operating Expenses</b>				
	<b>Years ended June 30,</b>			<b>Changes between years</b>	
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2018 to 2019</b>	<b>2019 to 2020</b>
By function:					
Instruction	\$ 712,997,543	686,583,567	734,275,776	(3.7)	6.9
Research	357,159,355	398,647,090	379,720,277	11.6	(4.7)
Public service	156,483,236	155,578,022	167,615,740	(0.6)	7.7
Academic support	157,423,996	161,058,006	159,274,875	2.3	(1.1)
Student services	91,020,868	95,869,389	93,575,381	5.3	(2.4)
Institutional support	318,663,709	314,094,435	338,206,103	(1.4)	7.7
Operations and maintenance of plant	172,894,846	182,269,595	181,528,720	5.4	(0.4)
Student aid	184,242,727	184,284,320	232,484,261	0.0	26.2
Auxiliary enterprises	278,349,778	283,007,079	271,961,699	1.7	(3.9)
Depreciation	158,702,986	162,945,647	166,891,329	2.7	2.4
Hospital	1,034,104,753	1,067,381,363	1,153,660,067	3.2	8.1
Other	1,551,900	1,004,804	1,364,384	(35.3)	35.8
Eliminations	(76,749,094)	(82,069,399)	(87,891,390)	6.9	7.1
Total operating expenses	<u>\$ 3,546,846,603</u>	<u>3,610,653,918</u>	<u>3,792,667,222</u>	<u>1.8 %</u>	<u>5.0 %</u>

Funding for the Instruction function continues to be one of the IHL System's highest priorities. While instruction costs increased by 6.9% (\$47.7 million) in 2020 and decreased by 3.7% (\$26.4 million) in 2019, it still maintained an approximate 20% share of total operations. Institutional research (internal and external) and public service costs continue to command one of the System's primary cost missions. Although increasing between 2018 and 2019 (11.6%, or \$41.5 million), fiscal year 2020 experienced a modest decrease in research by 4.7%, or \$18.9 million; these costs represent approximately 14.4% and 15.3% of the IHL System's total focus during 2020 and 2019, respectively. Institutional support costs typically present the functions of the executive management department, general administration, logistical support services, computing, public relations and development. These costs increased 7.7% (\$24.1 million) in 2020 and decreased 1.4% (\$4.6 million) in 2019. 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 decreased 3.9% (\$11.0 million) in fiscal year 2020 and increased 1.7% (\$4.7 million) in fiscal year 2019. Student Aid expenses increased dramatically by 26.2%, or \$48.2 million, after remaining stable at \$184 million in 2018 and 2019. Finally, hospital expenses experienced an 8.1% increase (or \$86.3 million) in 2020 and 3.2% growth (or \$33.3 million) in 2019. The increased expenditures of 2020 outweighed the increase in patient care revenues, which reduced the hospital operations contribution ratio to 2018 levels (75.3% to 71.6%).

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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.

### Capital Asset and Debt Administration

At June 30, 2020, 2019, and 2018, the IHL System had approximately \$4.5 billion, \$4.3 billion, and \$4.2 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. The following table summarizes the IHL System's capital assets for the past three fiscal years.

<b>Capital Asset Summary</b>					
	<b>Years ended June 30,</b>			<b>Changes between years</b>	
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2018 to 2019</b>	<b>2019 to 2020</b>
Capital assets not being depreciated	\$ 667,968,874	592,768,854	560,459,984	(11.3)%	(5.5)%
Depreciable capital assets:					
Improvements other than buildings	413,495,729	477,794,135	513,252,342	15.5	7.4
Buildings	4,093,940,504	4,300,061,832	4,509,120,737	5.0	4.9
Equipment	882,341,934	912,376,796	929,028,179	3.4	1.8
Library books	431,508,572	440,789,349	451,722,303	2.2	2.5
Total depreciable capital assets	<u>5,821,286,739</u>	<u>6,131,022,112</u>	<u>6,403,123,561</u>	<u>5.3</u>	<u>4.4</u>
Total cost of capital assets	6,489,255,613	6,723,790,966	6,963,583,545	3.6	3.6
Less accumulated depreciation	<u>(2,241,696,038)</u>	<u>(2,374,878,385)</u>	<u>(2,509,107,627)</u>	<u>5.9</u>	<u>5.7</u>
Capital assets, net	<u>\$ 4,247,559,575</u>	<u>4,348,912,581</u>	<u>4,454,475,918</u>	<u>2.4 %</u>	<u>2.4 %</u>

Non-depreciable capital assets equaled \$560 million, \$593 million, and \$668 million, at June 30, 2020, 2019, and 2018, respectively. These assets principally consisted of land and construction in progress. The \$75 million decrease in 2019 followed with a subsequent decrease of \$32 million in 2020 was due to the completion of capitalized facility projects transferred from CIP to a depreciable category.

At June 30, 2020, 2019, and 2018, the IHL System had \$1.2 billion, \$1.3 billion, and \$1.3 billion, respectively, in bonded debt, notes payable and capital lease obligations. This represents a 3.5% (\$45.5 million) decrease in 2020 after a 3.6% (or \$48.6 million) decrease in 2019. The following table summarizes the IHL System's long-term debt for the past three fiscal years.

<b>Long-Term Debt Summary</b>					
	<b>Years ended June 30,</b>			<b>Changes between years</b>	
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2018 to 2019</b>	<b>2019 to 2020</b>
Bonds payable	\$ 1,298,337,852	1,252,788,253	1,226,183,775	(3.5)%	(2.1)%
Notes payable	33,784,898	31,232,804	12,559,112	(7.6)	(59.8)
Capital lease obligations	1,297,019	843,919	650,067	(34.9)	(23.0)
Total long-term debt	<u>\$ 1,333,419,769</u>	<u>1,284,864,976</u>	<u>1,239,392,954</u>	<u>(3.6)%</u>	<u>(3.5)%</u>

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Bonded debt decreased 2.1% (or \$26.6 million) in 2020 and 3.5% (or \$45.5 million) in 2019. During fiscal year 2020, UM and UMMC issued approximately \$76.7 million and \$24.4 million, respectively, in new bond refundings. There were no new issues in 2019. UM issued \$76.7 million in Series 2019A and 2019B for the purpose of refunding all or a portion of Series 2013(C), 2015, and the Promissory Note Series 2017 (total economic gain of \$6.9 million). UMMC issued \$24.4 million in Series 2019 bonds for the purpose of financing capital expenditures and to refund the Series 2010A (\$3.9 million economic gain). Notes Payable decreased by \$18.7 million in 2020 and \$2.6 million in 2019.

### 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 2016 through 2020.

<b>Designated Revenues<sup>1</sup> and Unrestricted Net Positions (excludes UMMC, Board Office, and MCVS)</b>					
<b>Years ended June 30,</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Tuition, net <sup>2</sup>	\$ 551,020,691	585,081,567	606,693,893	620,658,969	620,923,011
Sales and services	60,958,994	60,369,071	62,469,346	66,708,030	57,514,245
Auxiliary enterprises, net <sup>2</sup>	286,985,729	300,085,021	293,824,703	296,965,608	272,846,066
Other <sup>3</sup>	55,903,573	45,829,086	41,072,784	53,384,691	52,735,117
Sub-total	954,868,987	991,364,745	1,004,060,726	1,037,717,298	1,004,018,439
State appropriations	513,470,169	490,804,883	460,659,547	461,013,005	477,248,168
Unrestricted net positions <sup>4</sup>	—	—	—	—	—
Total	\$ <u>1,468,339,156</u>	<u>1,482,169,628</u>	<u>1,464,720,273</u>	<u>1,498,730,303</u>	<u>1,481,266,607</u>

<sup>1</sup> 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.

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

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

<sup>4</sup> The unrestricted net positions of \$(423,613,421) for 2016, \$(527,527,704) for 2017, \$(685,017,873) for 2018, \$(616,469,699) for 2019, and \$(572,666,659) for 2020, 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 2020 fiscal year with an anticipated systemwide operating budget increase of \$54 million following a \$30 million funding gap in 2018 which was bridged by a mixture of tuition revenues, auxiliary revenues, and ongoing maintenance of hospital revenues. Fiscal year 2020 closed strong with a \$42 million net increase, (see the SRECNP summary table on page 9 of management discussion and analysis). While tuition revenue gains aided in this increase, actual revenues fell short of budgeted expectations due to effects of the COVID-19 pandemic. For fiscal year 2021, general

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education funding from the State of Mississippi will decrease by 6.58% (or \$24.3 million), and the IHL system expects tuition and auxiliary revenues to be flat. The IHL system also expects to receive approximately \$47 million in CARES Act funds allocated to the State of Mississippi. In 2021, state appropriated revenues will comprise approximately 27.2% of the total E&G budget, while self-generated tuition revenues will approximate 63.9% 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 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 & Administration  
3825 Ridgewood Road  
Jackson, MS 39211

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## **BASIC FINANCIAL STATEMENTS**

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**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Statements of Net Position

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets and Deferred Outflows</b>		
Current Assets:		
Cash and cash equivalents	\$ 881,111,528	615,192,016
Short term investments	247,097,053	287,180,631
Accounts receivable, net	411,116,497	403,989,612
Student notes receivable, net	17,631,345	18,766,973
Inventories	36,212,848	38,034,121
Prepaid expenses	36,424,187	27,189,763
Other current assets	8,550,181	1,549,231
Total current assets	<u>1,638,143,639</u>	<u>1,391,902,347</u>
Non-Current Assets:		
Restricted cash and cash equivalents	108,664,579	119,331,479
Restricted short-term investments	1,404,677	7,139,981
Endowment investments	320,274,046	339,036,287
Other long-term investments	415,537,268	398,857,953
Student notes receivable, net	78,810,321	86,411,274
Beneficial interest in irrevocable trust	35,933,062	34,944,417
Capital assets, net	4,454,475,918	4,348,912,581
Other noncurrent assets	3,544,461	16,559,054
Total noncurrent assets	<u>5,418,644,332</u>	<u>5,351,193,026</u>
Total assets	<u>7,056,787,971</u>	<u>6,743,095,373</u>
Deferred outflows of resources	<u>308,069,690</u>	<u>242,313,161</u>
Total assets and deferred outflows of resources	<u>\$ 7,364,857,661</u>	<u>6,985,408,534</u>
<b>Liabilities, Deferred Inflows and Net Position</b>		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 260,039,453	227,544,228
Unearned revenues	139,201,702	95,900,976
Accrued leave liabilities - current portion	24,633,778	13,723,900
Long-term liabilities - current portion	66,097,575	64,487,240
Other current liabilities	177,279,267	60,898,226
Total current liabilities	<u>667,251,775</u>	<u>462,554,570</u>
Noncurrent liabilities:		
Accrued leave liabilities	120,764,209	108,175,809
Deposits refundable	1,834,844	1,161,728
Long-term liabilities	1,240,532,988	1,293,156,562
Net pension liability	2,843,514,960	2,649,318,090
Net OPEB liability	157,499,028	141,831,761
Other noncurrent liabilities	47,688,067	55,715,299
Total noncurrent liabilities	<u>4,411,834,096</u>	<u>4,249,359,249</u>
Total liabilities	<u>5,079,085,871</u>	<u>4,711,913,819</u>
Deferred inflows of resources	<u>86,792,665</u>	<u>116,479,343</u>
Total liabilities and deferred inflows of resources	<u>\$ 5,165,878,536</u>	<u>4,828,393,162</u>
Net Position:		
Net investment in capital assets	\$ 3,241,081,161	3,134,825,439
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	27,324,159	27,341,137
Research	4,129,474	4,435,614
Other purposes	151,115,577	149,477,280
Expendable:		
Scholarships and fellowships	39,320,223	44,860,669
Research	74,812,406	64,067,021
Capital projects	11,587,740	7,643,752
Debt service	22,056,247	19,774,939
Loans	53,970,250	51,798,097
Other purposes	121,756,019	132,489,229
Unrestricted	<u>(1,548,174,131)</u>	<u>(1,479,697,805)</u>
Total net position	<u>\$ 2,198,979,125</u>	<u>2,157,015,372</u>

See accompanying notes to financial statements.

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

Statements of Financial Position

June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,562,618	3,523,259
Restricted cash	6,273,651	6,683,375
Accrued interest, other receivables and prepaid assets	120,459	79,676
Receivable from MSU Alumni Association	26,102	222,634
Pledges receivable, net	32,886,943	32,250,143
Investments	499,255,570	513,513,506
Present value of amounts due from externally managed trusts	49,559,753	50,787,293
Land, buildings, and equipment, net	9,978,892	10,316,928
Total assets	\$ 599,663,988	617,376,814
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,491,022	1,813,143
Agency payable	6,273,651	6,683,375
Liabilities under split interest agreements	8,083,815	8,610,130
Payable to Bulldog Club	2,634,238	—
Payable to Mississippi State University	240,771	346,438
Total liabilities	18,723,497	17,453,086
Net assets:		
Without donor restrictions:		
Net assets attributable to the Foundation	50,918,074	42,508,689
Net assets attributable to noncontrolling interest	38,874,655	46,454,039
Total net assets without donor restrictions	89,792,729	88,962,728
With donor restrictions	491,147,762	510,961,000
Total net assets	580,940,491	599,923,728
Total liabilities and net assets	\$ 599,663,988	617,376,814

See accompanying notes to financial statements.

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

Statements of Financial Position

June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 12,974,805	7,472,205
Pledges receivable, net	80,841,525	66,606,002
Investments	496,354,507	524,068,630
Beneficial interest in remainder trust	10,229,426	10,273,201
Property and equipment, net	2,091,723	2,297,732
Other assets	1,322,329	1,575,992
	<b>\$ 603,814,315</b>	<b>612,293,762</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Funds held for others	\$ 23,079,151	24,120,347
Liabilities under remainder trusts and gift annuities	3,223,775	4,413,780
Other liabilities	2,932,785	4,634,069
	<b>29,235,711</b>	<b>33,168,196</b>
Net assets:		
Without donor restrictions	15,782,334	16,019,062
With donor restrictions	558,796,270	563,106,504
	<b>574,578,604</b>	<b>579,125,566</b>
	<b>\$ 603,814,315</b>	<b>612,293,762</b>

See accompanying notes to financial statements.

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

Statements of Financial Position

June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,663,185	2,675,234
Accrued earnings	110,245	109,697
Prepaid assets and other receivables	298,154	448,576
Pledges receivable, net	6,970,246	8,871,876
Investments	118,205,601	117,093,651
Cash surrender value of life insurance	2,711,628	2,651,456
Amounts due from externally managed trusts	9,969,592	7,944,900
Property and equipment, net	233,501	286,111
Total assets	\$ 141,162,152	140,081,501
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 589,498	675,423
Gift annuities payable	103,222	236,281
Total liabilities	692,720	911,704
Net assets:		
Without donor restrictions	12,553,396	11,751,897
With donor restrictions	127,916,036	127,417,900
Total net assets	140,469,432	139,169,797
Total liabilities and net assets	\$ 141,162,152	140,081,501

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Tuition and fees:	\$ 987,678,748	984,873,200
Less scholarship allowances	(327,790,345)	(325,513,104)
Less bad debt expense	(3,863,691)	(6,538,985)
Net tuition and fees	656,024,712	652,821,111
Federal appropriations	15,047,436	14,410,558
Federal grants and contracts	336,284,371	316,255,948
State grants and contracts	29,260,445	29,529,259
Nongovernmental grants and contracts	81,031,507	80,716,182
Sales and services of educational departments	59,175,654	67,564,996
Auxiliary enterprises:		
Student housing	97,050,698	115,498,526
Food services	31,022,724	33,525,214
Bookstore	4,926,305	6,012,109
Athletics	146,674,118	145,105,614
Other auxiliary revenues	31,298,070	37,072,986
Less auxiliary enterprise scholarship allowances	(33,347,105)	(35,234,599)
Interest earned on loans to students	1,181,155	1,435,465
Patient care revenues, net	1,197,526,479	1,176,072,282
Other operating revenues, net	98,937,427	79,296,528
Total operating revenues	<u>2,752,093,996</u>	<u>2,720,082,179</u>
Operating expenses:		
Salaries and wages	1,714,592,861	1,655,778,835
Fringe benefits	639,544,393	596,194,684
Travel	39,220,404	51,263,875
Contractual services	497,655,634	490,922,090
Utilities	65,448,869	69,936,844
Scholarships and fellowships	222,855,969	177,199,230
Commodities	441,578,818	400,969,012
Depreciation	166,891,329	162,945,647
Other operating expenses	4,878,945	5,443,701
Total operating expenses	<u>3,792,667,222</u>	<u>3,610,653,918</u>
Operating loss	<u>(1,040,573,226)</u>	<u>(890,571,739)</u>
Nonoperating revenues (expenses):		
State appropriations	702,265,275	668,567,353
Gifts and grants	267,089,289	218,242,048
Investment income, net of investment expense	17,972,781	43,640,359
Interest expense on capital asset-related debt	(36,359,654)	(42,522,391)
Other nonoperating revenues	11,011,293	266,754
Other nonoperating expenses	(7,028,693)	(11,856,724)
Total nonoperating revenues, net	<u>954,950,291</u>	<u>876,337,399</u>
Loss before other revenues, expenses, gains and losses	<u>(85,622,935)</u>	<u>(14,234,340)</u>
Other revenues, expenses, gains and losses:		
Capital grants and gifts	22,791,234	30,087,493
State appropriations restricted for capital purposes	84,817,400	72,229,785
Additions to permanent endowments	270,730	5,236,858
Other additions	24,829,283	21,372,208
Other deletions	(5,121,959)	(11,250,305)
Change in net position	<u>41,963,753</u>	<u>103,441,699</u>
Net position, beginning of the year	<u>2,157,015,372</u>	<u>2,053,573,673</u>
Net position, end of the year	\$ <u>2,198,979,125</u>	<u>2,157,015,372</u>

See accompanying notes to financial statements.

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

Statement of Activities  
Year ended June 30, 2020

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenues and support:			
Contributions	\$ 22,613,574	28,555,279	51,168,853
Net investment income	1,288,330	219,333	1,507,663
Change in value of split interest agreements	—	(1,199,648)	(1,199,648)
Other	5,483,673	138,184	5,621,857
Net assets released from restrictions	47,526,386	(47,526,386)	—
Total revenues and support	<u>76,911,963</u>	<u>(19,813,238)</u>	<u>57,098,725</u>
Expenditures:			
Program services:			
Contributions and support for Mississippi State University	55,756,772	—	55,756,772
Contributions and support for Bulldog Club	2,914,009	—	2,914,009
Contributions and support for MSU Alumni Association	874,340	—	874,340
Total program services	<u>59,545,121</u>	<u>—</u>	<u>59,545,121</u>
Supporting services:			
General administrative	4,665,034	—	4,665,034
Fund raising	3,842,946	—	3,842,946
Total supporting services	<u>8,507,980</u>	<u>—</u>	<u>8,507,980</u>
Total expenditures	<u>68,053,101</u>	<u>—</u>	<u>68,053,101</u>
Change in net assets before noncontrolling interests	8,858,862	(19,813,238)	(10,954,376)
Payments to noncontrolling interests	(8,028,861)	—	(8,028,861)
Total change in net assets	830,001	(19,813,238)	(18,983,237)
Net assets, beginning of the year	88,962,728	510,961,000	599,923,728
Net assets, end of the year	<u>\$ 89,792,729</u>	<u>491,147,762</u>	<u>580,940,491</u>

See accompanying notes to financial statements.



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

Statement of Activities  
Year ended June 30, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues and support:			
Contributions	\$ 10,520,756	31,338,630	41,859,386
Net investment income	3,047,030	17,804,044	20,851,074
Change in value of split interest agreements	—	316,138	316,138
Other	4,280,593	454,308	4,734,901
Net assets released from restrictions	25,922,876	(25,922,876)	—
Total revenues and support	<u>43,771,255</u>	<u>23,990,244</u>	<u>67,761,499</u>
Expenditures:			
Program services:			
Contributions and support for Mississippi State University	32,355,706	—	32,355,706
Contributions and support for Bulldog Club	1,398,519	—	1,398,519
Contributions and support for MSU Alumni Association	692,106	—	692,106
Total program services	<u>34,446,331</u>	<u>—</u>	<u>34,446,331</u>
Supporting services:			
General administrative	4,539,583	—	4,539,583
Fund raising	4,014,125	—	4,014,125
Total supporting services	<u>8,553,708</u>	<u>—</u>	<u>8,553,708</u>
Total expenditures	<u>43,000,039</u>	<u>—</u>	<u>43,000,039</u>
Change in net assets before noncontrolling interests	771,216	23,990,244	24,761,460
Payments to noncontrolling interests	(894,131)	—	(894,131)
Total change in net assets	<u>(122,915)</u>	<u>23,990,244</u>	<u>23,867,329</u>
Net assets, beginning of the year	<u>89,085,643</u>	<u>486,970,756</u>	<u>576,056,399</u>
Net assets, end of the year	<u>\$ 88,962,728</u>	<u>510,961,000</u>	<u>599,923,728</u>

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, 2020

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenues, gains, and other support:			
Contributions, gifts and bequests	\$ —	58,663,178	58,663,178
Investment return, net	1,530,275	(26,016,208)	(24,485,933)
Change in value of split interest agreements	—	631,182	631,182
Gift management fees	1,819,436	(1,819,436)	—
Development fees	1,450,096	(1,450,096)	—
Other income	953,216	3,394,304	4,347,520
Total revenues, gains, and other support	<u>5,753,023</u>	<u>33,402,924</u>	<u>39,155,947</u>
Net assets released from restrictions/ redesignated by donor:			
Appropriation from donor endowment	8,747,683	(8,747,683)	—
Satisfaction of program restrictions	28,965,475	(28,965,475)	—
Expenses:			
Support for University activities:			
Academic	5,183,557	—	5,183,557
Scholarship	9,336,811	—	9,336,811
Programmatic	19,086,224	—	19,086,224
University of Mississippi Medical Center	4,998,169	—	4,998,169
General and administrative expenses	2,914,710	—	2,914,710
Fund-raising expenses	2,183,438	—	2,183,438
Total expenses	<u>43,702,909</u>	<u>—</u>	<u>43,702,909</u>
Change in net assets	(236,728)	(4,310,234)	(4,546,962)
Net assets, beginning of the year	<u>16,019,062</u>	<u>563,106,504</u>	<u>579,125,566</u>
Net assets, end of the year	<u>\$ 15,782,334</u>	<u>558,796,270</u>	<u>574,578,604</u>

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, 2019

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenues, gains, and other support:			
Contributions, gifts and bequests	\$ —	47,543,446	47,543,446
Investment return, net	1,896,871	20,455,684	22,352,555
Change in value of split interest agreements	—	372,151	372,151
Gift management fees	1,752,022	(1,752,022)	—
Development fees	1,382,583	(1,382,583)	—
Other income	943,455	2,534,412	3,477,867
Total revenues, gains, and other support	<u>5,974,931</u>	<u>67,771,088</u>	<u>73,746,019</u>
Net assets released from restrictions/ redesignated by donor:			
Appropriation from donor endowment	8,014,774	(8,014,774)	—
Satisfaction of program restrictions	25,463,718	(25,463,718)	—
Expenses:			
Support for University activities:			
Academic	4,851,265	—	4,851,265
Scholarship	8,095,031	—	8,095,031
Programmatic	17,953,195	—	17,953,195
University of Mississippi Medical Center	3,930,985	—	3,930,985
General and administrative expenses	3,877,421	—	3,877,421
Fund-raising expenses	1,791,800	—	1,791,800
Total expenses	<u>40,499,697</u>	<u>—</u>	<u>40,499,697</u>
Change in net assets	(1,046,274)	34,292,596	33,246,322
Net assets, beginning of the year	<u>17,065,336</u>	<u>528,813,908</u>	<u>545,879,244</u>
Net assets, end of the year	<u>\$ 16,019,062</u>	<u>563,106,504</u>	<u>579,125,566</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, 2020

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenues, gains, and other support:			
Contributions	\$ 2,178,503	6,638,792	8,817,295
Net investment gain	2,283,296	(477,998)	1,805,298
Change in value of split interest agreements	—	2,115,817	2,115,817
Change in value - other	1,276	44,948	46,224
Other	24,141	28,959	53,100
Total revenues, gains, and other support	<u>4,487,216</u>	<u>8,350,518</u>	<u>12,837,734</u>
Changes in restrictions:			
Change in restriction by donors	(5,000)	5,000	—
Net assets released from restrictions	7,857,382	(7,857,382)	—
Expenses:			
Program services:			
Contributions and support for The University of Southern Mississippi	8,350,046	—	8,350,046
Supporting services:			
General and administrative	1,701,761	—	1,701,761
Fund-raising	1,486,292	—	1,486,292
Total expenses	<u>11,538,099</u>	<u>—</u>	<u>11,538,099</u>
Change in net assets	801,499	498,136	1,299,635
Net assets - beginning of the year	<u>11,751,897</u>	<u>127,417,900</u>	<u>139,169,797</u>
Net assets, end of the year	<u>\$ 12,553,396</u>	<u>127,916,036</u>	<u>140,469,432</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, 2019

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenues, gains, and other support:			
Contributions	\$ 2,244,528	5,334,784	7,579,312
Net investment gain	2,751,200	3,236,130	5,987,330
Change in value of split interest agreements	—	1,846,055	1,846,055
Change in value - other	1,876	65,167	67,043
Other income	72,323	30,713	103,036
Total revenues, gains, and other support	<u>5,069,927</u>	<u>10,512,849</u>	<u>15,582,776</u>
Changes in restrictions:			
Change in restriction by donors	(5,000)	5,000	—
Net assets released from restrictions	7,323,151	(7,323,151)	—
Expenses:			
Program services:			
Contributions and support for The University of Southern Mississippi	7,855,923	—	7,855,923
Supporting services:			
General and administrative	1,786,389	—	1,786,389
Fund-raising	1,475,832	—	1,475,832
Total expenses	<u>11,118,144</u>	<u>—</u>	<u>11,118,144</u>
Change in net assets	1,269,934	3,194,698	4,464,632
Net assets - beginning of the year, as previously reported	7,356,199	126,884,287	134,240,486
Prior Period Adjustment	3,125,764	(2,661,085)	464,679
Net assets - beginning of the year, as restated	<u>10,481,963</u>	<u>124,223,202</u>	<u>134,705,165</u>
Net assets, end of the year	<u>\$ 11,751,897</u>	<u>127,417,900</u>	<u>139,169,797</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Statements of Cash Flows  
Years ended June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
Operating activities:		
Tuition and fees	\$ 662,678,813	661,440,283
Grants and contracts	425,765,942	407,661,934
Sales and services of educational departments	57,547,107	64,253,314
Payments to suppliers	(939,928,358)	(942,552,726)
Payments to employees for salaries and benefits	(2,220,097,311)	(2,136,430,418)
Payments for utilities	(66,316,858)	(70,262,861)
Payments for scholarships and fellowships	(222,888,643)	(177,304,093)
Loans issued to students	(6,421,644)	(9,069,155)
Collection of loans from students	15,882,509	16,928,290
Auxiliary enterprise charges:		
Student housing	85,721,033	93,837,233
Food services	27,120,251	33,143,674
Bookstore	3,613,222	5,863,564
Athletics	135,989,102	142,195,057
Other auxiliary enterprises	21,691,490	27,325,318
Patient care services	1,318,711,122	1,145,976,158
Interest earned on loans to students	1,049,716	1,232,245
Other receipts	108,295,027	92,998,150
Other payments	(13,970,881)	(18,654,617)
Net cash used in operating activities	(605,558,361)	(661,418,650)
Noncapital financing activities:		
State appropriations	691,916,472	667,877,698
Gifts and grants for other than capital purposes	272,808,053	198,575,673
Private gifts for endowment purposes	168,994	5,236,858
Federal loan program receipts	492,117,952	509,415,846
Federal loan program disbursements	(490,305,097)	(506,848,021)
Other sources	13,329,330	2,654,856
Other uses	(4,036,259)	(3,960,188)
Net cash provided by noncapital financing activities	975,999,445	872,952,722
Capital and related financing activities:		
Proceeds from capital debt	120,299,495	—
Cash paid for capital assets	(203,092,468)	(208,235,680)
Capital appropriations received	31,457,718	26,858,697
Capital grants and contracts received	77,571,177	28,190,830
Proceeds from sales of capital assets	442,843	309,256
Principal paid on capital debt and leases	(160,357,359)	(43,802,942)
Interest paid on capital debt and leases	(51,687,893)	(51,700,478)
Other sources	9,042,402	5,941,853
Other uses	(6,325,875)	(5,474,247)
Net cash used in capital and related financing activities	(182,649,960)	(247,912,711)
Investing activities:		
Proceeds from sales and maturities of investments	806,513,160	329,252,154
Interest received on investments	31,322,602	28,892,191
Purchases of investments	(770,374,274)	(265,577,887)
Net cash provided by investing activities	67,461,488	92,566,458
Net change in cash and cash equivalents	255,252,612	56,187,819
Cash and cash equivalents, beginning of the year	734,523,495	678,335,676
Cash and cash equivalents, end of the year	\$ 989,776,107	734,523,495

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Statements of Cash Flows  
Years ended June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$ (1,040,573,226)	(890,571,739)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	166,891,329	162,945,647
Self-insured claims expense	8,598,453	13,582,312
Provision for uncollectible receivables	178,027,541	178,477,282
Other	1,004,542	1,525,002
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Receivables, Net	(175,236,134)	(215,341,249)
Inventories	1,821,275	(2,442,124)
Prepaid Expenses	2,575,322	(6,223,975)
Loans to Students	(548,024)	60,578
Deferred outflows of resources	(65,546,312)	104,000,216
Other Assets	(10,073,266)	936,126
Increase (Decrease) in Liabilities:		
Accounts Payables and Accrued Liabilities	23,288,222	1,705,356
Unearned Revenue	(6,334,555)	(3,912,593)
Deposits Refundable	(14,261)	854,607
Accrued Leave Liability	23,669,699	4,978,642
Net pension liability	194,196,870	(4,101,093)
Net OPEB liability	15,667,268	(1,885,923)
Deferred inflows of resources	(30,290,566)	10,612,320
Other Liabilities	107,317,462	(16,618,042)
Total Adjustments	435,014,865	229,153,089
Net cash used in operating activities	\$ (605,558,361)	(661,418,650)
Reconciliation of cash and cash equivalents:		
Current assets - cash and cash equivalents	\$ 881,111,528	615,192,016
Noncurrent assets - restricted cash and cash equivalents	108,664,579	119,331,479
Cash and cash equivalents, end of the year	\$ 989,776,107	734,523,495
Noncash capital related financing and investing activities:		
Capital assets acquired through donations and capital leases	\$ 9,978,531	9,937,438
Capital assets appropriated by the State of Mississippi	66,774,238	60,229,785

See accompanying notes to financial statements.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2020 and 2019

### 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 Services – 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, 2020 and 2019

(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 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 years ended June 30, 2020 and 2019, support distributions were as follows:

	<u>2020</u>	<u>2019</u>
Mississippi State University Foundation, Inc.	\$ 55,756,772	32,355,706
University of Mississippi Foundation	38,604,761	34,830,476
University of Southern Mississippi Foundation	8,350,046	7,855,923

**(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.

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### **(d) New Accounting Standard**

During fiscal year 2020, the IHL System adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The requirements of this Statement apply to the financial statements of all state and local governments. The following recently issued accounting standards were affected by this postponement.

### **(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 January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This standard establishes criteria to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The original effective date of this Statement was for reporting periods beginning after December 15, 2018. This Statement is now effective for reporting periods beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. This standard establishes recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The original effective date of this Statement was for reporting periods beginning after December 15, 2019. This Statement is now effective for reporting periods beginning after June 15, 2021.

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. The original effective date of this Statement was for reporting periods beginning after December 15, 2019. This Statement is now effective for reporting periods beginning after December 15, 2020.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The original effective date of this Statement was for reporting periods beginning after December 15, 2018. This Statement is now effective for reporting periods beginning after December 15, 2019.

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

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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.

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 compensation, and tort 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. Management believes that liabilities established for these unpaid claims at June 30, 2020 and 2019 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.

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### **(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 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.

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### **(q) Capital Assets**

Capital assets 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 that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See note 5 for additional details concerning useful lives and salvage values. 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.

### **(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 years ended June 30, 2020 and 2019.

### **(s) Deferred Inflows and Outflows**

The IHL System has deferred inflows of resources. The 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 and OPEB related deferred inflows, the unamortized amounts for gains on the refunding of bond debt, and beneficial interests in irrevocable trusts.

The IHL System has deferred outflows of resources. The 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, contractors or accrued items such as interest, wages and salaries.

### **(v) Compensated Absences/Accrued Leave**

Twelve-month employees earn annual personal leave at a rate of 12 hours per month for zero to three years of service; 14 hours per month for three to eight years of service; 16 hours per month for eight to fifteen years of service; and 18 hours per month for fifteen years of service and above. There is no requirement that annual leave be taken, and there is no maximum accumulation. At termination, these employees are paid for up to 240 hours of accumulated leave.

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

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### **(w) Unearned Revenues**

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

### **(x) Deposits Refundable**

Deposits refundable represent good-faith deposits from students to 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 capital lease obligations; (2) estimated amounts of proportionate share of net pension and OPEB liabilities; (3) estimated amounts for accrued compensated absences, deposits refundable, and other liabilities that will not be paid within the next fiscal year; and (4) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

### **(z) 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 program 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 this program. The portion that would be refundable if the programs were terminated has been presented as other long-term liabilities and approximated \$47.7 million and \$55.7 million as of June 30, 2020 and 2019, respectively.

### **(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.

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## Notes to Financial Statements

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### **(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 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 30.0% and 27.7%, respectively, of UMMC's net patient service revenues for the year ended June 30, 2020 and approximately 29.7% and 30.7%, respectively, for the year ended June 30, 2019. 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 Hospitals and Health System (UHHS) Medicare cost reports have been audited and settled by the fiscal intermediary through the cost reports filed for the year ended June 30, 2013 for the Jackson Campus, for the year ended June 30, 2018 for Holmes County Hospital, and for the year ended June 30, 2017 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

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letters to all providers of an updated reimbursement percentage based on more current cost data. DOM also stated intention to apply the revised methodology back to October 1, 2005. At June 30, 2020 and 2019, UHHS maintains a reserve of approximately \$45.4 million for Medicaid rate recalculations, Medicaid DSH audits, and other adjustments for prior fiscal years.

Effective in fiscal year 2020, the 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. These 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 assets and deferred outflows of resources and liabilities and deferred inflows of resources in a statement of net position and is displayed in three components – net investment in capital assets, restricted (distinguishing between major categories of restrictions); and unrestricted.

*Net investment in capital assets* reflect the 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 is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

*Restricted, expendable* net position includes resources that the 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 University's policy to utilize restricted resources first, and then unrestricted resources as needed.

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



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### **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 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, 2020 and 2019.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 of the Mississippi Code Annotated (1972). Under this program, 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, 2020 and 2019 is as follows:

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	<u>2020</u>	<u>2019</u>
Cash	\$ 881,111,528	615,192,016
Restricted cash and cash equivalents	108,664,579	119,331,479
U.S. Treasury securities	306,870,572	377,508,762
U.S. government agency securities	299,813,898	260,074,416
Commercial mortgage backed securities	1,610,135	2,177,537
Collateralized mortgage obligations	36,513,966	26,774,965
Asset backed securities	3,331,509	5,006,851
Corporate bonds and notes	2,042,932	3,023,210
Municipal bonds	19,730,475	23,569,866
Fixed income mutual funds	18,452,877	27,128,609
Other fixed income securities	7,874,495	356,703
Certificates of deposit	25,236,861	27,833,523
Money market funds	5,002,240	4,108,016
Domestic equity securities	6,385,295	6,375,642
Global equity securities	7,109,174	2,360,328
Domestic equity mutual funds	32,944,113	29,230,075
International equity mutual funds	3,024,464	2,587,599
Equity long/short hedge funds	87,331,994	109,655,074
Private capital	45,388,063	51,183,584
University of Mississippi Foundation Investment Pool	3,251,178	3,689,579
Mississippi State Foundation Investment Pool	37,113,610	37,135,946
Miscellaneous	35,285,193	32,434,567
Total cash and investments	<u>\$ 1,974,089,151</u>	<u>\$ 1,766,738,347</u>

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The following tables present 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, 2020 and 2019:

	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment strategy:				
Fixed income:				
U.S. Treasury securities	\$ 297,765,424	9,105,148	—	306,870,572
Fixed income mutual funds	18,452,877	—	—	18,452,877
U.S. government securities	—	299,813,898	—	299,813,898
Mortgage obligations and asset backed securities	—	41,455,610	—	41,455,610
Corporate bonds and notes	—	2,042,932	—	2,042,932
Certificates of deposit	—	25,236,861	—	25,236,861
Municipal bonds	—	19,730,475	—	19,730,475
Other fixed income securities	—	7,874,495	—	7,874,495
Money market funds	3,772,131	1,230,109	—	5,002,240
Total fixed income investments	\$ 319,990,432	406,489,528	—	726,479,960
Equity securities:				
Domestic equity securities	5,265,995	1,119,300	—	6,385,295
Domestic equity mutual funds	31,724,959	1,219,154	—	32,944,113
Global equity securities	4,630,490	2,478,684	—	7,109,174
International equity mutual funds	3,024,464	—	—	3,024,464
Total equity securities	\$ 44,645,908	4,817,138	—	49,463,046
Investments measured at NAV as a practical expedient:				
Equity long/short hedge funds			\$	87,331,994
Private capital				45,388,063
Mississippi State Foundation Investment Pool				37,113,610
University of Mississippi Foundation Investment Pool				3,251,178
Other miscellaneous investments				35,285,193
Total investments measured at NAV				208,370,038
Total investments measured at fair value			\$	984,313,044

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

	2019			
	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. Treasury securities	\$ 365,386,732	12,122,030	—	377,508,762
Fixed income mutual funds	27,128,609	—	—	27,128,609
U.S. government securities	—	260,074,416	—	260,074,416
Mortgage obligations and asset backed securities	—	33,959,353	—	33,959,353
Corporate bonds and notes	—	3,023,210	—	3,023,210
Certificates of deposit	—	27,833,523	—	27,833,523
Municipal bonds	—	23,569,866	—	23,569,866
Other fixed income securities	—	356,703	—	356,703
Money market funds	1,928,657	2,179,359	—	4,108,016
Total fixed income investments	\$ 394,443,998	363,118,460	—	757,562,458
Equity securities:				
Domestic equity securities	5,275,132	1,100,510	—	6,375,642
Domestic equity mutual funds	29,230,075	—	—	29,230,075
Global equity securities	2,360,328	—	—	2,360,328
International equity mutual funds	2,587,599	—	—	2,587,599
Total equity securities	\$ 39,453,134	1,100,510	—	40,553,644
Investments measured at NAV as a practical expedient:				
Equity long/short hedge funds				\$ 109,655,074
Private capital				51,183,584
Mississippi State Foundation Investment Pool				37,135,946
University of Mississippi Foundation Investment Pool				3,689,579
Other miscellaneous investments				32,434,567
Total investments measured at NAV				234,098,750
Total investments measured at fair value				\$ 1,032,214,852

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

	2020			
	Fair Value	Unfunded Commitments	Redemption frequency (if eligible)	Redemption notice period
Equity long/short hedge funds (1)	\$ 87,331,994	—	Quarterly	45-120 Days
Private capital (2)	45,388,063	17,586,958	Various	Various
Mississippi State Foundation Investment Pool	37,113,610	—	Daily	1-3 Days
University of Mississippi Foundation Investment Pool	3,251,178	—	Daily	1-3 Days
Other miscellaneous investments (3)	35,285,193	166,600	Various	Various
Total investments measured at NAV	\$ 208,370,038			

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

	2019			
	Fair Value	Unfunded Commitments	Redemption frequency (if eligible)	Redemption notice period
Equity long/short hedge funds (1)	\$ 109,655,074	—	Quarterly	75 Days
Private capital (2)	51,183,584	12,675,796	Various	Various
Mississippi State Foundation Investment Pool	37,135,946	—	Daily	1-3 Days
University of Mississippi Foundation Investment Pool	3,689,579	—	Daily	1-3 Days
Other miscellaneous investments (3)	<u>32,434,567</u>	270,799	Various	Various
Total investments measured at NAV	<u>\$ 234,098,750</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.

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, 2020 and 2019.

**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 policy that addresses interest rate risk.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

As of June 30, 2020 and 2019, the IHL System had the following investments subject to interest rate risk:

		<b>2020</b>				
		<b>Years to maturity</b>				
	<b>Fair value</b>	<b>Less than 1</b>	<b>1 - 5</b>	<b>6 - 10</b>	<b>More than 10</b>	
U.S. Treasury securities	\$ 306,870,572	136,364,427	162,673,193	6,253,418	1,579,534	
U.S. government agency obligations	299,813,898	92,504,513	120,123,969	65,537,403	21,648,013	
Commercial mortgage backed securities	1,610,135	999,670	1,418	—	609,047	
Collateralized mortgage obligations	36,513,966	—	432,649	2,995,587	33,085,730	
Asset backed securities	3,331,509	—	44,923	310,577	2,976,009	
Corporate bonds and notes	2,042,932	411,046	797,006	623,566	211,314	
Certificates of deposit	25,236,861	13,057,363	11,578,708	600,790	—	
Municipal bonds	19,730,475	4,869,166	10,046,603	4,814,706	—	
Other fixed income securities	7,874,495	—	7,567,338	—	307,157	
Fixed income mutual funds	18,452,877	633,063	3,068,906	6,907,133	7,843,775	
Total	<u>\$ 721,477,720</u>	<u>248,839,248</u>	<u>316,334,713</u>	<u>88,043,180</u>	<u>68,260,579</u>	
		<b>2019</b>				
		<b>Years to maturity</b>				
	<b>Fair value</b>	<b>Less than 1</b>	<b>1 - 5</b>	<b>6 - 10</b>	<b>More than 10</b>	
U.S. Treasury securities	\$ 377,508,762	242,680,973	131,461,619	3,266,348	99,822	
U.S. government agency obligations	260,074,416	37,351,775	180,621,002	30,994,436	11,107,203	
Commercial mortgage backed securities	2,177,537	643,738	624,013	—	909,786	
Collateralized mortgage obligations	26,774,965	246,249	468,457	1,568,952	24,491,307	
Asset backed securities	5,006,851	—	—	1,207,069	3,799,782	
Corporate bonds and notes	3,023,210	321,238	2,285,486	344,151	72,335	
Certificates of deposit	27,833,523	8,194,926	18,619,539	1,019,058	—	
Municipal bonds	23,569,866	1,829,710	15,663,191	5,865,161	211,804	
Other fixed income securities	356,703	—	—	—	356,703	
Fixed income mutual funds	27,128,609	537,028	20,130,249	5,655,207	806,125	
Total	<u>\$ 753,454,442</u>	<u>291,805,637</u>	<u>369,873,556</u>	<u>49,920,382</u>	<u>41,854,867</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 have a formal investment policy that addresses credit risk.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

As of June 30, 2020 and 2019, the IHL System had the following investments recorded at fair value subject to credit risk:

		<u>2020</u>		
Credit rating:			Reconciliation to total cash and investments:	
AAA	\$	37,396,453	Cash	\$ 881,111,528
Aaa		69,381,980	Restricted cash and cash equivalents	108,664,579
Aa2		16,404,564	U.S. Treasury securities	306,870,572
Aa3		598,092	Certificates of deposit	25,236,861
AA		3,719,476	Money market funds	5,002,240
A1		8,722	Equity securities	49,463,046
A2		119,581	Investments measured at NAV	<u>208,370,038</u>
A3		74,334	Total	<u>1,584,718,864</u>
A		2,114,743		
AA+		122,293,335	Total cash and investments	\$ <u>1,974,089,151</u>
BAA		101,041		
B		741,599		
BB		302,694		
BBB		5,457,025		
Not rated, or rating unavailable		<u>130,656,648</u>		
Total	\$	<u>389,370,287</u>		
		<u>2019</u>		
Credit rating:			Reconciliation to total cash and investments:	
AAA	\$	45,319,161	Cash	\$ 615,192,016
Aaa		58,384,816	Restricted cash and cash equivalents	119,331,479
Aa2		20,028,859	U.S. Treasury securities	377,508,762
Aa3		587,196	Certificates of deposit	27,833,523
AA		13,863,223	Money market funds	4,108,016
A1		8,639	Equity securities	40,553,644
A2		815,184	Investments measured at NAV	<u>234,098,750</u>
A3		34,155	Total	<u>1,418,626,190</u>
A		738,811		
AA+		97,929,289	Total cash and investments	\$ <u>1,766,738,347</u>
BA		5,677		
BAA		116,094		
BBB		5,066,841		
Not rated, or rating unavailable		<u>105,214,212</u>		
Total	\$	<u>348,112,157</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.

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Notes to Financial Statements

June 30, 2020 and 2019

As of June 30, 2020 and 2019, the IHL System had the following issuer holding investments recorded at fair value that exceeded 5% of total investments:

Issuer	2020	
	Fair value	Percentage
U.S. Treasury securities	\$ 286,755,571	30.20%
Federal Farm Credit Bank notes	104,031,412	10.96%
Federal National Mortgage Association	56,681,742	5.97%
Federal Home Loan Bank notes	52,834,014	5.56%

Issuer	2019	
	Fair value	Percentage
U.S. Treasury securities	\$ 355,897,865	35.51%
Federal Home Loan Bank notes	90,923,335	9.07%
Federal Home Loan Mortgage Corporation	50,175,873	5.01%
Federal Farm Credit Bank notes	55,119,417	5.50%

**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 \$25.7 million and \$36.4 million at June 30, 2020 and 2019, respectively.

**Note 3**

**Accounts Receivable, net**

Accounts receivable consisted of the following at June 30, 2020 and 2019:

	June 30, 2020	Current Portion	Non-current Portion
Student tuition	\$ 114,017,920	114,017,920	—
Auxiliary enterprises and other operating activities	39,174,129	39,174,129	—
Contributions and gifts	5,630,319	5,630,319	—
Federal, state, and private grants and contracts	129,776,064	129,776,064	—
State Appropriations	12,929,770	12,929,770	—
Accrued Interest	3,325,199	3,325,199	—
Patient Income	791,301,041	791,301,041	—
Other	35,443,220	25,521,790	9,921,430
Total accounts receivable	1,131,597,662	1,121,676,232	9,921,430
Less bad debt provision	(708,279,380)	(708,279,380)	—
Less elimination entry	(9,064,024)	(2,280,355)	(6,783,669)
Net accounts receivable	\$ 414,254,258	411,116,497	3,137,761



STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

	<b>June 30, 2019</b>	<b>Current Portion</b>	<b>Non-current Portion</b>
Student tuition	\$ 118,724,304	118,724,304	—
Auxiliary enterprises and other operating activities	36,482,523	36,482,523	—
Contributions and gifts	11,653,986	11,653,986	—
Federal, state, and private grants and contracts	105,906,871	105,906,871	—
State Appropriations	10,348,959	10,348,959	—
Accrued Interest	4,332,183	4,332,183	—
Patient Income	756,145,625	756,145,625	—
Other	24,378,099	20,614,034	3,764,065
Total accounts receivable	1,067,972,550	1,064,208,485	3,764,065
Less bad debt provision	(660,218,873)	(660,218,873)	—
Net accounts receivable	<u>\$ 407,753,677</u>	<u>403,989,612</u>	<u>3,764,065</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, 2020 and 2019:

	<b>Interest Rates</b>	<b>June 30, 2020</b>	<b>Current Portion</b>	<b>Non-current Portion</b>
Perkins student loans	3% to 9%	\$ 48,188,521	9,140,316	39,048,205
Institutional loans	0% to 9%	62,733,960	10,131,922	52,602,038
Nursing student loans	3% to 9%	4,227,714	468,878	3,758,836
Dental student loans	3% to 9%	335,825	110,466	225,359
Medical student loans	3% to 9%	173,760	34,909	138,851
Other federal loans	3% to 9%	2,387,183	1,956,282	430,901
Total notes receivable		118,046,963	21,842,773	96,204,190
Less allowance for doubtful accounts		(21,605,297)	(4,211,428)	(17,393,869)
Net notes receivable		<u>\$ 96,441,666</u>	<u>17,631,345</u>	<u>78,810,321</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

	<b>Interest Rates</b>	<b>June 30, 2019</b>	<b>Current Portion</b>	<b>Non-current Portion</b>
Perkins student loans	3% to 9%	\$ 56,712,840	9,667,571	47,045,269
Institutional loans	0% to 9%	63,339,855	9,400,583	53,939,272
Nursing student loans	3% to 9%	4,014,708	158,542	3,856,166
Dental student loans	3% to 9%	302,989	27,774	275,215
Medical student loans	3% to 9%	144,153	12,027	132,126
Other federal loans	3% to 9%	2,150,528	2,107,233	43,295
Total notes receivable		126,665,073	21,373,730	105,291,343
Less allowance for doubtful accounts		(21,486,826)	(2,606,757)	(18,880,069)
Net notes receivable		\$ 105,178,247	18,766,973	86,411,274

**Note 5**

**Capital Assets**

A summary of changes in capital assets for the years ended June 30, 2020 and 2019 is presented as follows:

	<b>Balance June 30, 2019</b>	<b>Additions</b>	<b>Deletions/transfers</b>	<b>Balance June 30, 2020</b>
Nondepreciable Capital Assets:				
Land	\$ 113,822,755	2,269,582	1,443	116,090,894
Construction in progress	477,155,445	197,333,316	231,638,992	442,849,769
Livestock	1,790,654	91,962	363,295	1,519,321
Total nondepreciable capital assets	592,768,854	199,694,860	232,003,730	560,459,984
Depreciable capital assets:				
Buildings	4,300,061,832	209,345,405	286,500	4,509,120,737
Improvements other than buildings	477,794,135	35,691,095	232,888	513,252,342
Equipment	912,376,796	47,506,505	30,855,122	929,028,179
Library books	440,789,349	11,350,864	417,910	451,722,303
Total depreciable assets	6,131,022,112	303,893,869	31,792,420	6,403,123,561
Total capital assets	6,723,790,966	503,588,729	263,796,150	6,963,583,545
Less accumulated depreciation for:				
Buildings	1,134,262,142	71,650,590	2,064,064	1,203,848,668
Improvements other than buildings	183,826,715	27,791,753	—	211,618,468
Equipment	675,141,379	56,629,658	32,156,228	699,614,809
Library books	381,648,149	12,878,850	501,317	394,025,682
Total accumulated depreciation	2,374,878,385	168,950,851	34,721,609	2,509,107,627
Net capital assets	\$ 4,348,912,581	334,637,878	229,074,541	4,454,475,918

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions/ transfers</b>	<b>Balance June 30, 2019</b>
<b>Nondepreciable Capital Assets:</b>				
Land	\$ 113,314,248	514,757	6,250	113,822,755
Construction in progress	553,061,926	195,543,013	271,449,494	477,155,445
Livestock	1,592,700	320,615	122,661	1,790,654
Total nondepreciable capital assets	<u>667,968,874</u>	<u>196,378,385</u>	<u>271,578,405</u>	<u>592,768,854</u>
<b>Depreciable capital assets:</b>				
Buildings	4,093,940,504	206,573,309	451,981	4,300,061,832
Improvements other than buildings	413,495,729	64,380,886	82,480	477,794,135
Equipment	882,341,934	63,025,749	32,990,887	912,376,796
Library books	431,508,572	9,992,424	711,647	440,789,349
Total depreciable assets	<u>5,821,286,739</u>	<u>343,972,368</u>	<u>34,236,995</u>	<u>6,131,022,112</u>
Total capital assets	<u>6,489,255,613</u>	<u>540,350,753</u>	<u>305,815,400</u>	<u>6,723,790,966</u>
<b>Less accumulated depreciation for:</b>				
Buildings	1,059,000,004	75,936,306	674,168	1,134,262,142
Improvements other than buildings	167,588,940	16,445,521	207,746	183,826,715
Equipment	646,122,051	58,333,564	29,314,236	675,141,379
Library books	368,985,043	13,413,666	750,560	381,648,149
Total accumulated depreciation	<u>2,241,696,038</u>	<u>164,129,057</u>	<u>30,946,710</u>	<u>2,374,878,385</u>
Net capital assets	<u>\$ 4,247,559,575</u>	<u>376,221,696</u>	<u>274,868,690</u>	<u>4,348,912,581</u>

As of June 30, 2020 and 2019, capital assets included assets under capital leases with an original cost basis of approximately \$2.7 million, with accumulated amortization of approximately \$1.5 million.

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

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

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Notes to Financial Statements

June 30, 2020 and 2019

**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, 2020 and 2019 are as follows:

	<b>2020</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension related (see note 15)	\$ 242,194,060	\$ 34,170,238
OPEB related (see note 16)	21,671,517	12,050,907
Unamortized loss/gain on refunding of debt	44,204,113	4,638,458
Beneficial interest in irrevocable trusts	—	35,933,062
Totals	<u>\$ 308,069,690</u>	<u>\$ 86,792,665</u>

	<b>2019</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension related (see note 15)	\$ 187,147,415	\$ 65,296,174
OPEB related (see note 16)	8,543,523	11,215,537
Unamortized loss/gain on refunding of debt	46,600,783	5,023,215
Other	21,440	—
Beneficial interest in irrevocable trusts	—	34,944,417
Totals	<u>\$ 242,313,161</u>	<u>\$ 116,479,343</u>

**Note 7**

**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities as of June 30, 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
Payable to vendors and contractors	\$ 146,253,624	129,187,412
Accrued salaries, wages and employee withholdings	102,202,758	86,878,504
Accrued interest	6,884,501	6,241,282
Other	5,425,687	5,237,030
Subtotal	<u>260,766,570</u>	<u>227,544,228</u>
Less elimination entry	<u>(727,117)</u>	<u>—</u>
Total accounts payable and accrued liabilities	<u>\$ 260,039,453</u>	<u>227,544,228</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, 2020 and 2019

**Note 8**

**Unearned Revenues**

Unearned revenues as of June 30, 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
Unearned summer school revenue	\$ 28,455,679	29,881,248
Unearned grants and contract revenue	84,274,331	34,432,465
Other principally athletic activities	26,471,692	31,587,263
Total	\$ 139,201,702	95,900,976

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

As part of the Medical Center's response to the COVID-19 pandemic, it received advance payments from Medicare in the amount of \$33 million. These payments were received in April 2020 and will need to start to be repaid within 120 days from receipt. The Medical Center has up to one year from the date the payments were made to repay the balance. The advanced payments are included in unearned revenue on the statements of net position at June 30, 2020.

**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, 2020 and 2019 is listed in the following schedules.

<b>2020 Condensed Financial Information for Educational Building Corporations</b>								
	ASU	DSU	JSU	MSU	MVSU	UM	USM	UMMC
Current assets	\$ 2,850	—	—	—	—	19,717,835	7,016,012	8,196,619
Noncurrent assets	39,083,556	12,740,000	89,062,661	308,695,000	16,690,000	234,833,037	155,131,997	326,512,166
Total assets	39,086,406	12,740,000	89,062,661	308,695,000	16,690,000	254,550,872	162,148,009	334,708,785
Deferred outflows of resources	—	—	9,160,099	—	—	—	—	5,131,766
Current liabilities	2,452,513	595,000	4,746,494	11,460,000	675,000	19,333,546	7,016,012	7,993,553
Noncurrent liabilities	45,854,624	12,145,000	93,476,266	297,235,000	16,015,000	230,578,868	155,131,997	322,088,964
Total liabilities	48,307,137	12,740,000	98,222,760	308,695,000	16,690,000	249,912,414	162,148,009	330,082,517
Deferred inflows of resources	—	—	—	—	—	4,638,458	—	—
Total net position	\$ (9,220,731)	—	—	—	—	—	—	9,758,034
Operating revenues	\$ 2,696,647	—	—	—	1,196,306	—	—	14,496,788
Operating expenses	(2,920,612)	—	—	—	(1,196,306)	—	—	(8,823,925)
Total operating income (loss)	(223,965)	—	—	—	—	—	—	5,672,863
Nonoperating revenues	—	1,079,900	5,287,186	13,699,040	—	9,500,908	10,412,673	—
Nonoperating expenses	—	(1,079,900)	(5,287,186)	(13,699,040)	—	(9,500,908)	(10,412,673)	—
Total nonoperating revenue (expenses)	—	—	—	—	—	—	—	—
Change in net position	\$ (223,965)	—	—	—	—	—	—	5,672,863

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

2019 Condensed Financial Information for Educational Building Corporations								
	ASU	DSU	JSU	MSU	MVSU	UM	USM	UMMC
Current assets	\$ 3,172	—	—	—	—	19,192,264	6,381,062	7,959,003
Noncurrent assets	40,414,712	13,325,000	92,092,525	319,810,000	17,315,000	248,383,514	163,223,011	339,462,952
Total assets	40,417,884	13,325,000	92,092,525	319,810,000	17,315,000	267,575,778	169,604,073	347,421,955
Deferred outflows of resources	—	—	10,733,386	—	—	—	—	4,174,574
Current liabilities	2,237,513	585,000	4,292,775	11,115,000	625,000	17,295,612	6,381,062	22,263,729
Noncurrent liabilities	47,177,137	12,740,000	98,533,136	308,695,000	16,690,000	245,256,950	163,223,011	325,247,629
Total liabilities	49,414,650	13,325,000	102,825,911	319,810,000	17,315,000	262,552,562	169,604,073	347,511,358
Deferred inflows of resources	—	—	—	—	—	5,023,216	—	—
Total net position	\$ (8,996,766)	—	—	—	—	—	—	4,085,171
Operating revenues	\$ 3,852,874	—	—	—	1,184,361	—	—	16,011,162
Operating expenses	(4,214,812)	—	—	—	(1,184,361)	—	—	(12,664,018)
Total operating income (loss)	(361,938)	—	—	—	—	—	—	3,347,144
Nonoperating revenues	264	1,081,300	4,465,374	15,602,024	—	8,566,167	11,187,555	—
Nonoperating expenses	—	(1,081,300)	(4,465,374)	(15,602,024)	—	(8,566,167)	(11,187,555)	—
Total nonoperating revenue (expenses)	264	—	—	—	—	—	—	—
Change in net position	\$ (361,674)	—	—	—	—	—	—	3,347,144

**Note 10**

**Long-Term Liabilities**

Long-term liabilities of the IHL System consist of notes and bonds payable, capital lease obligations, and certain other liabilities that are expected to be liquidated at least one year from June 30, 2020 and 2019.

The various leases cover a period not to exceed five years. 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, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period. Other long-term liabilities and notes payable consist of accrued leave liabilities, deposits refundable, notes payable, net pension liability, net OPEB liability, and other liabilities (government advance refundables, self-insured workers' compensation, unemployment and tort claims).

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June 30, 2020 and 2019

Information regarding original issue amounts, interest rates, and maturity dates for bonds, notes, and capital leases relative to the long-term liabilities for each of the universities within the IHL System as of June 30, 2020 and 2019 is listed in the following schedules.

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Alcorn State University:								
Bonded Debt								
EBC - Series 2009A	\$ 47,000,000	5.125% - 5.25%	2040	\$ 915,000	—	915,000	—	—
EBC - Series 2016	43,630,000	2.00% - 5.00%	2040	43,375,000	—	—	43,375,000	1,130,000
Unamortized Premium				3,802,136	—	192,512	3,609,624	192,513
Total Bonded Debt				48,092,136	—	1,107,512	46,984,624	1,322,513
Other Long-term Liabilities:								
Accrued leave liabilities				3,795,711	1,075,758	1,569,356	3,302,113	682,160
Net pension liability				75,156,617	630,605	—	75,787,222	—
Net OPEB liability				4,425,422	293,425	—	4,718,847	—
Deposits refundable				669,585	8,851	—	678,436	—
Total Other liabilities				84,047,335	2,008,639	1,569,356	84,486,618	682,160
Total				\$ 132,139,471	2,008,639	2,676,868	131,471,242	2,004,673
Due within one year							(2,004,673)	
Total noncurrent liabilities							\$ 129,466,569	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Delta State University:								
Bonded Debt								
EBC - Series 2016	15,105,000	2.00% to 5.00%	2039	\$ 13,325,000	—	585,000	12,740,000	595,000
Total Bonded Debt				13,325,000	—	585,000	12,740,000	595,000
Other Long-term Liabilities:								
Accrued leave liabilities				1,505,103	—	265,702	1,239,401	308,223
Deposits refundable				104,209	—	2,865	101,344	—
Net pension liability				44,872,460	3,463,945	—	48,336,405	—
Net OPEB liability				3,268,272	288,405	—	3,556,677	—
Federal Loan Fund Repayment Contingency				301,640	42,684	—	344,324	—
Total Other liabilities				50,051,684	3,795,034	268,567	53,578,151	308,223
Total				\$ 63,376,684	3,795,034	853,567	66,318,151	903,223
Due within one year							(903,223)	
Total noncurrent liabilities							\$ 65,414,928	



STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Jackson State University:								
Bonded Debt								
EBC - Series 1982	\$ 4,000,000	1.00% - 3.00%	2021	\$ 345,000	—	170,000	175,000	175,000
EBC - Series 2010A-1	31,325,000	3.00% - 5.00%	2034	505,000	—	505,000	—	—
EBC - Series 2015A	57,595,000	2.00% - 5.00%	2045	55,295,000	—	1,165,000	54,130,000	2,505,000
EBC - Series 2015B	13,065,000	0.069% - 2.6%	2021	2,755,000	—	2,005,000	750,000	750,000
EBC - Series 2017	6,000,000	3.38%	2028	6,000,000	—	—	6,000,000	—
EBC - Series 2017A	29,745,000	1.6% - 3.7%	2034	29,195,000	—	235,000	28,960,000	785,000
Unamortized premium				7,837,791	—	305,376	7,532,415	305,376
Total Bonded Debt				101,932,791	—	4,385,376	97,547,415	4,520,376
Capital Leases - Buses	1,127,000	4.56%		675,835	—	110,750	565,085	115,858
Total Capital Leases				675,835	—	110,750	565,085	115,858
Other Long-term Liabilities:								
Accrued leave liabilities				4,190,958	2,068,846	—	6,259,804	450,706
Net pension liability				128,859,771	—	2,458,559	126,401,212	—
Net OPEB liability				7,183,715	190,521	—	7,374,236	—
Deposits refundable				180,220	666,347	—	846,567	—
Federal Loan Fund Repayment Contingency				1,912,787	—	—	1,912,787	—
Notes Payable				217,285	—	107,025	110,260	110,260
Total Other liabilities				142,544,736	2,925,714	2,565,584	142,904,866	560,966
Total				\$ 245,153,362	2,925,714	7,061,710	241,017,366	5,197,200
Due within one year							(5,197,200)	
Total noncurrent liabilities							\$ 235,820,166	

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June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi State University:								
Bonded Debt								
Dormitory Revenue System	\$ 2,250,000	3.00%	2022	\$ 190,000	—	90,000	100,000	100,000
Student Apartments	2,038,000	3.00%	2023	260,000	—	85,000	175,000	85,000
EBC - Series 2009A-1	29,615,000	2.50% - 5.25%	2040	755,000	—	755,000	—	—
EBC - Series 2009A-2	17,105,000	2.75% - 5.00%	2025	1,860,000	—	1,860,000	—	—
EBC - Series 2011	54,370,000	2.00% - 5.00%	2043	3,825,000	—	1,225,000	2,600,000	1,270,000
EBC - Series 2013	60,470,000	2.00% - 5.00%	2044	10,115,000	—	570,000	9,545,000	585,000
EBC - Series 2014A	89,810,000	2.00% - 5.00%	2044	76,555,000	—	3,625,000	72,930,000	3,790,000
EBC - Series 2014B	23,435,000	0.29% - 4.813%	2044	19,225,000	—	950,000	18,275,000	975,000
EBC - Series 2015	56,010,000	2.00% - 5.00%	2046	52,945,000	—	1,090,000	51,855,000	1,130,000
EBC - Series 2017	63,270,000	2.00% - 5.00%	2046	62,660,000	—	835,000	61,825,000	3,500,000
EBC - Series 2017A	92,075,000	2.00% - 5.00%	2044	91,870,000	—	205,000	91,665,000	210,000
Unamortized premium				20,460,048	—	2,669,800	17,790,248	2,533,566
Total Bonded Debt				340,720,048	—	13,959,800	326,760,248	14,178,566
Other Long-term Liabilities:								
Accrued leave liabilities				23,274,547	2,860,281	—	26,134,828	3,571,419
Net pension liability				517,960,848	40,252,631	—	558,213,479	—
Net OPEB liability				29,735,714	3,319,181	—	33,054,895	—
Deposits refundable				48,907	—	5,854	43,053	—
Federal Loan Fund Repayment Contingency				13,331,471	—	4,204,649	9,126,822	—
Total Other liabilities				584,351,487	46,432,093	4,210,503	626,573,077	3,571,419
Total				\$ 925,071,535	46,432,093	18,170,303	953,333,325	17,749,985
Due within one year							(17,749,985)	
Total noncurrent liabilities							\$ 935,583,340	

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June 30, 2020 and 2019

Description and Purpose	Year ended June 30, 2020				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi University for Women:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 1,092,220	36,575	—	1,128,795	45,152
Net pension liability	38,566,359	807,262	—	39,373,621	—
Net OPEB liability	2,364,085	203,279	—	2,567,364	—
Federal Loan Fund Repayment Contingency	813,257	—	219,158	594,099	—
Total Other liabilities	\$ 42,835,921	1,047,116	219,158	43,663,879	45,152
Due within one year				(45,152)	
Total noncurrent liabilities				\$ 43,618,727	

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June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				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	\$ 535,000	—	180,000	355,000	190,000
EBC - Series 2015	17,270,000	2.00%	2037	16,780,000	—	445,000	16,335,000	485,000
Total Bonded Debt				17,315,000	—	625,000	16,690,000	675,000
Capital Leases				168,084	—	83,102	84,982	84,982
Total Capital Leases				168,084	—	83,102	84,982	84,982
Other Long-term Liabilities:								
Accrued leave liabilities				1,620,143	30,612	—	1,650,755	218,865
Net pension liability				42,303,133	1,893,463	—	44,196,596	—
Net OPEB liability				3,080,141	234,789	—	3,314,930	—
Deposits refundable				47,288	—	11,026	36,262	—
Total Other liabilities				47,050,705	2,158,864	11,026	49,198,543	218,865
Total				\$ 64,533,789	2,158,864	719,128	65,973,525	978,847
Due within one year							(978,847)	
Total noncurrent liabilities							\$ 64,994,678	

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Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi:								
Bonded Debt								
EBC - Series 2009A	19,870,000	3.50% - 4.50%	2030	\$ 935,000	—	935,000	—	—
EBC - Series 2009B	24,165,000	3.623% - 5.00%	2021	5,050,000	—	2,450,000	2,600,000	2,600,000
EBC - Series 2009C	14,770,000	3.25% - 4.75%	2035	490,000	—	490,000	—	—
EBC - Series 2011	27,995,000	3.00% - 5.00%	2032	3,510,000	—	1,050,000	2,460,000	1,165,000
EBC - Series 2013C	62,900,000	3.22%	2034	62,900,000	—	62,900,000	—	—
EBC - Series 2013D	12,100,000	3.10%	2021	3,854,674	—	2,523,377	1,331,297	1,331,297
EBC - Series 2015	12,600,000	Variable	2026	9,450,000	—	9,450,000	—	—
EBC - Series 2015A	15,660,000	2.00% - 4.00%	2040	14,975,000	—	230,000	14,745,000	265,000
EBC - Series 2015B	10,125,000	1.375% - 3.75%	2030	7,795,000	—	615,000	7,180,000	625,000
EBC - Series 2015C	31,630,000	2.00% - 5.00%	2047	29,795,000	—	635,000	29,160,000	655,000
EBC - Series 2015D	17,660,000	0.993% - 4.452%	2037	15,585,000	—	710,000	14,875,000	725,000
EBC - Series 2016A	33,245,000	2.00% - 5.00%	2035	28,930,000	—	1,940,000	26,990,000	1,970,000
EBC - Series 2017	38,995,000	2.00% - 5.00%	2035	38,400,000	—	—	38,400,000	1,510,000
EBC - Series 2019A	73,350,000	3.00 - 5.00%	2036	—	73,350,000	—	73,350,000	1,425,000
EBC - Series 2019B	3,365,000	1.94 - 2.05%	2024	—	3,365,000	—	3,365,000	885,000
Unamortized Premium				8,331,904	13,033,330	1,237,017	20,128,217	1,617,136
Total Bonded Debt				230,001,578	89,748,330	85,165,394	234,584,514	14,773,433
Other Long-term Liabilities:								
Accrued leave liabilities				16,504,919	845,316	—	17,350,235	2,078,000
Net pension liability				325,309,886	13,934,953	—	339,244,839	—
Net OPEB liability				20,248,697	2,100,448	—	22,349,145	—
Deposits refundable				108,814	17,302	—	126,116	—
Notes Payable - Hancock Bank				6,905,779	—	911,643	5,994,136	935,538
Notes Payable - Renasant Bank				7,179,261	—	724,545	6,454,716	745,527
Notes Payable - Trustmark Bank				16,930,479	—	16,930,479	—	—
Federal Loan Fund Repayment Contingency				9,236,200	—	588,300	8,647,900	—
Total Other liabilities				402,424,035	16,898,019	19,154,967	400,167,087	3,759,065
Total				\$ 632,425,613	106,646,349	104,320,361	634,751,601	18,532,498
Due within one year							(18,532,498)	
Total noncurrent liabilities							\$ 616,219,103	

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June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Southern Mississippi:								
Bonded Debt								
SMEBC - Series 2009	\$ 49,900,000	2.75% - 5.38%	2037	\$ 735,000	—	735,000	—	—
SMEBC - Series 2013	51,875,000	2.00% - 5.00%	2044	8,130,000	—	395,000	7,735,000	470,000
SMEBC - Series 2015A	38,600,000	2.00% - 5.00%	2034	36,160,000	—	2,165,000	33,995,000	1,495,000
SMEBC - Series 2015B	16,690,000	0.50% - 3.25%	2034	9,735,000	—	2,260,000	7,475,000	2,300,000
SMEBC - Series 2016	58,870,000	2.00% - 5.00%	2040	57,890,000	—	360,000	57,530,000	1,200,000
SMEBC - Series 2017	44,005,000	2.00% - 5.00%	2044	43,240,000	—	165,000	43,075,000	170,000
Umamortized Premium				13,714,071	—	1,376,061	12,338,010	1,381,012
Total Bonded Debt				169,604,071	—	7,456,061	162,148,010	7,016,012
Other Long-term Liabilities:								
Accrued leave liabilities				9,451,309	607,563	—	10,058,872	1,207,065
Net pension liability				224,453,669	6,876,458	—	231,330,127	—
Net OPEB liability				14,044,422	1,229,641	—	15,274,063	—
Deposits refundable				2,705	361	—	3,066	—
Federal Loan Fund Repayment Contingency				26,038,153	—	2,333,983	23,704,170	—
Total Other liabilities				273,990,258	8,714,023	2,333,983	280,370,298	1,207,065
Total				\$ 443,594,329	8,714,023	9,790,044	442,518,308	8,223,077
Due within one year							(8,223,077)	
Total noncurrent liabilities							\$ 434,295,231	

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Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				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	\$ 17,785,000	—	3,185,000	14,600,000	3,360,000
MCEBC - Series 2010A	24,870,000	5.92% - 6.69%	2032	24,870,000	—	24,870,000	—	—
MCEBC - Series 2010B	20,000,000	6.84%	2035	20,000,000	—	—	20,000,000	—
MCEBC - Series 2010C	5,130,000	2.5% to 5.0%	2020	605,000	—	605,000	—	—
MCEBC - Series 2012A	51,860,000	4.0% to 5.0%	2041	51,860,000	—	—	51,860,000	—
MCEBC - Series 2012B	53,390,000	4.064% to 4.822%	2038	53,390,000	—	—	53,390,000	—
MCEBC - Series 2017A	137,635,000	3.0% to 5.0%	2047	137,390,000	—	—	137,390,000	—
MCEBC - Series 2017B	12,345,000	2.45% to 3.10%	2024	12,345,000	—	2,760,000	9,585,000	2,830,000
MCEBC - Series 2019	24,380,000	5.00%	2035	—	24,380,000	885,000	23,495,000	450,000
Unamortized premium				13,552,629	6,171,165	1,314,830	18,408,964	1,487,264
Total Bonded Debt				331,797,629	30,551,165	33,619,830	328,728,964	8,127,264
Note Payable								
University of Mississippi		2.00%	2025	—	8,336,907	—	8,336,907	1,553,238
Total Note Payable				—	8,336,907	—	8,336,907	1,553,238
Other Long-term Liabilities:								
Accrued leave liabilities				59,676,430	17,758,705	—	77,435,135	16,010,226
Federal Loan Fund Repayment Contingency				4,081,791	—	723,826	3,357,965	—
Net pension liability				1,232,363,510	127,799,746	—	1,360,163,256	—
Net OPEB liability				56,789,549	7,739,637	—	64,529,186	—
Reserve for unpaid claims				35,888,000	—	3,607,000	32,281,000	4,941,000
Total Other liabilities				1,388,799,280	153,298,088	4,330,826	1,537,766,542	20,951,226
Total				\$ 1,720,596,909	192,186,160	37,950,656	1,874,832,413	30,631,728
Due within one year							(30,631,728)	
Total noncurrent liabilities							\$ 1,844,200,685	

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Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Year ended June 30, 2020				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
IHL Board Office:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 719,920	57,262	—	777,182	51,758
Net pension liability	17,819,021	898,400	—	18,717,421	—
Net OPEB liability	691,744	67,941	—	759,685	—
Reserve for unpaid claims	36,890,825	—	1,934,216	34,956,609	7,956,246
Total Other liabilities	<u>\$ 56,121,510</u>	<u>1,023,603</u>	<u>1,934,216</u>	55,210,897	<u>8,008,004</u>
Due within one year				<u>(8,008,004)</u>	
Total noncurrent liabilities				<u>\$ 47,202,893</u>	

Description and Purpose	Year ended June 30, 2020				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
MCVS:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 68,450	—	7,583	60,867	10,204
Net pension liability	1,652,816	97,966	—	1,750,782	—
Total Other liabilities	<u>\$ 1,721,266</u>	<u>97,966</u>	<u>7,583</u>	1,811,649	<u>10,204</u>
Due within one year				<u>(10,204)</u>	
Total noncurrent liabilities				<u>\$ 1,801,445</u>	



STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Year ended June 30, 2020						
	Beginning balance	Additions	Deletions	Total	Elimination Entries	Ending balance	Due within one year
State of Mississippi Institutions of Higher Learning -- Combined:							
Total bonded debt	\$ 1,252,788,253	120,299,495	146,903,973	1,226,183,775	—	1,226,183,775	51,208,164
Total capital leases	843,919	—	193,852	650,067	—	650,067	200,840
Reserves for unpaid claims	72,778,825	—	5,541,216	67,237,609	—	67,237,609	12,897,246
Other long-term liabilities and notes payable:							
Net pension liability	2,649,318,090	196,655,429	2,458,559	2,843,514,960	—	2,843,514,960	—
Net OPEB liability	141,831,761	15,667,267	—	157,499,028	—	157,499,028	—
Accrued leave liabilities	121,899,710	25,340,918	1,842,641	145,397,987	—	145,397,987	24,633,778
Deposits refundable	1,161,728	692,861	19,745	1,834,844	—	1,834,844	—
Notes payable	31,232,804	8,336,907	18,673,692	20,896,019	(8,336,907)	12,559,112	1,791,325
Refundable government advances and other	55,715,299	42,684	8,069,916	47,688,067	—	47,688,067	—
Total other long-term liabilities and notes payable	3,001,159,392	246,736,066	31,064,553	3,216,830,905	(8,336,907)	3,208,493,998	26,425,103
Total	\$ 4,327,570,389	367,035,561	183,703,594	4,510,902,356	(8,336,907)	4,502,565,449	90,731,353
Due within one year						(90,731,353)	
Total noncurrent liabilities						\$ 4,411,834,096	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2019				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Alcorn State University:								
Bonded Debt								
EBC - Series 2009A	\$ 47,000,000	5.125% - 5.25%	2040	\$ 1,730,000	—	815,000	915,000	915,000
EBC - Series 2016	43,630,000	2.00% - 5.00%	2040	43,375,000	—	—	43,375,000	—
Unamortized Premium				3,994,650	—	192,514	3,802,136	192,514
Total Bonded Debt				<u>49,099,650</u>	<u>—</u>	<u>1,007,514</u>	<u>48,092,136</u>	<u>1,107,514</u>
Other Long-term Liabilities:								
Accrued leave liabilities				3,673,129	1,811,660	1,689,078	3,795,711	755,353
Net pension liability				75,934,194	—	777,577	75,156,617	—
Net OPEB liability				4,553,690	—	128,268	4,425,422	—
Deposits refundable				666,362	3,223	—	669,585	—
Total Other liabilities				<u>84,827,375</u>	<u>1,814,883</u>	<u>2,594,923</u>	<u>84,047,335</u>	<u>755,353</u>
Total				<u>\$ 133,927,025</u>	<u>1,814,883</u>	<u>3,602,437</u>	132,139,471	<u>1,862,867</u>
Due within one year							<u>(1,862,867)</u>	
Total noncurrent liabilities							<u>\$ 130,276,604</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2019				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Delta State University:								
Bonded Debt								
EBC - Series 2009A	\$ 3,135,000	2.50% to 3.75%	2019	\$ 430,000	—	430,000	—	—
EBC - Series 2016	15,105,000	2.00% to 5.00%	2039	13,900,000	—	575,000	13,325,000	585,000
Total Bonded Debt				14,330,000	—	1,005,000	13,325,000	585,000
Capital Leases				31,540	—	31,540	—	—
Other Long-term Liabilities:								
Accrued leave liabilities				1,463,614	41,489	—	1,505,103	242,827
Deposits refundable				110,063	—	5,854	104,209	—
Net pension liability				44,338,880	533,580	—	44,872,460	—
Net OPEB liability				3,212,943	55,329	—	3,268,272	—
Federal Loan Fund Repayment Contingency				152,957	148,683	—	301,640	—
Total Other liabilities				49,278,457	779,081	5,854	50,051,684	242,827
Total				\$ 63,639,997	779,081	1,042,394	63,376,684	827,827
Due within one year							(827,827)	
Total noncurrent liabilities							\$ 62,548,857	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2019				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Jackson State University:								
Bonded Debt								
EBC - Series 1982	\$ 4,000,000	1.00% - 3.00%	2021	\$ 510,000	—	165,000	345,000	170,000
EBC - Series 2010A-1	31,325,000	3.00% - 5.00%	2034	—	505,000	—	505,000	505,000
EBC - Series 2015A	57,595,000	2.00% - 5.00%	2045	55,940,000	—	645,000	55,295,000	1,165,000
EBC - Series 2015B	13,065,000	0.069% - 2.6%	2021	5,315,000	—	2,560,000	2,755,000	2,005,000
EBC - Series 2017	6,000,000	3.38%	2028	6,000,000	—	—	6,000,000	—
EBC - Series 2017A	29,745,000	1.6% - 3.7%	2034	29,425,000	—	230,000	29,195,000	230,000
Unamortized premium				8,101,330	41,837	305,376	7,837,791	310,376
Total Bonded Debt				105,291,330	546,837	3,905,376	101,932,791	4,385,376
Capital Leases - Buses	1,127,000	4.56%		781,702	—	105,867	675,835	110,750
Capital Leases - Band equipment	463,638	2.06%		157,376	—	157,376	—	—
Total Capital Leases				939,078	—	263,243	675,835	110,750
Other Long-term Liabilities:								
Accrued leave liabilities				4,681,473	—	490,515	4,190,958	295,236
Net pension liability				152,074,130	—	23,214,359	128,859,771	—
Net OPEB liability				7,923,756	—	740,041	7,183,715	—
Deposits refundable				(667,801)	848,021	—	180,220	—
Federal Loan Fund Repayment Contingency				1,912,787	—	—	1,912,787	—
Notes Payable				323,007	—	105,722	217,285	107,025
Total Other liabilities				166,247,352	848,021	24,550,637	142,544,736	402,261
Total				\$ 272,477,760	1,394,858	28,719,256	245,153,362	4,898,387
Due within one year							(4,898,387)	
Total noncurrent liabilities							\$ 240,254,975	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2019				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi State University:								
Bonded Debt								
Dormitory Revenue System	\$ 2,250,000	3.00%	2022	\$ 280,000	—	90,000	190,000	90,000
Student Apartments	2,038,000	3.00%	2023	340,000	—	80,000	260,000	85,000
EBC - Series 2009A-1	29,615,000	2.50% - 5.25%	2040	1,480,000	—	725,000	755,000	755,000
EBC - Series 2009A-2	17,105,000	2.75% - 5.00%	2025	3,650,000	—	1,790,000	1,860,000	1,860,000
EBC - Series 2011	54,370,000	2.00% - 5.00%	2043	5,010,000	—	1,185,000	3,825,000	1,225,000
EBC - Series 2013	60,470,000	2.00% - 5.00%	2044	10,670,000	—	555,000	10,115,000	570,000
EBC - Series 2014A	89,810,000	2.00% - 5.00%	2044	80,035,000	—	3,480,000	76,555,000	3,625,000
EBC - Series 2014B	23,435,000	0.29% - 4.813%	2044	20,160,000	—	935,000	19,225,000	950,000
EBC - Series 2015	56,010,000	2.00% - 5.00%	2046	53,995,000	—	1,050,000	52,945,000	1,090,000
EBC - Series 2017	63,270,000	2.00% - 5.00%	2046	62,940,000	—	280,000	62,660,000	835,000
EBC - Series 2017A	92,075,000	2.00% - 5.00%	2044	92,075,000	—	205,000	91,870,000	205,000
Unamortized premium				23,294,316	—	2,834,268	20,460,048	2,669,801
Total Bonded Debt				353,929,316	—	13,209,268	340,720,048	13,959,801
Other Long-term Liabilities:								
Accrued leave liabilities				22,894,178	380,369	—	23,274,547	3,458,568
Net pension liability				525,651,937	—	7,691,089	517,960,848	—
Net OPEB liability				30,245,677	—	509,963	29,735,714	—
Deposits refundable				54,702	—	5,795	48,907	—
Federal Loan Fund Repayment Contingency				13,320,312	11,159	—	13,331,471	—
Total Other liabilities				592,166,806	391,528	8,206,847	584,351,487	3,458,568
Total				\$ 946,096,122	391,528	21,416,115	925,071,535	17,418,369
Due within one year							(17,418,369)	
Total noncurrent liabilities							\$ 907,653,166	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2019				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi University for Women:								
Capital Leases								
Network Core Upgrade and golf carts		2.76%	10/10/2018	\$ 77,053	—	77,053	—	—
Other Long-term Liabilities:								
Accrued leave liabilities				1,040,833	51,387	—	1,092,220	43,689
Net pension liability				39,274,129	—	707,770	38,566,359	—
Net OPEB liability				2,342,410	21,675	—	2,364,085	—
Federal Loan Fund Repayment Contingency				885,616	—	72,359	813,257	—
Total Other liabilities				<u>43,542,988</u>	<u>73,062</u>	<u>780,129</u>	<u>42,835,921</u>	<u>43,689</u>
Total				<u>\$ 43,620,041</u>	<u>73,062</u>	<u>857,182</u>	<u>42,835,921</u>	<u>43,689</u>
Due within one year							<u>(43,689)</u>	
Total noncurrent liabilities							<u>\$ 42,792,232</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2019				
				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	\$ 715,000	—	180,000	535,000	180,000
EBC - Series 2015	17,270,000	2.00%	2037	17,185,000	—	405,000	16,780,000	445,000
Total Bonded Debt				17,900,000	—	585,000	17,315,000	625,000
Capital Leases								
Total Capital Leases				249,348	—	81,264	168,084	83,102
Other Long-term Liabilities:								
Accrued leave liabilities				1,608,224	11,919	—	1,620,143	166,109
Net pension liability				41,999,298	303,835	—	42,303,133	—
Net OPEB liability				3,175,395	—	95,254	3,080,141	—
Deposits refundable				31,152	16,136	—	47,288	—
Total Other liabilities				46,814,069	331,890	95,254	47,050,705	166,109
Total				\$ 64,963,417	331,890	761,518	64,533,789	874,211
Due within one year							(874,211)	
Total noncurrent liabilities							\$ 63,659,578	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2019				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi:								
Bonded Debt								
EBC - Series 2008A	\$ 29,785,000	4.00% - 4.25%	2034	\$ 970,000	—	970,000	—	—
EBC - Series 2009A	19,870,000	3.50% - 4.50%	2030	1,835,000	—	900,000	935,000	935,000
EBC - Series 2009B	24,165,000	3.623% - 5.00%	2021	7,395,000	—	2,345,000	5,050,000	2,450,000
EBC - Series 2009C	14,770,000	3.25% - 4.75%	2035	960,000	—	470,000	490,000	490,000
EBC - Series 2011	27,995,000	3.00% - 5.00%	2032	4,455,000	—	945,000	3,510,000	1,050,000
EBC - Series 2013C	62,900,000	3.22%	2034	62,900,000	—	—	62,900,000	—
EBC - Series 2013D	12,100,000	3.10%	2021	6,299,380	—	2,444,706	3,854,674	2,524,952
EBC - Series 2015	12,600,000	Variable	2026	10,350,000	—	900,000	9,450,000	900,000
EBC - Series 2015A	15,660,000	2.00% - 4.00%	2040	15,190,000	—	215,000	14,975,000	230,000
EBC - Series 2015B	10,125,000	1.375% - 3.75%	2030	8,395,000	—	600,000	7,795,000	615,000
EBC - Series 2015C	31,630,000	2.00% - 5.00%	2047	30,420,000	—	625,000	29,795,000	635,000
EBC - Series 2015D	17,660,000	0.993% - 4.452%	2037	16,285,000	—	700,000	15,585,000	710,000
EBC - Series 2016A	33,245,000	2.00% - 5.00%	2035	30,820,000	—	1,890,000	28,930,000	1,940,000
EBC - Series 2017	38,995,000	2.00% - 5.00%	2035	38,400,000	—	—	38,400,000	—
Unamortized Premium				9,056,280	—	724,376	8,331,904	704,850
Total Bonded Debt				243,730,660	—	13,729,082	230,001,578	13,184,802
Other Long-term Liabilities:								
Accrued leave liabilities				15,269,749	1,235,170	—	16,504,919	1,904,000
Net pension liability				319,127,442	6,182,444	—	325,309,886	—
Net OPEB liability				19,806,214	442,483	—	20,248,697	—
Deposits refundable				101,515	7,299	—	108,814	—
Notes Payable - Hancock Bank				7,794,139	—	888,360	6,905,779	911,643
Notes Payable - Renasant Bank				7,884,452	—	705,191	7,179,261	724,588
Notes Payable - Trustmark Bank				17,783,300	—	852,821	16,930,479	939,114
Federal Loan Fund Repayment Contingency				8,465,200	771,000	—	9,236,200	—
Total Other liabilities				396,232,011	8,638,396	2,446,372	402,424,035	4,479,345
Total				\$ 639,962,671	8,638,396	16,175,454	632,425,613	17,664,147
Due within one year							(17,664,147)	
Total noncurrent liabilities							\$ 614,761,466	



STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2019				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Southern Mississippi:								
Bonded Debt								
EBC - Series 2009	\$ 49,900,000	2.75% - 5.38%	2037	\$ 1,320,000	—	585,000	735,000	735,000
EBC - Series 2013	51,875,000	2.00% - 5.00%	2044	8,450,000	—	320,000	8,130,000	395,000
EBC - Series 2015A	38,600,000	2.00% - 5.00%	2034	36,680,000	—	520,000	36,160,000	1,395,000
EBC - Series 2015B	16,690,000	0.50% - 3.25%	2034	11,960,000	—	2,225,000	9,735,000	2,260,000
EBC - Series 2016	58,870,000	2.00% - 5.00%	2040	58,225,000	—	335,000	57,890,000	350,000
EBC - Series 2017	44,005,000	2.00% - 5.00%	2044	43,405,000	—	165,000	43,240,000	165,000
Umamortized Premium				15,073,573	—	1,359,502	13,714,071	1,376,062
Total Bonded Debt				175,113,573	—	5,509,502	169,604,071	6,676,062
Other Long-term Liabilities:								
Accrued leave liabilities				9,360,563	90,746	—	9,451,309	1,155,279
Net pension liability				222,060,208	2,393,461	—	224,453,669	—
Net OPEB liability				14,037,705	6,717	—	14,044,422	—
Deposits refundable				9,626	—	6,921	2,705	—
Federal Loan Fund Repayment Contingency				26,227,863	—	189,710	26,038,153	—
Total Other liabilities				271,695,965	2,490,924	196,631	273,990,258	1,155,279
Total				\$ 446,809,538	2,490,924	5,706,133	443,594,329	7,831,341
Due within one year							(7,831,341)	
Total noncurrent liabilities							\$ 435,762,988	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2019				
				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	\$ 20,805,000	—	3,020,000	17,785,000	3,185,000
MCEBC - Series 2009	105,605,000	2.00% - 5.00%	2034	2,550,000	—	2,550,000	—	—
MCEBC - Series 2010A	24,870,000	5.92% - 6.69%	2032	24,870,000	—	—	24,870,000	—
MCEBC - Series 2010B	20,000,000	6.84%	2035	20,000,000	—	—	20,000,000	—
MCEBC - Series 2010C	5,130,000	2.5% to 5.0%	2020	1,180,000	—	575,000	605,000	605,000
MCEBC - Series 2012A	51,860,000	4.0% to 5.0%	2041	51,860,000	—	—	51,860,000	—
MCEBC - Series 2012B	53,390,000	4.064% to 4.822%	2038	53,390,000	—	—	53,390,000	—
MCEBC - Series 2017A	137,635,000	3.0% to 5.0%	2047	137,390,000	—	—	137,390,000	—
MCEBC - Series 2017B	12,345,000	2.45% to 3.10%	2024	12,345,000	—	—	12,345,000	2,760,000
Unamortized premium				14,553,323	—	1,000,694	13,552,629	796,232
Total Bonded Debt				<u>338,943,323</u>	<u>—</u>	<u>7,145,694</u>	<u>331,797,629</u>	<u>7,346,232</u>
Other Long-term Liabilities:								
Accrued leave liabilities				57,101,294	8,373,490	5,798,354	59,676,430	5,650,073
Federal Loan Fund Repayment Contingency				4,106,793	123,579	148,581	4,081,791	—
Net pension liability				1,212,970,916	19,392,594	—	1,232,363,510	—
Net OPEB liability				57,663,711	—	874,162	56,789,549	—
Reserve for unpaid claims				35,888,000	4,750,000	4,750,000	35,888,000	5,084,000
Total Other liabilities				<u>1,367,730,714</u>	<u>32,639,663</u>	<u>11,571,097</u>	<u>1,388,799,280</u>	<u>10,734,073</u>
Total				<u>\$ 1,706,674,037</u>	<u>32,639,663</u>	<u>18,716,791</u>	<u>1,720,596,909</u>	<u>18,080,305</u>
Due within one year							<u>(18,080,305)</u>	
Total noncurrent liabilities							<u>\$ 1,702,516,604</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Year ended June 30, 2019				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
IHL Board Office:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 710,974	8,946	—	719,920	46,520
Net pension liability	18,081,464	—	262,443	17,819,021	—
Net OPEB liability	712,832	—	21,088	691,744	—
Reserve for unpaid claims	34,678,606	2,212,219	—	36,890,825	8,657,231
Total Other liabilities	\$ 54,183,876	2,221,165	283,531	56,121,510	8,703,751
Due within one year				(8,703,751)	
Total noncurrent liabilities				\$ 47,417,759	

Description and Purpose	Year ended June 30, 2019				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
MCVS:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 65,806	2,644	—	68,450	6,246
Net pension liability	1,649,603	3,213	—	1,652,816	—
Total Other liabilities	\$ 1,715,409	5,857	—	1,721,266	6,246
Due within one year				(6,246)	
Total noncurrent liabilities				\$ 1,715,020	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Description and Purpose	Year ended June 30, 2019				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
State of Mississippi Institutions of Higher Learning -- Combined:					
Total bonded debt	\$ 1,298,337,852	546,837	46,096,436	1,252,788,253	47,869,787
Total capital leases	1,297,019	—	453,100	843,919	193,852
Reserves for unpaid claims	70,566,606	6,962,219	4,750,000	72,778,825	13,741,231
Other long-term liabilities and notes payable:					
Net pension liability	2,653,162,201	28,809,127	32,653,238	2,649,318,090	-
Net OPEB liability	143,674,333	526,204	2,368,776	141,831,761	-
Accrued leave liabilities	117,869,837	12,007,820	7,977,947	121,899,710	13,723,900
Deposits refundable	305,619	874,679	18,570	1,161,728	-
Notes payable	33,784,898	—	2,552,094	31,232,804	2,682,370
Refundable government advances and other	55,071,528	1,054,421	410,650	55,715,299	-
Total other long-term liabilities and notes payable	3,003,868,416	43,272,251	45,981,275	3,001,159,392	16,406,270
Total	\$ 4,374,069,893	50,781,307	97,280,811	4,327,570,389	78,211,140
Due within one year				(78,211,140)	
Total noncurrent liabilities				\$ 4,249,359,249	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

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The annual debt service requirements for the outstanding debt as of June 30, 2020 for each of the respective universities within the IHL System are as follows:

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
Alcorn State University:					
2021	\$ 1,322,513	—	—	1,693,550	3,016,063
2022	1,422,513	—	—	1,693,550	3,116,063
2023	1,527,513	—	—	1,648,925	3,176,438
2024	1,627,513	—	—	1,600,200	3,227,713
2025	1,752,513	—	—	1,532,500	3,285,013
2026 - 2030	10,482,565	—	—	6,327,500	16,810,065
2031 - 2035	10,943,565	—	—	3,844,900	14,788,465
2036 - 2040	17,905,929	—	—	1,325,126	19,231,055
Total	\$ 46,984,624	—	—	19,666,251	66,650,875

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
Delta State University:					
2021	\$ 595,000	—	—	482,900	1,077,900
2022	610,000	—	—	470,850	1,080,850
2023	620,000	—	—	458,550	1,078,550
2024	650,000	—	—	436,100	1,086,100
2025	500,000	—	—	407,350	907,350
2026 - 2030	2,890,000	—	—	1,652,975	4,542,975
2031 - 2035	3,510,000	—	—	1,031,550	4,541,550
2036 - 2040	3,365,000	—	—	276,100	3,641,100
Total	\$ 12,740,000	—	—	5,216,375	17,956,375

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
Jackson State University:					
2021	\$ 4,520,376	115,858	110,260	3,870,875	8,617,369
2022	5,690,376	121,201	—	3,703,558	9,515,135
2023	5,885,376	126,791	—	3,490,108	9,502,275
2024	6,090,376	132,639	—	3,248,854	9,471,869
2025	6,305,376	68,596	—	2,997,636	9,371,608
2026 - 2030	32,141,880	—	—	10,551,799	42,693,679
2031 - 2035	29,461,883	—	—	4,165,395	33,627,278
2036 - 2040	3,526,880	—	—	810,000	4,336,880
2041 - 2045	3,924,892	—	—	308,000	4,232,892
Total	\$ 97,547,415	565,085	110,260	33,146,225	131,368,985

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
Mississippi State University:					
2021	\$ 14,178,567	—	—	13,264,134	27,442,701
2022	14,348,457	—	—	12,756,523	27,104,980
2023	14,545,103	—	—	12,228,438	26,773,541
2024	14,899,553	—	—	11,645,381	26,544,934
2025	13,053,348	—	—	11,049,615	24,102,963
2026 - 2030	65,427,903	—	—	46,675,047	112,102,950
2031 - 2035	65,653,534	—	—	32,438,523	98,092,057
2036 - 2040	67,601,914	—	—	18,503,377	86,105,291
2041 - 2045	55,250,566	—	—	5,374,073	60,624,639
2046 - 2050	1,801,303	—	—	36,000	1,837,303
Total	\$ <u>326,760,248</u>	<u>—</u>	<u>—</u>	<u>163,971,111</u>	<u>490,731,359</u>

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
Mississippi Valley State University:					
2021	\$ 675,000	84,982	—	556,643	1,316,625
2022	725,000	—	—	537,906	1,262,906
2023	575,000	—	—	514,506	1,089,506
2024	625,000	—	—	497,256	1,122,256
2025	675,000	—	—	481,631	1,156,631
2026 - 2030	4,245,000	—	—	2,083,743	6,328,743
2031 - 2035	6,085,000	—	—	1,255,800	7,340,800
2036 - 2040	3,085,000	—	—	175,501	3,260,501
Total	\$ <u>16,690,000</u>	<u>84,982</u>	<u>—</u>	<u>6,102,986</u>	<u>22,877,968</u>

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
University of Mississippi:					
2021	\$ 14,773,433	—	1,681,065	9,163,727	25,618,225
2022	12,837,878	—	1,726,600	8,692,206	23,256,684
2023	13,056,458	—	1,773,371	8,219,993	23,049,822
2024	13,611,458	—	1,821,133	7,678,856	23,111,447
2025	14,256,458	—	1,870,745	7,054,825	23,182,028
2026 - 2030	78,083,499	—	3,575,938	25,024,771	106,684,208
2031 - 2035	59,031,398	—	—	10,223,205	69,254,603
2036 - 2040	18,959,793	—	—	3,661,696	22,621,489
2041 - 2045	8,146,066	—	—	1,455,156	9,601,222
2046 - 2050	1,828,073	—	—	45,125	1,873,198
Total	\$ <u>234,584,514</u>	<u>—</u>	<u>12,448,852</u>	<u>81,219,560</u>	<u>328,252,926</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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June 30, 2020 and 2019

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
University of Southern Mississippi:					
2021	\$ 7,016,012	—	—	6,411,901	13,427,913
2022	7,025,030	—	—	6,221,251	13,246,281
2023	6,097,947	—	—	5,997,599	12,095,546
2024	6,514,927	—	—	5,774,466	12,289,393
2025	6,937,129	—	—	5,538,026	12,475,155
2026 - 2030	40,450,477	—	—	23,307,134	63,757,611
2031 - 2035	47,078,049	—	—	13,805,713	60,883,762
2036 - 2040	28,375,529	—	—	4,942,800	33,318,329
2041 - 2045	12,652,910	—	—	950,650	13,603,560
Total	\$ <u>162,148,010</u>	<u>—</u>	<u>—</u>	<u>72,949,540</u>	<u>235,097,550</u>

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
University of Mississippi					
Medical Center:					
2021	\$ 8,127,264	—	1,553,238	14,853,439	24,533,941
2022	8,473,919	—	1,645,422	14,473,735	24,593,076
2023	8,778,941	—	1,678,634	14,132,820	24,590,395
2024	9,099,347	—	1,712,516	13,771,513	24,583,376
2025	8,544,745	—	1,747,097	13,463,800	23,755,642
2026 - 2030	46,571,727	—	—	61,604,932	108,176,659
2031 - 2035	58,088,995	—	—	50,562,557	108,651,552
2036 - 2040	76,362,503	—	—	34,131,859	110,494,362
2041 - 2045	73,317,987	—	—	16,644,550	89,962,537
2046 - 2050	31,363,536	—	—	2,119,700	33,483,236
Total	\$ <u>328,728,964</u>	<u>—</u>	<u>8,336,907</u>	<u>235,758,905</u>	<u>572,824,776</u>

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
State of Mississippi - Institutions of Higher Learning (Combined):					
2021	\$ 51,208,165	200,840	3,344,563	50,297,169	105,050,737
2022	51,133,173	121,201	3,372,022	48,549,579	103,175,975
2023	51,086,338	126,791	3,452,005	46,690,939	101,356,073
2024	53,118,174	132,639	3,533,649	44,652,626	101,437,088
2025	52,024,569	68,596	3,617,842	42,525,383	98,236,390
2026 - 2030	280,293,051	—	3,575,938	177,227,901	461,096,890
2031 - 2035	279,852,424	—	—	117,327,643	397,180,067
2036 - 2040	219,182,548	—	—	63,826,459	283,009,007
2041 - 2045	153,292,421	—	—	24,732,429	178,024,850
2046 - 2050	34,992,912	—	—	2,200,825	37,193,737
Total	\$ <u>1,226,183,775</u>	<u>650,067</u>	<u>20,896,019</u>	<u>618,030,953</u>	<u>1,865,760,814</u>

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

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### *University of Mississippi*

In October 2019, the University of Mississippi Educational Building Corporation (UMEBC) issued \$73,350,000 and \$3,365,000 of Series 2019A revenue refunding and Series 2019B taxable revenue refunding bonds, respectively. The purpose of these bonds is to refund all or a portion of Mississippi Business Finance Corporation Series 2013(C) revenue bonds, issued in the original principal amount of \$62,900,000; Mississippi Business Finance Corporation Series 2015 revenue bonds, issued in the original principal amount of \$9,450,000; and the UMEBC Taxable Promissory Note Series 2017 issued in the original principal amount of \$17,783,300. The series 2019A revenue refunding bonds bear interest rates ranging from 3.0% to 5.0% with interest due April 1 and October 1 of each year beginning April 2020 and included a premium of \$13,033,330. Principal matures beginning October 1, 2020 through October 1, 2035. The Series 2019B taxable revenue refunding bonds bear interest rates ranging from 1.94% to 2.05% with interest due April 1 and October 1 of each year beginning April 2020. Principal matures beginning October 1, 2020 through October 1, 2023. Repayment of the refunding bonds is secured by a pledge of rental payments pursuant to a lease agreement between the Corporation and the University. The refunding of Series 2013(C) bonds will result in an economic gain of approximately \$5.3 million. The refunding of Series 2015 bonds will result in an economic gain of approximately \$0.5 million. The refunding of Series 2017 bonds will result in an economic gain of approximately \$1.3 million.

### *University of Mississippi Medical Center*

In September 2019, the Medical Center Education Building Corporation issued \$24,380,000 of Series 2019 bonds. The purpose of these bonds is to finance capital expenditures and to refund the Series 2010A bonds, issued in the original principal amount of \$24,870,000. The refunding of Series 2010A bonds will result in an economic gain of approximately \$3.9 million. The Series 2019 revenue refunding bonds bear an interest rate of 5.00% with interest due June 1 and December 1 of each year beginning December 2019 and included a premium of \$6,171,165. Principal matures beginning June 1, 2020 through June 1, 2035. Repayment of the bonds is secured by a pledge of rental payments pursuant to a lease agreement between the Corporation and the Medical Center.

In November 2017, the Medical Center entered into an agreement with University of Mississippi (UM) to provide up to \$40 million of intermediate debt to fund project construction for the Children's of Mississippi expansion. In later years, the agreement was amended to also include project funding for campus heating, ventilation and air conditioning (HVAC) upgrades and Interventional Radiology renovations. For the year ended June 30, 2020, UM provided funding of \$8,336,907 to the Medical Center. The UM note payable bears an interest rate of 2.00% with interest due quarterly beginning September 2020. Principal matures September 2020 through June 2025.



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**Note 11**

**Operating Expenses by Natural and Functional Classifications**

The IHL System's operating expenses by functional classification were as follows for the years ended June 30, 2020 and 2019:

2020										
Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellows hips	Commodities	Depreciation expense	Other	Total
Instruction	\$ 485,856,263	180,988,899	8,126,699	39,926,144	327,855	2,183,785	16,754,404	—	111,727	734,275,776
Research	182,217,133	72,949,298	7,270,653	75,036,822	3,546,892	2,468,056	35,982,378	—	249,045	379,720,277
Public service	83,684,638	32,077,326	3,385,287	31,523,145	936,652	190,536	15,809,472	—	8,684	167,615,740
Academic support	84,044,512	30,047,332	1,809,722	25,502,362	454,294	289,840	16,621,147	—	505,666	159,274,875
Student services	48,297,260	17,782,961	4,014,156	15,312,724	141,942	1,236,442	6,620,199	—	169,697	93,575,381
Institutional support	148,645,312	56,564,455	2,185,874	107,494,906	215,233	1,882,097	18,496,930	—	2,721,296	338,206,103
Operation of plant	50,373,817	22,124,934	162,639	47,994,872	43,010,648	—	17,861,810	—	—	181,528,720
Student aid	4,217,231	5,608,793	56,203	1,366,003	—	221,055,998	180,033	—	—	232,484,261
Auxiliary enterprises	86,636,921	29,065,006	11,493,737	83,804,088	15,490,540	27,341,190	18,071,891	—	58,326	271,961,699
Depreciation	—	—	—	—	—	—	—	166,891,329	—	166,891,329
Hospital	540,619,774	192,335,389	715,434	123,484,103	1,324,813	—	295,180,554	—	—	1,153,660,067
Loan fund expense	—	—	—	309,880	—	—	—	—	1,054,504	1,364,384
	<u>1,714,592,861</u>	<u>639,544,393</u>	<u>39,220,404</u>	<u>551,755,049</u>	<u>65,448,869</u>	<u>256,647,944</u>	<u>441,578,818</u>	<u>166,891,329</u>	<u>4,878,945</u>	<u>3,880,558,612</u>
Elimination entries	—	—	—	(54,099,415)	—	(33,791,975)	—	—	—	(87,891,390)
Total operating expenses	<u>\$ 1,714,592,861</u>	<u>639,544,393</u>	<u>39,220,404</u>	<u>497,655,634</u>	<u>65,448,869</u>	<u>222,855,969</u>	<u>441,578,818</u>	<u>166,891,329</u>	<u>4,878,945</u>	<u>3,792,667,222</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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June 30, 2020 and 2019

2019

Functional Classification	2019									
	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 450,883,023	162,902,493	11,746,241	40,311,181	368,051	1,808,482	18,369,848	—	194,248	686,583,567
Research	197,810,599	78,216,875	9,892,697	69,672,447	3,273,806	2,476,573	36,331,420	—	972,673	398,647,090
Public service	79,974,715	30,105,451	4,701,801	31,219,137	950,529	194,145	8,421,532	—	10,712	155,578,022
Academic support	83,325,233	29,464,186	2,716,083	27,924,802	553,003	388,296	16,683,714	—	2,689	161,058,006
Student services	48,373,814	17,832,253	5,152,531	15,068,728	138,876	1,925,499	7,240,074	—	137,614	95,869,389
Institutional support	142,537,741	49,860,695	2,633,588	93,492,283	507,283	284,090	21,731,853	—	3,046,902	314,094,435
Operation of plant	51,014,570	22,197,222	143,324	50,424,934	46,921,648	—	11,531,243	—	36,654	182,269,595
Student aid	4,038,353	5,637,962	36,896	690,442	—	173,665,552	215,115	—	—	184,284,320
Auxiliary enterprises	85,381,377	27,797,722	13,049,735	90,567,300	15,903,350	28,135,342	22,133,795	—	38,458	283,007,079
Depreciation	—	—	—	—	—	—	—	162,945,647	—	162,945,647
Hospital	512,439,410	172,179,825	1,190,979	121,940,433	1,320,298	—	258,310,418	—	—	1,067,381,363
Loan fund expense	—	—	—	1,053	—	—	—	—	1,003,751	1,004,804
	<u>1,655,778,835</u>	<u>596,194,684</u>	<u>51,263,875</u>	<u>541,312,740</u>	<u>69,936,844</u>	<u>208,877,979</u>	<u>400,969,012</u>	<u>162,945,647</u>	<u>5,443,701</u>	<u>3,692,723,317</u>
Elimination entries	—	—	—	(50,390,650)	—	(31,678,749)	—	—	—	(82,069,399)
Total operating expenses	\$ <u>1,655,778,835</u>	<u>596,194,684</u>	<u>51,263,875</u>	<u>490,922,090</u>	<u>69,936,844</u>	<u>177,199,230</u>	<u>400,969,012</u>	<u>162,945,647</u>	<u>5,443,701</u>	<u>3,610,653,918</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

**Note 12**

**Operating Leases**

Leased property under operating leases is composed of office rent, land, computer software and equipment. The following is a schedule by year of the future minimum rental payments required under noncancelable operating leases:

	<u>Amount</u>
Year ending June 30,	
2021	\$ 27,015,393
2022	22,909,458
2023	19,362,995
2024	16,869,971
2025	16,131,265
2026 - 2030	58,852,618
2031 - 2035	14,920,303
2036 - 2040	<u>1,110,870</u>
Total minimum payments required	<u>\$ 177,172,873</u>

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the years ending June 30, 2020 and 2019 approximated \$27.8 million and \$31.9 million, respectively.

**Note 13**

**Construction Commitments and Financing**

The IHL System has contracted for various construction projects as of June 30, 2020. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

	<u>Remaining estimated cost to complete</u>	<u>Funded by</u>			
		<u>Federal Sources</u>	<u>State Sources</u>	<u>Institutional Sources</u>	<u>Other Sources</u>
Alcorn State University	\$ 31,717,768	—	31,717,768	—	—
Delta State University	595,902	—	595,902	—	—
Jackson State University	18,403,483	—	18,403,483	—	—
Mississippi State University	151,815,870	7,288,000	48,750,531	68,809,044	26,968,295
Mississippi University for Women	3,912,472	—	3,609,990	302,482	—
Mississippi Valley State University	2,566,777	—	2,566,777	—	—
University of Mississippi	168,799,000	—	58,850,000	58,449,000	51,500,000
University of Southern Mississippi	12,329,768	—	8,545,367	3,784,401	—
University of Mississippi Medical Center	<u>60,728,811</u>	<u>—</u>	<u>12,437,822</u>	<u>48,290,989</u>	<u>—</u>
Totals	<u>\$ 450,869,851</u>	<u>7,288,000</u>	<u>185,477,640</u>	<u>179,635,916</u>	<u>78,468,295</u>

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2020 and 2019

### Note 14

#### Donor Restricted Endowments

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated \$32.8 million and \$52.0 million as of June 30, 2020 and 2019, respectively. 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 \$320.3 million and \$339.0 million at June 30, 2020 and 2019, respectively.

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):

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

The employees of the 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, 2019 for fiscal year 2020 and June 30, 2018 for fiscal year 2019.

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 can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

#### Disclosures under GASB Statement No. 68

The pension disclosures that follow for fiscal years 2020 and 2019 include all disclosures for GASB Statement No. 68 using the latest valuation reports available (June 30, 2019). For fiscal year 2020, the measurement date for the PERS defined benefit plan is June 30, 2019. For fiscal year 2019, the measurement date for the PERS defined benefit plan is June 30, 2018. The IHL System is presenting net pension liability as of June 30, 2019 and 2018 for the fiscal years 2020 and 2019 financials, respectively.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2020 and 2019

### **PERS Defined Benefit Plan**

#### **Plan Description**

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

#### **Membership and Benefits Provided**

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

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

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

#### **Contributions**

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

Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. PERS members were required to contribute 9.00% of their annual pay. The system's contractually required contribution rate for the years ended June 30, 2020 and 2019 was 17.40% and 15.75%, respectively, for each year of annual payroll. Contributions from the IHL System are recognized when legally due based on statutory requirements.

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**Employer Contributions**

The IHL System’s contributions to PERS for the years ended June 30, 2020 and 2019 were \$185.4 million and \$165.8 million, respectively. The IHL System’s proportionate share was calculated on the basis of historical contributions. Although GASB Statement No. 68 encourages the use of the employer’s projected long-term contribution effort to the retirement plan, allocation on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the IHL System that are not representative of future contribution effort are excluded in the determination of employer’s proportionate share. Examples of employer contributions not representative of future contribution efforts are contributions towards the purchase of employee service and employer contributions paid by employees in connection with early retirement.

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
PERS defined benefit plan:			
2020	\$ 165,800,374	16.16%	0.24%
2019	160,203,045	15.93%	-0.03%

**Net Pension Liability**

The IHL System’s proportion of the net pension liability at June 30, 2019 and 2018 is as follows:

	Proportionate share of net pension liability	Proportion of net pension liability
PERS defined benefit plan:		
2020	\$ 2,843,514,960	16.16%
2019	2,649,318,090	15.93%

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

Deferred outflows of resources were related to differences between expected and actual experience, changes of assumptions, changes in proportion and differences between employer contributions and the proportionate share of contributions, and contributions made after the measurement date. The difference between expected and actual experience with regard to economic and demographic factors is amortized over the average of the expected remaining service life of active and inactive members which is approximately five years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources.

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

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2020

	Deferred outflows					Deferred inflows		
	Differences between expected and actual experience	Changes of assumptions	Changes in proportion and differences between employer contributions and proportionate share of contributions	Contributions subsequent to the measurement date	Total deferred outflows of resources	Net difference between projected and actual investment earnings on pension plan investment	Differences between expected and actual experience	Total deferred inflows of resources
Alcorn State University	\$ 44,834	743,024	(3,071,170)	4,789,190	2,505,878	829,150	81,577	910,727
Delta State University	28,595	473,894	903,340	2,970,686	4,376,515	528,824	52,029	580,853
Jackson State University	74,776	1,239,247	(17,408,929)	7,808,898	(8,286,008)	1,382,893	136,058	1,518,951
Mississippi State University	330,226	5,472,766	2,484,622	36,670,189	44,957,803	6,107,135	600,861	6,707,996
Mississippi University for Women	23,293	386,022	(1,294,472)	2,605,550	1,720,393	430,767	42,382	473,149
Mississippi Valley State University	26,146	433,307	(213,231)	2,823,856	3,070,078	483,533	47,573	531,106
University of Mississippi	200,689	3,325,982	348,291	21,929,628	25,804,590	3,711,509	365,163	4,076,672
University of Southern Mississippi	136,849	2,267,978	(2,747,453)	13,777,396	13,434,770	2,530,868	249,004	2,779,872
University of Mississippi Medical Center	804,641	13,335,141	50,499,628	88,706,272	153,345,682	14,880,868	1,464,080	16,344,948
Executive Office	11,073	183,507	(277,821)	1,194,824	1,111,583	204,778	20,147	224,925
MCVS	1,036	17,165	20,551	114,024	152,776	19,154	1,885	21,039
Total	\$ 1,682,158	27,878,033	29,243,356	183,390,513	242,194,060	31,109,479	3,060,759	34,170,238

Contributions subsequent to the measurement date of \$183.4 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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2019

	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	Net difference between projected and actual investment earnings on pension plan investment	Changes of assumptions	Differences between expected and actual experience	Total deferred inflows of resources
Alcorn State University	\$ 329,482	44,340	(799,656)	4,363,103	3,937,269	1,494,012	41,507	316,821	1,852,340
Delta State University	196,718	26,474	351,215	2,725,784	3,300,191	892,004	24,782	189,159	1,105,945
Jackson State University	564,914	76,024	(13,779,020)	7,274,360	(5,863,722)	2,561,558	71,166	543,206	3,175,930
Mississippi State University	2,270,711	305,583	(8,328,764)	32,163,084	26,410,614	10,296,362	286,058	2,183,455	12,765,875
Mississippi University for Women	169,072	22,753	(257,442)	2,267,113	2,201,496	766,647	21,299	162,576	950,522
Mississippi Valley State University	185,454	24,958	467,718	2,545,552	3,223,682	840,929	23,363	178,328	1,042,620
University of Mississippi	1,426,140	191,924	7,760,332	19,541,619	28,920,015	6,466,721	179,661	1,371,338	8,017,720
University of Southern Mississippi	983,992	132,422	3,009,520	13,321,459	17,447,393	4,461,836	123,960	946,181	5,531,977
University of Mississippi Medical Center	5,402,611	727,061	22,290,772	78,391,851	106,812,295	24,497,722	680,605	5,195,007	30,373,334
Executive Office	78,118	10,513	(600,350)	1,078,124	566,405	354,218	9,841	75,116	439,175
MCVS	7,246	975	82,700	100,856	191,777	32,856	913	6,967	40,736
Total	\$ 11,614,458	1,563,027	10,197,025	163,772,905	187,147,415	52,664,865	1,463,155	11,168,154	65,296,174

Contributions subsequent to the measurement date of \$163.8 million reported as deferred outflows of resources was recognized as a reduction of the net pension liability in the year ended June 30, 2020.



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

<b>Deferred outflows of resources Year Ended June 30</b>				
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Alcorn State University	\$ (913,538)	(849,706)	(520,069)	(2,283,313)
Delta State University	583,627	522,856	299,345	1,405,828
Jackson State University	(7,151,149)	(7,352,859)	(1,590,898)	(16,094,906)
Mississippi State University	1,823,239	2,956,095	3,508,280	8,287,614
Mississippi University for Women	(333,434)	(380,383)	(171,341)	(885,158)
Mississippi Valley State University	144,439	90,618	11,164	246,221
University of Mississippi	2,504,177	1,408,502	(37,716)	3,874,963
University of Southern Mississippi	390,590	(166,310)	(566,906)	(342,626)
University of Mississippi Medical Center	26,029,514	23,936,322	14,673,574	64,639,410
Executive Office	(83,497)	(24,364)	24,620	(83,241)
MCVS	25,765	7,813	5,177	38,755
Total	<u>\$ 23,019,733</u>	<u>20,148,584</u>	<u>15,635,230</u>	<u>58,803,547</u>

<b>Deferred inflows of resources Year Ended June 30</b>					
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Alcorn State University	\$ (79,065)	1,359,567	(23,767)	(346,008)	910,727
Delta State University	(50,427)	867,120	(15,158)	(220,681)	580,854
Jackson State University	(131,868)	2,267,546	(39,639)	(577,087)	1,518,952
Mississippi State University	(582,356)	10,013,943	(175,055)	(2,548,535)	6,707,997
Mississippi University for Women	(41,077)	706,334	(12,348)	(179,761)	473,148
Mississippi Valley State University	(46,108)	792,855	(13,860)	(201,780)	531,107
University of Mississippi	(353,917)	6,085,806	(106,387)	(1,548,829)	4,076,673
University of Southern Mississippi	(241,335)	4,149,894	(72,545)	(1,056,142)	2,779,872
University of Mississippi Medical Center	(1,418,991)	24,400,337	(426,546)	(6,209,852)	16,344,948
Executive Office	(19,527)	335,777	(5,870)	(85,455)	224,925
MCVS	(1,827)	31,408	(549)	(7,997)	21,035
Total	<u>\$ (2,966,498)</u>	<u>51,010,587</u>	<u>(891,724)</u>	<u>(12,982,127)</u>	<u>34,170,238</u>

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2020 and 2019

### Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. Mississippi state statute requires that an actuarial experience study be completed at least once in each five-year period. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience investigation for the four-year period ending June 30, 2018.

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the years ended June 30, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Valuation date	June 30, 2019	June 30, 2018
Asset valuation method	Market value	Market value
 Actuarial assumptions:		
Inflation rate	2.75 %	3.00 %
Salary increases	3.00	3.25
Investment rate of return	7.75	7.75

### Mortality

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

### Discount Rate

For the years ended June 30, 2020 and 2019, the discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40% and 15.75%, respectively) for the years ended June 30, 2020 and 2019. 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.

### 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

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Asset class	Year ended June 30, 2020		Year ended June 30, 2019	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Domestic Equity	27.00 %	4.90 %	27.00 %	4.60 %
International equity	22.00	4.75	18.00	4.50
Fixed income	20.00	1.50	18.00	0.75
Global Equity	12.00	5.00	12.00	4.75
Real assets	10.00	4.00	10.00	3.50
Private equity	8.00	6.25	8.00	5.10
Cash	1.00	0.25	1.00	0.00
Emerging markets equity	0.00	0.00	4.00	4.75
Emerging debt	0.00	0.00	2.00	2.25
	<u>100.00</u>		<u>100.00</u>	

**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 2020 and 2019, calculated using the discount rate of 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	Discount Rate Sensitivity		
	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
IHL System proportionate share of net pension liability			
2020	\$ 3,737,899,008	\$ 2,843,514,960	\$ 2,105,281,331
2019	3,488,391,705	2,649,318,090	1,951,937,126

**(a) Optional Retirement Plan, a defined contribution plan**

The Optional Retirement Plan (ORP) was established by the Mississippi Legislature in 1990 to help attract qualified and talented institutions of higher learning faculty. 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.

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 years ended June 30, 2020 and 2019 were \$78.6 million and \$67.5 million, respectively, which equaled its required contribution for the period.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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### 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.

The 14-member board is comprised of the Chairman of the Workers' Compensation Commission; the State Personnel Director; the Commissioner of Insurance; the Commissioner of Higher Education; the State Superintendent of Public Education; the Executive Director of the Department of Finance and Administration; the Executive Director of the Mississippi Community College Board; the Executive Director of the Public Employees' Retirement System; two appointees of the Governor; the Chairman of the Senate Insurance Committee, or his designee; the Chairman of the House of Representatives Insurance Committee, or his designee; the Chairman of the Senate Appropriations Committee, or his designee; and the Chairman of the House of Representatives' Appropriations Committee, or his designee. The Board has a fiduciary responsibility to manage the funds of the Plan. The Plan maintains a budget approved by the Board.

##### Membership and Benefits Provided

The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges and school districts. A trust was created June 28, 2018 for the OPEB Plan and, the Plan is considered a cost-sharing multiple-employer defined benefit OPEB plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age-adjusted.

##### Contributions

Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance will have the full cost of such insurance premium deducted monthly from his or her state retirement plan check or direct billed for the cost of the premium if the retirement check is insufficient to pay for the premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board 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.

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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](http://knowyourbenefits.dfa.ms.gov).

At June 30, 2019 and 2018, the Plan provided health coverage to 321 and 327 employer units, respectively.

**Disclosures under GASB Statement No. 75**

The disclosures that follow for fiscal years 2020 and 2019 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2019). For fiscal year 2020, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2019. For fiscal year 2019, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2018. The IHL System is presenting net OPEB liability as of June 30, 2019 and 2018 for the fiscal years 2020 and 2019 financials, respectively.

**Proportionate Share Allocation Methodology**

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

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020 and 2019, the IHL System reported a liability of \$157.5 million and \$141.8 million, respectively, for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2020, the NOL was measured as of June 30, 2019, 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, 2020 and 2019, the IHL System's proportion was 18.56% and 18.34%, respectively.

For the years ended June 30, 2020 and 2019, the IHL System recognized OPEB expense of \$8.7 million and \$6.8 million, respectively.

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

	2020									
	Deferred outflows					Deferred inflows				
	Differences between expected and actual experience	Net difference between projected and actual investment earnings on OPEB Plan investment	Change of assumptions	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Implicit rate subsidy	Total deferred outflows of resources	Change of assumptions	Differences between expected and actual experience	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Total deferred inflows of resources
Alcorn State University	\$ 7,135	89	351,803	25,779	170,890	555,696	244,695	67,545	158,479	470,719
Delta State University	5,378	67	265,160	104,205	126,875	501,685	184,431	50,910	23,386	258,727
Jackson State University	11,150	139	549,769	—	254,636	815,694	382,390	105,555	934,774	1,422,719
Mississippi State University	49,979	623	2,464,331	358,972	1,236,638	4,110,543	1,714,058	473,147	220,825	2,408,030
Mississippi University for Women	3,882	48	191,404	52,497	96,554	344,385	133,130	36,749	21,305	191,184
Mississippi Valley State University	5,012	63	247,137	14,179	116,349	382,740	171,895	47,450	89,486	308,831
University of Mississippi	33,792	421	1,666,189	996,369	829,766	3,526,537	1,158,912	319,905	—	1,478,817
University of Southern Mississippi	23,094	288	1,138,722	332,726	557,594	2,052,424	792,035	218,633	108,462	1,119,130
University of Mississippi Medical Center	97,566	1,233	4,810,818	1,971,657	2,406,881	9,288,155	3,346,153	923,676	44,982	4,314,811
Executive Office	1,148	14	56,637	9,497	26,362	93,658	39,393	10,874	27,672	77,939
<b>Total</b>	<b>\$ 238,136</b>	<b>2,985</b>	<b>11,741,970</b>	<b>3,865,881</b>	<b>5,822,545</b>	<b>21,671,517</b>	<b>8,167,092</b>	<b>2,254,444</b>	<b>1,629,371</b>	<b>12,050,907</b>

\$5.8 million reported as deferred outflows of resources related to OPEB resulting from the IHL System contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ending June 30, 2021.

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		2019				2019		
		Deferred outflows			Deferred inflows			
		Differences between expected and actual experience	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	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	\$							
Delta State University		6,654	129,199	142,563	278,416	232,871	—	232,871
Jackson State University		14,627	—	295,582	310,209	511,854	639,108	1,150,962
Mississippi State University		60,544	—	1,324,942	1,385,486	2,118,730	277,872	2,396,602
Mississippi University for Women		4,813	64,963	102,908	172,684	168,446	—	168,446
Mississippi Valley State University		6,271	18,011	132,873	157,155	219,466	45,417	264,883
University of Mississippi		41,228	1,099,316	895,823	2,036,367	1,442,761	—	1,442,761
University of Southern Mississippi		28,595	416,206	612,232	1,057,033	1,000,693	—	1,000,693
University of Mississippi Medical Center		115,630	170,414	2,586,529	2,872,573	4,046,365	55,209	4,101,574
Executive Office		1,409	10,838	30,450	42,697	49,288	34,500	83,788
Total	\$	288,781	1,941,694	6,313,048	8,543,523	10,105,794	1,109,743	11,215,537

\$6.3 million reported as deferred outflows of resources related to OPEB resulting from the IHL System contributions subsequent to the measurement date was recognized as a reduction of the NOL in the year ended June 30, 2020.

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, 2019 and 2018 measurement periods is 6.4 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						
		2021	2022	2023	2024	2025	Thereafter	Total
Alcorn State University	\$	(21,213)	(21,213)	(21,213)	(9,518)	28,379	(41,135)	(85,913)
Delta State University		(1,770)	(1,770)	(1,770)	7,044	34,714	79,635	116,083
Jackson State University		(104,554)	(104,554)	(104,554)	(86,278)	(19,060)	(442,661)	(861,661)
Mississippi State University		(29,383)	(29,383)	(29,383)	52,539	345,599	155,886	465,875
Mississippi University for Women		(4,685)	(4,685)	(4,685)	1,678	22,426	46,598	56,647
Mississippi Valley State University		(11,177)	(11,177)	(11,177)	(2,961)	23,983	(29,931)	(42,440)
University of Mississippi		81,075	81,075	81,075	136,464	297,124	541,141	1,217,954
University of Southern Mississippi		4,949	4,949	4,949	42,804	157,421	160,628	375,700
University of Mississippi Medical Center		273,571	273,571	273,571	433,499	969,480	342,771	2,566,463
Executive Office		(4,000)	(4,000)	(4,000)	(2,118)	5,198	(1,723)	(10,643)
Total	\$	182,813	182,813	182,813	573,153	1,865,264	811,209	3,798,065

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2020 and 2019

### Actuarial Methods and Assumptions

The following table provides a summary of the actuarial methods and assumptions used to determine the discount rate reported for OPEB for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2019	June 30, 2018
Experience study	April 2, 2019	April 18, 2017
Actuarial assumptions:		
Cost method	Entry age normal	Entry age normal
Inflation rate	2.75 %	3.00 %
Long-term expected rate of return	3.50 %	4.50 %
Discount rate	3.50 %	3.89 %
Projected cash flows	N/A	N/A
Projected salary increases	3.00% - 18.25%	3.25% - 18.50%
Healthcare cost trend rates	7.00% decreasing to 4.75% by 2028	7.25% decreasing to 4.75% by 2028

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

### Mortality

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

### Discount Rate

For the years ended June 30, 2020 and 2019, the discount rate used to measure the total OPEB liability was 3.50% and 3.89%, respectively. The discount rate is based on an average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System).

### Long-term Expected Rate of Return

At June 30, 2020 and 2019, the long-term expected rate of return, net of OPEB plan investment expense, including inflation was 3.50% and 4.50%, respectively.

### 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 2020 and 2019, calculated using the discount rate of 3.50% and 3.89%, respectively, 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:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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	Discount Rate Sensitivity		
	1% Decrease (2.50%)	Current discount rate (3.50%)	1% Increase (4.50%)
IHL System proportionate share of net OPEB liability 2020	\$ 174,953,940	\$ 157,499,028	\$ 142,564,721

	Discount Rate Sensitivity		
	1% Decrease (2.89%)	Current discount rate (3.89%)	1% Increase (4.89%)
IHL System proportionate share of net OPEB liability 2019	\$ 157,216,990	\$ 141,831,761	\$ 128,599,996

**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
IHL System proportionate share of net OPEB liability 2020	\$ 145,947,120	\$ 157,499,028	\$ 170,585,386
2019	131,383,093	141,831,761	153,698,470

**Non-cash Impact on Fringe Benefits Expense**

For the years ended June 30, 2020 and 2019, the non-cash impact of GASB Statement No. 68 on fringe benefits expense was \$108.0 million and \$111.6 million, respectively. For the years ended June 30, 2020 and 2019, the non-cash impact of GASB Statement No. 75 on fringe benefits expense was \$3,374,644 and \$448,534, respectively.



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Year ended June 30, 2020				
	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	\$ 12,213,941	(1,120,383)	(66,394)	11,027,164
Delta State University	10,820,419	(1,862,529)	(90,992)	8,866,898
Jackson State University	18,698,609	1,693,252	43,206	20,435,067
Mississippi State University	143,615,846	(15,647,563)	(605,552)	127,362,731
Mississippi University for Women	7,895,831	(810,992)	(54,316)	7,030,523
Mississippi Valley State University	9,066,147	(1,535,553)	(53,152)	7,477,442
University of Mississippi	84,671,830	(13,109,388)	(646,334)	70,916,108
University of Southern Mississippi	62,226,425	(8,136,976)	(352,687)	53,736,762
University of Mississippi Medical Center	287,545,684	(67,237,973)	(1,537,292)	218,770,419
Executive Office	2,472,096	(138,972)	(11,131)	2,321,993
Mississippi Commission for Volunteer Service	317,565	(117,270)	—	200,295
	<u>\$ 639,544,393</u>	<u>(108,024,347)</u>	<u>(3,374,644)</u>	<u>528,145,402</u>
Year ended June 30, 2019				
	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	\$ 12,858,503	(2,162,596)	(15,760)	10,680,147
Delta State University	9,696,990	(1,021,922)	(30,099)	8,644,969
Jackson State University	23,257,308	(3,152,675)	54,671	20,159,304
Mississippi State University	135,565,687	(16,147,658)	(4,722)	119,413,307
Mississippi University for Women	8,113,408	(1,667,599)	(17,155)	6,428,654
Mississippi Valley State University	9,025,447	(1,572,893)	(8,000)	7,444,554
University of Mississippi	81,461,858	(15,808,334)	(230,793)	65,422,731
University of Southern Mississippi	56,771,346	(8,499,534)	(115,648)	48,156,164
University of Mississippi Medical Center	256,911,360	(61,533,151)	(83,587)	195,294,622
Executive Office	2,231,089	107,573	2,559	2,341,221
Mississippi Commission for Volunteer Service	301,688	(112,636)	—	189,052
	<u>\$ 596,194,684</u>	<u>(111,571,425)</u>	<u>(448,534)</u>	<u>484,174,725</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 \$29.3 million and \$20.3 million at June 30, 2020, respectively, and \$26.5 million and \$21.8 million at June 30, 2019, respectively, and are included in the statements 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

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for the years ended June 30, 2020 and 2019 were approximately \$345,000 and \$331,000, respectively. 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.

The following represents changes in the unpaid claims liabilities for the WC Fund for the years ended June 30, 2020, 2019, and 2018 (in thousands):

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Unpaid claim liability at beginning of year	\$ 21,700	20,992	21,419
Incurred claims:			
Insured events of the current	7,801	8,304	8,952
Decrease in provisions for insured events of prior years	(4,057)	(2,403)	(4,339)
Total incurred claims	3,744	5,901	4,613
Payments:			
Attributable to insured events of the current year	1,420	1,579	1,664
Attributable to insured events of the prior year	3,957	3,614	3,376
Total payments	5,377	5,193	5,040
Unpaid claim liability at end of year	\$ 20,067	21,700	20,992

Total accrued claims, included in long-term liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$2.2 million and \$2.5 million as of June 30, 2020 and 2019, respectively.

### Note 18

#### Unemployment Trust Fund

The IHL System participates in a self-funded Unemployment Trust Fund (the Unemployment Fund). The Unemployment Fund exists in order 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 \$10.1 million and \$4.2 million at June 30, 2020, respectively, and \$8.6 million and \$4.2 million at June 30, 2019, respectively, and are included in the statements of net position.

A professionally licensed actuarial firm was contracted to perform an actuarial analysis of the Unemployment Fund as of June 30, 2020. The actuaries concluded that the fund's actual assets at June 30, 2020 exceeded the recommended minimum fund balance. The recommended fund balance at June 30, 2020 is \$4.3 million. Actual fund assets equaled \$10.1 million at June 30, 2020. The fiscal year 2021 assessment level was set at \$1.7 million. Future assessments are recommended to be set at \$1.7 million for fiscal year 2022, \$1.7 million for fiscal year 2023, and \$1.7 million for fiscal year 2024. 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.

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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, 2020. Total assets and liabilities related to this activity approximated \$17.9 million and \$10.7 million at June 30, 2020, respectively, and \$17.7 million and \$11.0 million at June 30, 2019, respectively, and are included in the statements of net position.

The following represents changes in the unpaid claims liabilities for the IHL Tort Fund during the years ended June 30, 2020, 2019, and 2018 (in thousands):

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Unpaid claim liability at beginning of year	\$ 10,912	9,694	10,319
Incurred claims:			
Insured events of the current	3,354	3,628	3,741
Decrease in provisions for insured events of prior years	(1,495)	(668)	(2,530)
Total incurred claims	1,859	2,960	1,211
Payments:			
Attributable to insured events of the current year	65	205	426
Attributable to insured events of the prior year	2,146	1,537	1,410
Total payments	2,211	1,742	1,836
Unpaid claim liability at end of year	\$ 10,560	10,912	9,694

Total accrued claims, included in long-term liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$932,000 and \$990,000 as of June 30, 2020 and 2019, respectively.

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 \$48.1 million and \$31.2 million at June 30, 2020, respectively, and approximated \$45.6 million and \$35.5 million at June 30, 2019, 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.

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Notes to Financial Statements

June 30, 2020 and 2019

The following represents changes in the unpaid claims liabilities for the UMMC Tort Claims Fund for the years ended June 30, 2020, 2019 and 2018 (in thousands):

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Unpaid claim liability at beginning of year	\$ 35,491	35,888	35,255
Incurring claims:			
Insured events of the current	5,567	8,970	8,245
Decrease in provisions for insured events of prior years	<u>(6,925)</u>	<u>(5,975)</u>	<u>(3,527)</u>
Total incurred claims	<u>(1,358)</u>	<u>2,995</u>	<u>4,718</u>
Payments:			
Attributable to insured events of the current year	16	504	27
Attributable to insured events of the prior year	<u>2,919</u>	<u>2,888</u>	<u>4,058</u>
Total payments	<u>2,935</u>	<u>3,392</u>	<u>4,085</u>
Unpaid claim liability at end of year	<u>\$ 31,198</u>	<u>35,491</u>	<u>35,888</u>

At June 30, 2020 and 2019, unpaid claims of \$34.4 million and \$39.2 million, respectively, are presented at their net present value of \$31.2 million and \$35.5 million, respectively, using a discount rate of 4%.

**Note 21**

**COVID Relief Funds**

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. As a result of COVID-19, University campuses were ordered to close in March 2020. Remaining Spring course instruction and the start of the Summer course instruction was delivered through remote learning methods for all students. Residence and dining halls were temporarily shut down, with room and board refunds paid to students based on the prorated charges.

On March 27, 2020, Congress passed and President Trump signed into law the Coronavirus Aid, Relief, and Economic Securities (CARES) Act. The CARES Act allocated \$14 billion to higher education through the creation of the Education Stabilization Fund. The System's universities received various emergency relief grants totaling \$100.6 million, of which approximately \$35.1 million is required to go directly to students in the form of emergency financial aid grants to cover expenses related to the disruption of campus operations due to COVID-19. The remaining funding was provided to the institution to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Additionally, the system received \$47.4 million in grants provided to the state of Mississippi by an appropriation of the Legislature. Furthermore, \$30.6 million was awarded to UMMC through the Acute Care, Rural Hospital, Rural Health Clinic, HHS Stimulus Medical Safety Net, and other CARES Act sources. With both federal and state funds, the IHL System received a total of \$178.7 million. Through June 30, 2020, the System had incurred expenses and recorded revenues of approximately \$56 million related to the CARES Act. These amounts are reflected in the statement of revenues, expenses and changes in net position as nonoperating grants revenue.

COVID-19 may also impact various parts of the System's fiscal year 2021 operations and financial results, including, but not limited to declines in enrollment, loss of auxiliary revenues and costs for increased use of technology. Management believes the System is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2020 and 2019

### Note 22

#### Subsequent Events

On October 29, 2020, the Medical Center Educational Building Corporation (MCEBC) issued \$158,125,000 of Series 2020B taxable revenue bonds to advance refund MCEBC Build America Bonds Series 2010B, Series 2012A, Series 2012B, and finance capital expenditures, including but not limited to the Parking Garage C and the Mississippi Center for Emergency Services.

### Note 23

#### 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, 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.

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.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

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### *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, 2020 and 2019, 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 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, the 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 91% and 90% as of June 30, 2020 and 2019, respectively, 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, 2020 and 2019:

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	<u>2020</u>	<u>2019</u>
Unconditional promises expected to be collected in:		
One year	\$ 11,188,945	11,626,312
two to five years	21,805,847	22,249,630
More than five years	5,888,251	5,005,000
	<u>38,883,043</u>	<u>38,880,942</u>
Present value discounts (rates ranging from 0.3% to 5.0%)	<u>(5,031,064)</u>	<u>(5,518,792)</u>
	33,851,979	33,362,150
Allowances for uncollectible pledges	<u>(965,036)</u>	<u>(1,112,007)</u>
	<u>\$ 32,886,943</u>	<u>32,250,143</u>

**(d) Investments**

Investments are summarized as follows as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Short-term investments	\$ 8,685,646	8,094,707
Agility Comprehensive Solutions Fund	400,156,048	408,128,487
Global fixed income	4,020,077	4,220,959
Global equities	7,874,380	9,472,100
Real assets	23,686,055	31,615,070
Absolute return strategies	138,669	308,893
Private capital	21,856,293	15,192,530
Contributed properties held for investment	29,613,054	34,594,669
Cash-surrender value of life insurance	<u>3,225,348</u>	<u>1,886,091</u>
	<u>\$ 499,255,570</u>	<u>513,513,506</u>

Prior to March 2020, the MSIP had invested in a limited partnership interest in the Agility Comprehensive Solutions Feeder Fund LP, a Delaware limited partnership (the Feeder Fund). The Feeder Fund invested all, or substantially all, of its investable assets on an investment-by-investment basis, either (i) directly through a “master fund/feeder fund” structure, or (ii) indirectly through Agility Comprehensive Solutions Offshore Fund Ltd., a Cayman Islands exempted company, in Agility Comprehensive Solutions Fund LP., a Delaware limited partnership (the Master Fund). In March 2020, the MSIP transferred its entire interest in the Feeder Fund to a direct investment in the Master Fund. Perella Weinberg Partners Agility Comprehensive Solutions Fund GP LP serves as general partner of both the Feeder Fund and the Master Fund. The Master Fund invests in five broad asset classes with approximate allocation percentages at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Global equities	65 %	56 %
Global fixed income	8	12
Absolute return strategies	15	21
Real assets	7	8
Private capital	5	3

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, 2020 and 2019 with a fair value of \$12.0 million and \$12.8 million, respectively.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2020 and 2019

The following schedule summarizes net investment income in the consolidated statements of activities for the years ended June 30, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Dividends and interest, net of expenses	\$ 2,802,490	2,557,241
Net realized and unrealized gains	(1,294,827)	18,293,833
	\$ 1,507,663	20,851,074

### 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 summarizes MSUF's financial instruments by major category in the fair value hierarchy as of June 30, 2020 and 2019:



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	2020				
	Level 1	Level 2	Level 3	Investments at NAV	Total
Short-term investments	\$ 8,685,646	—	—	—	8,685,646
Agility-Comprehensive Solutions Fund (1)	—	—	—	400,156,048	400,156,048
Global fixed income:					
Interest-rate sensitive	4,020,077	—	—	—	4,020,077
Global equities:					
Domestic	7,874,380	—	—	—	7,874,380
Real assets:					
Real estate funds (2)	—	—	—	15,551,744	15,551,744
Natural resources (3)	—	—	—	8,134,311	8,134,311
Total real assets	—	—	—	23,686,055	23,686,055
Absolute return strategies (4)	—	—	—	138,669	138,669
Private capital (2)	—	—	—	21,856,293	21,856,293
Contributed properties held for investment (5)	—	—	29,613,054	—	29,613,054
Cash surrender value of life insurance (6)	—	3,225,348	—	—	3,225,348
Total investments	\$ 20,580,103	3,225,348	29,613,054	445,837,065	499,255,570
Present value of amounts due from externally managed trusts	\$ —	—	49,559,753	—	49,559,753

	2019				
	Level 1	Level 2	Level 3	Investments at NAV	Total
Short-term investments	\$ 8,094,707	—	—	—	8,094,707
Agility-Comprehensive Solutions Feeder Fund LP (1)	—	—	—	408,128,487	408,128,487
Global fixed income:					
Interest-rate sensitive	4,220,959	—	—	—	4,220,959
Global equities:					
Domestic	9,472,100	—	—	—	9,472,100
Real assets:					
Real estate funds (2)	—	—	—	19,431,181	19,431,181
Natural resources (3)	—	—	—	12,183,889	12,183,889
Total real assets	—	—	—	31,615,070	31,615,070
Absolute return strategies (4)	—	—	—	308,893	308,893
Private capital (2)	—	—	—	15,192,530	15,192,530
Contributed properties held for investment (5)	—	—	34,594,669	—	34,594,669
Cash surrender value of life insurance (6)	—	1,886,091	—	—	1,886,091
Total investments	\$ 21,787,766	1,886,091	34,594,669	455,244,980	513,513,506
Present value of amounts due from externally managed trusts	\$ —	—	50,787,293	—	50,787,293

- (1) The feeder fund and 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 \$19.0 million and \$11.6 million of MSIP's investment in the Fund is considered illiquid at June 30, 2020 and 2019, respectively, with up to a 10-year lockup period and 1 to 3-year extensions.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

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- (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 \$11,274,000 and \$5,345,000 at June 30, 2020 and 2019, respectively. 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 and four natural resource investments at June 30, 2020 and 2019, respectively, which have terms ending in 2022, 2025 and 2026. Investments with lockup periods are subject to one or more one to two-year extensions. Future commitments to these funds approximate \$7,113,500 and \$8,695,000 at June 30, 2020 and 2019, respectively.
- (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, 2020 and 2019, the MSUF had no absolute return strategy investments for which an otherwise redeemable investment was not redeemable.
- (5) Bulldog Forest properties totaling approximately \$27,414,855 and \$21,608,000 at June 30, 2020 and 2019, respectively, 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.

The following table presents MSUF's activities for the years ended June 30, 2020 and 2019 for contributed properties held for investments classified in Level 3:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 34,594,669	33,335,253
Acquisitions	1,976,062	1,068,806
Dispositions	(6,597,267)	(347,500)
Net realized and unrealized gains	(360,410)	538,110
Balance, end of year	<u>\$ 29,613,054</u>	<u>34,594,669</u>

For the years ended June 30, 2020 and 2019, the changes in present value of amounts due from externally managed trusts classified as Level 3 are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 50,787,293	50,702,847
Terminations	—	(619,478)
Change in valuation	(1,227,540)	703,924
Balance, end of year	<u>\$ 49,559,753</u>	<u>50,787,293</u>

### (e) Net Assets Without Donor Restrictions

Net assets without donor restrictions as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Spendable funds	\$ 17,389,112	12,532,812
Quasi-endowment funds	23,550,070	19,658,949
Net investment in land, buildings and equipment	9,978,892	10,316,928
	<u>\$ 50,918,074</u>	<u>42,508,689</u>

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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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
General college support	\$ 10,358,473	10,883,299
Student financial aid	12,407,071	16,613,295
Research	148,719	198,651
Faculty and staff support	281,457	374,819
Facilities	(782,342)	9,909,095
Other	453,797	1,851,167
	<u>22,867,175</u>	<u>39,830,326</u>
Subject to the passage of time and specified purpose:		
Charitable remainder trusts, cash surrender value of life insurance, gift annuities and other	11,485,256	15,519,311
Pledges receivable restricted by donors	14,559,624	15,814,926
	<u>26,044,880</u>	<u>31,334,237</u>
Donor restricted endowments subject to spending policy and appropriation to support the following purposes (including net accumulated earnings of approximately \$37,065,000 and \$50,108,000 at June 30, 2020 and 2019, respectively):		
Subject to endowment spending policy and appropriation:		
General college support	99,832,564	91,652,973
Student financial aid	191,775,536	193,293,683
Research	15,892,611	16,138,355
Faculty and staff support	54,966,929	55,915,805
Facilities	7,558,576	7,730,315
Other	7,704,922	11,045,193
	<u>377,731,138</u>	<u>375,776,324</u>
Charitable remainder trusts, gift annuities and other	46,177,250	47,584,896
Pledges receivable restricted to endowment by donors	18,327,319	16,435,217
	<u>\$ 491,147,762</u>	<u>510,961,000</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 compositions by type of fund as of June 30, 2020 and 2019 are as follows:

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	<b>2020</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor restricted endowment funds	\$ —	377,731,138	377,731,138
Board-designated funds	23,550,070	—	23,550,070
Total	<u>\$ 23,550,070</u>	<u>377,731,138</u>	<u>401,281,208</u>

	<b>2019</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor restricted endowment funds	\$ —	375,776,324	375,776,324
Board-designated funds	19,658,949	—	19,658,949
Total	<u>\$ 19,658,949</u>	<u>375,776,324</u>	<u>395,435,273</u>

Changes in endowment net assets for the fiscal years ended June 30, 2020 and 2019 are as follows:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Endowment net assets, June 30, 2018	\$ 19,670,908	354,960,178	374,631,086
Investment returns, net	435,852	15,025,238	15,461,090
Contributions	6,183	18,631,716	18,637,899
Appropriation of endowment assets for expenditure	(460,623)	(12,831,061)	(13,291,684)
Other	6,629	(9,747)	(3,118)
Endowment net assets, June 30, 2019	<u>19,658,949</u>	<u>375,776,324</u>	<u>395,435,273</u>
Investment returns, net	(719,153)	(907,135)	(1,626,288)
Contributions	9,917	15,394,268	15,404,185
Appropriation of endowment assets for expenditure	(911,943)	(12,873,258)	(13,785,201)
Other	5,512,300	340,939	5,853,239
Endowment net assets, June 30, 2020	<u>\$ 23,550,070</u>	<u>377,731,138</u>	<u>401,281,208</u>

**(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 \$1,903,505 and \$718,576 at June 30, 2020 and 2019, respectively. These endowments had an original gift value of approximately \$55.4 million and \$32.9 million at June 30, 2020 and 2019, respectively.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2020 and 2019

### Note 24

#### **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.

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

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## Notes to Financial Statements

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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, 2020 and 2019, 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, 2020 and 2019 is as follows:

	2020	2019
Unconditional promises expected to be collected in:		
One year	\$ 16,221,488	14,187,360
Two to five years	38,510,914	38,607,939
More than five years	41,795,150	28,179,628
	96,527,552	80,974,927
Present value discounts (rates ranging from 0.73% to 4.9%)	(13,004,229)	(11,887,077)
	83,523,323	69,087,850
Allowances for uncollectible pledges	(2,681,798)	(2,481,848)
	\$ 80,841,525	66,606,002

### (d) Investments

Investments, aggregated by investment strategy, consist of the following at June 30, 2020 and 2019:

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	<u>2020</u>	<u>2019</u>
Investment strategy:		
Fixed income:		
U.S. government securities	\$ 3,446,113	3,698,434
Corporate bonds	25,136,691	20,824,579
Certificates of deposit	533,464	522,625
Other fixed income securities	28,451,332	30,707,071
Total fixed income	<u>57,567,600</u>	<u>55,752,709</u>
Equities:		
Common stocks	28,407,477	28,626,727
International common stock funds	537,216	660,892
Mutual funds	3,421,496	3,515,956
Total equities	<u>32,366,189</u>	<u>32,803,575</u>
Real estate owned	3,539,381	4,079,468
Other short-term investments	64,144,129	22,555,664
Pooled investment funds, at NAV	338,737,208	408,877,214
Total investments	<u>\$ 496,354,507</u>	<u>524,068,630</u>

The following schedule summarizes net investment income in the statements of activities for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Dividends and interest, net of expenses	\$ 9,281,378	7,139,600
Net realized and unrealized gains	<u>(33,767,311)</u>	<u>15,212,955</u>
	<u>\$ (24,485,933)</u>	<u>22,352,555</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

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intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statement of financial position.

The following tables present the financial assets of UMF carried at fair value by level within the valuation hierarchy as of June 30, 2020 and 2019:

	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment strategy:				
Fixed income:	\$			
U.S. Government securities	—	3,446,113	—	3,446,113
Corporate bonds	—	25,136,691	—	25,136,691
Certificates of deposit	—	533,464	—	533,464
Other fixed income securities	23,936,722	4,514,610	—	28,451,332
Total fixed income	<u>23,936,722</u>	<u>33,630,878</u>	<u>—</u>	<u>57,567,600</u>
Equities:				
Common stock	28,407,477	—	—	28,407,477
International common stock funds:	537,216	—	—	537,216
Mutual funds	3,421,496	—	—	3,421,496
Total equities	32,366,189	—	—	32,366,189
Real estate owned	—	—	3,539,381	3,539,381
Other short-term investments	64,144,129	—	—	64,144,129
	\$ <u>120,447,040</u>	<u>33,630,878</u>	<u>3,539,381</u>	157,617,299
Pooled investment funds, at NAV				<u>338,737,208</u>
Total investments			\$	<u><u>496,354,507</u></u>
Beneficial interest in trusts	\$ 3,936,261	6,293,165	—	10,229,426



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		<b>2019</b>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment strategy:					
Fixed income:	\$				
U.S. Government securities		—	3,698,434	—	3,698,434
Corporate bonds		—	20,824,579	—	20,824,579
Certificates of deposit		—	522,625	—	522,625
Other fixed income securities		26,588,520	4,118,551	—	30,707,071
Total fixed income		<u>26,588,520</u>	<u>29,164,189</u>	<u>—</u>	<u>55,752,709</u>
Equities:					
Common stock		28,626,727	—	—	28,626,727
Common stock funds:					
International		660,892	—	—	660,892
Mutual funds		<u>3,515,956</u>	<u>—</u>	<u>—</u>	<u>3,515,956</u>
Total equities		32,803,575	—	—	32,803,575
Real estate owned		—	—	4,079,468	4,079,468
Other short-term investments		<u>22,555,664</u>	<u>—</u>	<u>—</u>	<u>22,555,664</u>
	\$	<u>81,947,759</u>	<u>29,164,189</u>	<u>4,079,468</u>	115,191,416
Pooled investment funds, at NAV					<u>408,877,214</u>
Total investments				\$	<u>524,068,630</u>
Beneficial interest in trusts	\$	3,441,055	6,832,146	—	10,273,201

The following table includes a rollforward of the amounts for the years ended June 30, 2020 and 2019 for investments classified within Level 3:

	<u>Real estate owned</u>
Balance as of June 30, 2018	\$ 3,919,468
Net realized and unrealized losses	—
Acquisitions	160,000
Dispositions	<u>—</u>
Balance as of June 30, 2019	4,079,468
Net realized and unrealized losses	(540,087)
Acquisitions	—
Dispositions	<u>—</u>
Balance as of June 30, 2020	<u>\$ 3,539,381</u>

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Notes to Financial Statements

June 30, 2020 and 2019

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, 2020:

<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	\$ 12,652,723	—	Semiannually	60 days	Indefinite
Energy MLP	9,626,887	—	Quarterly	60 days	Indefinite
Event driven	13,311,272	—	Quarterly	60 days	Indefinite
Fixed income	23,356,789	—	Daily	5 days	Indefinite
Global equity	43,027,594	—	No redemption feature	None	Indefinite
Global equity-long only	46,693,043	—	Quarterly	90 days	Indefinite
High income	604,880	—	Quarterly	120 days	Indefinite
Long/short equity fund	23,197,127	—	Quarterly	60 days	Indefinite
Natural resource private fund	7,104,325	13,801	No redemption feature	None	10 years
Private credit	7,085,959	—	No redemption feature	None	Indefinite
Relative value	14,834,839	—	Quarterly	65 days	Indefinite
Timber fund	10,078,244	—	No redemption feature	None	12 years
Other	42,327	—	No redemption feature	None	Indefinite
Venture capital and private equity	127,121,199	52,433,203	No redemption feature	None	7 years to indefinite
	<u>\$ 338,737,208</u>				
Real estate:					
Real estate owned	\$ 3,539,381		No redemption feature	None	Indefinite
	<u>\$ 3,539,381</u>				

**(e) Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30, 2020 and 2019 were restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Spendable:		
Academic and program support	\$ 198,110,337	178,032,801
Scholarship support	56,335,571	75,759,328
Faculty support	25,893,939	39,100,045
Library support	6,628,894	8,771,050
Total	<u>\$ 286,968,741</u>	<u>301,663,224</u>
Endowment:		
Academic and program support	\$ 59,528,388	54,083,486
Scholarship support	122,075,173	118,100,910
Faculty support	76,217,594	75,311,037
Library support	14,006,374	13,947,847
Total	<u>271,827,529</u>	<u>261,443,280</u>
Total net assets with donor restrictions	<u>\$ 558,796,270</u>	<u>563,106,504</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

**(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 compositions by type of fund as of June 30, 2020 and 2019 are as follows:

	<b>2020</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	\$ —	271,827,529	271,827,529
Portion subject to appropriation	—	83,592,937	83,592,937
Board-designated quasi endowment	14,294,049	—	14,294,049
Total endowment funds	<u>\$ 14,294,049</u>	<u>355,420,466</u>	<u>369,714,515</u>
	<b>2019</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	\$ —	261,443,280	261,443,280
Portion subject to appropriation	—	125,641,224	125,641,224
Board-designated quasi endowment	14,271,593	—	14,271,593
Total endowment funds	<u>\$ 14,271,593</u>	<u>387,084,504</u>	<u>401,356,097</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Endowment net assets, June 30, 2018	\$ 15,283,457	372,073,054	387,356,511
Contributions and transfers to endowment	—	12,672,947	12,672,947
Appropriation of expenditures	(1,692,533)	(11,149,379)	(12,841,912)
Investment return:			
Investment income	928,004	11,913,031	12,841,035
Net appreciation (depreciation)	(247,335)	1,574,851	1,327,516
Endowment net assets, June 30, 2019	14,271,593	387,084,504	401,356,097
Contributions and transfers to endowment	—	10,357,996	10,357,996
Appropriation of expenditures	(226,945)	(12,017,214)	(12,244,159)
Investment return:			
Investment income	745,955	13,037,864	13,783,819
Net depreciation	(496,554)	(43,042,684)	(43,539,238)
Endowment net assets, June 30, 2020	\$ <u>14,294,049</u>	<u>355,420,466</u>	<u>369,714,515</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, 2020, there was one fund underwater with an original gift value of \$25.2 million, fair value of \$24.0 million and deficiency of \$1.2 million which is reported in net assets with donor restrictions. At June 30, 2019, there were no funds underwater.

**Note 25**

**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 not-for-profit 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.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2020 and 2019

### **(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 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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

*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, 2020 and 2019, 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.

**(c) Pledges Receivable, Net**

Pledges receivable, net, are summarized as follows at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 3,963,125	3,976,656
One year to five years	3,502,335	5,546,812
More than five years	6,700	102
	<u>7,472,160</u>	<u>9,523,570</u>
Present value discounts (rates ranging from 0.29% to 3.5%)	(154,314)	(354,694)
	<u>7,317,846</u>	<u>9,168,876</u>
Allowances for uncollectible pledges	(347,600)	(297,000)
	<u>\$ 6,970,246</u>	<u>8,871,876</u>

**(d) Investments**

Investments, aggregated by investment strategy, consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Fixed income:		
U.S. government securities	\$ 1,292,935	1,030,050
Corporate bonds	3,052,100	2,545,355
Mutual funds	44,191,350	42,408,778
Other fixed income securities	1,856,205	1,313,963
Total fixed income	<u>50,392,590</u>	<u>47,298,146</u>
Equities:		
Mutual and common stock funds	49,257,498	51,202,025
Alternative investments:		
Hedge funds	12,553,972	9,372,248
Real estate investment funds	4,236,575	3,430,785
Private equity funds	1,492,076	818,561
Total alternative investments	<u>18,282,623</u>	<u>13,621,594</u>
Cash and cash equivalents	199,358	163,453
Pending purchases	—	4,690,000
Investments held at cost	73,532	118,433
Total investments	<u>\$ 118,205,601</u>	<u>117,093,651</u>

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Financial Statements

June 30, 2020 and 2019

The following schedule summarizes net investment income in the consolidated statements of activities for the years ended June 30, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Dividends and interest, net of expenses	\$ 2,179,961	2,047,388
Net realized and unrealized gains	(374,663)	3,939,942
	\$ 1,805,298	5,987,330

### **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 consolidated statements of financial position.

The following tables present USMF's financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2020 and 2019:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

	<b>2020</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
U.S. Government securities	\$ —	1,292,935	—	1,292,935
Corporate bonds	—	3,052,100	—	3,052,100
Mutual funds	44,191,350	—	—	44,191,350
Other fixed income securities	—	1,856,205	—	1,856,205
Equities:				
Mutual and common stock	49,257,498	—	—	49,257,498
Total investments at fair value	<u>\$ 93,448,848</u>	<u>6,201,240</u>	<u>—</u>	<u>99,650,088</u>
Investments measured at NAV or equivalent				18,282,623
Cash and cash equivalents				199,358
Other investments held at cost				<u>73,532</u>
Total investments				<u>\$ 118,205,601</u>
Amounts due from externally managed trusts	\$ —	—	9,969,592	9,969,592

	<b>2019</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
U.S. Government securities	\$ —	1,030,050	—	1,030,050
Corporate bonds	—	2,545,355	—	2,545,355
Mutual funds	42,408,778	—	—	42,408,778
Other fixed income securities	—	1,313,963	—	1,313,963
Equities:				
Mutual and common stock	51,202,025	—	—	51,202,025
Total investments at fair value	<u>\$ 93,610,803</u>	<u>4,889,368</u>	<u>—</u>	<u>98,500,171</u>
Investments measured at NAV or equivalent				13,621,594
Cash and cash equivalents				163,453
Pending purchases				4,690,000
Other investments held at cost				<u>118,433</u>
Total investments				<u>\$ 117,093,651</u>
Amounts due from externally managed trusts	\$ —	—	7,944,900	7,944,900



STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

The following table includes a rollforward of the amounts for the years ended June 30, 2020 and 2019 for investments classified within Level 3:

	<b>Amounts due from Externally Managed Trusts</b>
Balance as of June 30, 2018	\$ 6,109,490
Change in value	1,835,410
Balance as of June 30, 2019	7,944,900
Change in value	2,024,692
Balance as of June 30, 2020	<u>\$ 9,969,592</u>

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, 2020 and 2019:

Investment	<b>2020</b>			
	Net Asset Value	Unfunded Commitments	Redemption frequency	Redemption notice
Hedge funds	\$ 12,553,972	—	Various	Various
Real estate investment funds	4,236,575	—	Quarterly	95 days
Private equity	1,492,076	6,766,309	None	None
Total	<u>\$ 18,282,623</u>			

Investment	<b>2019</b>			
	Net Asset Value	Unfunded Commitments	Redemption frequency	Redemption notice
Hedge funds	\$ 9,372,248	—	Various	Various
Real estate investment funds	3,430,785	—	Quarterly	95 days
Private equity	818,561	3,228,919	None	None
Total	<u>\$ 13,621,594</u>			

**(e) Net Assets with Donor Restrictions**

Net assets with donor restrictions consisted of the following at June 30, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Subject to expenditure for specified purpose:		
Student financial aid	\$ 5,192,612	6,463,891
Academic divisions	2,328,157	2,238,228
Research	365,189	317,009
Operations and maintenance of plant	3,680,027	2,145,124
Library	184,471	174,685
Athletics	447,900	441,592
Faculty and staff support	67,422	52,762
Other restricted purposes	5,983,740	6,543,355
	<u>18,249,518</u>	<u>18,376,646</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Endowments:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor:		
Student financial aid	48,425,484	46,551,414
Academic divisions	4,446,809	4,438,784
Research	517,517	461,419
Operations and maintenance of plant	5,607,880	5,574,262
Library	3,038,987	3,035,245
Faculty and staff support	9,993,271	9,962,179
Other restricted purposes	5,312,562	5,067,727
Total	<u>77,342,510</u>	<u>75,091,030</u>
Subject to foundation endowment spending policy and appropriation:		
Student financial aid	11,666,046	14,132,954
Academic divisions	1,182,429	1,351,963
Research	68,170	87,928
Operations and maintenance of plant	733,749	945,216
Library	587,389	744,712
Faculty and staff support	2,278,420	2,743,443
Other restricted purposes	2,423,754	2,630,547
Total	<u>18,939,957</u>	<u>22,636,763</u>
Total endowments	96,282,467	97,727,793
Not subject to spending policy or appropriation		
Restricted to endowment:		
Pledges and other receivables, net	1,074,700	1,127,059
Amounts due from externally managed trusts	9,969,592	7,944,900
Gift annuities	237,911	146,786
Cash surrender value of life insurance	2,101,848	2,049,816
Life estate	—	44,900
Total	<u>13,384,051</u>	<u>11,313,461</u>
Total net assets with donor restrictions	<u>\$ 127,916,036</u>	<u>127,417,900</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, 2020 and 2019 is as follows:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

	<b>2020</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Board designated endowment funds	\$ 3,948,733	—	3,948,733
Donor-restricted funds functioning as endowments	3,286,668	5,642,524	8,929,192
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	77,342,510	77,342,510
Accumulated investment gains	—	13,297,433	13,297,433
Total	<u>\$ 7,235,401</u>	<u>96,282,467</u>	<u>103,517,868</u>
	<b>2019</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Board designated endowment funds	\$ 3,773,198	—	3,773,198
Donor-restricted funds functioning as endowments, including earnings	3,376,611	5,993,369	9,369,980
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	75,091,030	75,091,030
Accumulated investment gains	—	16,643,394	16,643,394
Total	<u>\$ 7,149,809</u>	<u>97,727,793</u>	<u>104,877,602</u>

During the years ended June 30, 2020 and 2019, the foundation had the following endowment related activities:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2020 and 2019

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Endowment net assets, June 30, 2018	\$ 6,408,300	94,506,983	100,915,283
Net investment gain	415,323	3,244,456	3,659,779
Contributions	174,444	3,225,475	3,399,919
Change in restrictions by donors	(5,000)	20,081	15,081
Other	156,742	(3,269,202)	(3,112,460)
Endowment net assets, June 30, 2019	7,149,809	97,727,793	104,877,602
Net investment loss	(95,748)	(438,478)	(534,226)
Contributions	17,062	2,250,693	2,267,755
Change in restrictions by donors	(5,000)	8,750	3,750
Other	169,278	(3,266,291)	(3,097,013)
Endowment net assets, June 30, 2020	\$ <u>7,235,401</u>	<u>96,282,467</u>	<u>103,517,868</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, 2020, 31 funds were underwater with an original gift value of \$1,117,720, fair value of \$1,103,898 and deficiencies of \$13,822 which are reported in net assets with donor restrictions. At June 30, 2019, there were no funds underwater.

**COMBINING SUPPLEMENTAL INFORMATION**

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**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Combining Statement of Net Position

June 30, 2020

Assets	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
Current assets:													
Cash and cash equivalents	\$ 40,704,525	7,074,426	22,582,007	219,945,041	11,269,789	19,267,061	76,447,443	84,603,984	385,909,566	13,351,877	(44,191)	—	881,111,528
Short-term investments	4,885,537	382,751	—	13,965,726	—	2,960,762	121,124,118	12,909,621	80,732,992	10,070,192	65,354	—	247,097,053
Accounts receivable, net	14,256,159	5,206,295	23,853,014	64,729,515	5,431,085	4,716,323	54,857,318	28,319,514	209,780,837	1,682,642	564,150	(2,280,355)	411,116,497
Student notes receivable, net	735,617	245,491	—	4,095,974	24,749	—	8,266,151	1,732,919	1,622,850	907,594	—	—	17,631,345
Inventories	199,557	384,878	135,107	3,078,163	—	463,796	1,147,764	244,315	29,743,614	815,654	—	—	36,212,848
Prepaid expenses	—	—	9,014	19,439,549	(27,650)	229,282	1,739,846	4,844,832	10,160,730	28,584	—	—	36,424,187
Other current assets	—	—	—	1,268,295	—	—	—	—	7,281,886	—	—	—	8,550,181
<b>Total current assets</b>	<b>60,781,395</b>	<b>13,293,841</b>	<b>46,579,142</b>	<b>326,522,263</b>	<b>16,697,973</b>	<b>27,637,224</b>	<b>263,582,640</b>	<b>132,655,185</b>	<b>725,232,475</b>	<b>26,856,543</b>	<b>585,313</b>	<b>(2,280,355)</b>	<b>1,638,143,639</b>
Noncurrent assets:													
Restricted cash and cash equivalents	1,963,234	(903,173)	3,235,747	4,890,265	(1,389,414)	—	49,058,388	8,294,456	43,515,076	—	—	—	108,664,579
Restricted short-term investments	1,055,340	—	—	—	—	349,337	—	—	—	—	—	—	1,404,677
Endowments investments	20,193,677	—	46,159,003	39,507,069	4,201,766	2,849,366	91,029,230	9,376,865	86,840,113	20,116,957	—	—	320,274,046
Other long-term investments	—	—	—	85,029,503	9,350,555	1,233,586	208,890,811	26,159,963	37,841,038	46,452,444	579,368	—	415,537,268
Student notes receivable, net	—	562,559	1,351,192	13,128,381	284,626	—	24,064,682	19,240,652	4,494,665	15,683,564	—	—	78,810,321
Beneficial interest in irrevocable trust	—	—	—	—	—	—	—	—	35,933,062	—	—	—	35,933,062
Capital assets, net	146,224,080	124,126,649	257,715,112	1,103,666,323	109,402,968	112,221,611	1,156,519,231	589,067,327	851,429,010	4,095,834	7,773	—	4,454,475,918
Other noncurrent assets	—	—	84,843	—	—	151,957	6,953,569	—	3,137,761	—	—	(6,783,669)	3,544,461
<b>Total noncurrent assets</b>	<b>169,436,331</b>	<b>123,786,035</b>	<b>308,545,897</b>	<b>1,246,221,541</b>	<b>121,850,501</b>	<b>116,805,857</b>	<b>1,536,515,911</b>	<b>652,139,263</b>	<b>1,063,190,725</b>	<b>86,348,799</b>	<b>587,141</b>	<b>(6,783,669)</b>	<b>5,418,644,332</b>
<b>Total assets</b>	<b>230,217,726</b>	<b>137,079,876</b>	<b>355,125,039</b>	<b>1,572,743,804</b>	<b>138,548,474</b>	<b>144,443,081</b>	<b>1,800,098,551</b>	<b>784,794,448</b>	<b>1,788,423,200</b>	<b>113,205,342</b>	<b>1,172,454</b>	<b>(9,064,024)</b>	<b>7,056,787,971</b>
Deferred outflows of resources	7,879,987	4,878,200	1,689,785	62,754,212	2,064,778	3,452,818	29,331,127	26,895,163	167,765,603	1,205,241	152,776	—	308,069,690
<b>Total assets and deferred outflows of resources</b>	<b>\$ 238,097,713</b>	<b>141,958,076</b>	<b>356,814,824</b>	<b>1,635,498,016</b>	<b>140,613,252</b>	<b>147,895,899</b>	<b>1,829,429,678</b>	<b>811,689,611</b>	<b>1,956,188,803</b>	<b>114,410,583</b>	<b>1,325,230</b>	<b>(9,064,024)</b>	<b>7,364,857,661</b>

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Combining Statement of Net Position

June 30, 2020

Liabilities	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
<b>Current liabilities:</b>													
Accounts payable and accrued liabilities	\$ 4,618,983	3,603,762	13,426,531	37,675,544	2,332,632	1,501,385	21,878,648	24,611,347	149,777,313	1,134,451	205,974	(727,117)	260,039,453
Unearned revenues	2,275,144	1,240,099	4,968,621	12,907,299	1,627,043	115,347	88,144,472	10,145,196	17,778,481	—	—	—	139,201,702
Accrued leave liabilities – current portion	682,160	308,223	450,706	3,571,419	45,152	218,865	2,078,000	1,207,065	16,010,226	51,758	10,204	—	24,633,778
Long-term liabilities – current portion	1,322,513	595,000	4,746,494	14,178,566	—	759,982	16,454,498	7,016,012	14,621,502	7,956,246	—	(1,553,238)	66,097,575
Other current liabilities	—	—	—	—	282,113	86,311	314,188	33,461	176,225,170	338,024	—	—	177,279,267
<b>Total current liabilities</b>	<b>8,898,800</b>	<b>5,747,084</b>	<b>23,592,352</b>	<b>68,332,828</b>	<b>4,286,940</b>	<b>2,681,890</b>	<b>128,869,806</b>	<b>43,013,081</b>	<b>374,412,692</b>	<b>9,480,479</b>	<b>216,178</b>	<b>(2,280,355)</b>	<b>667,251,775</b>
<b>Noncurrent liabilities:</b>													
Accrued leave liabilities	2,619,953	931,178	5,809,098	22,563,409	1,083,643	1,431,890	15,272,235	8,851,807	61,424,909	725,424	50,663	—	120,764,209
Deposits refundable	678,436	101,344	846,567	43,053	—	36,262	126,116	3,066	—	—	—	—	1,834,844
Long-term liabilities	45,662,111	12,145,000	93,476,266	312,581,682	—	16,015,000	230,578,868	155,131,998	354,725,369	27,000,363	—	(6,783,669)	1,240,532,988
Net pension liability	75,787,222	48,336,405	126,401,212	558,213,479	39,373,621	44,196,596	339,244,839	231,330,127	1,360,163,256	18,717,421	1,750,782	—	2,843,514,960
Net OPEB liability	4,718,847	3,556,677	7,374,236	33,054,895	2,567,364	3,314,930	22,349,145	15,274,063	64,529,186	759,685	—	—	157,499,028
Other long-term liabilities	—	344,324	1,912,787	9,126,822	594,099	—	8,647,900	23,704,170	3,357,965	—	—	—	47,688,067
<b>Total noncurrent liabilities</b>	<b>129,466,569</b>	<b>65,414,928</b>	<b>235,820,166</b>	<b>935,583,340</b>	<b>43,618,727</b>	<b>64,994,678</b>	<b>616,219,103</b>	<b>434,295,231</b>	<b>1,844,200,685</b>	<b>47,202,893</b>	<b>1,801,445</b>	<b>(6,783,669)</b>	<b>4,411,834,096</b>
<b>Total liabilities</b>	<b>138,365,369</b>	<b>71,162,012</b>	<b>259,412,518</b>	<b>1,003,916,168</b>	<b>47,905,667</b>	<b>67,676,568</b>	<b>745,088,909</b>	<b>477,308,312</b>	<b>2,218,613,377</b>	<b>56,683,372</b>	<b>2,017,623</b>	<b>(9,064,024)</b>	<b>5,079,085,871</b>
Deferred inflows of resources	1,381,446	839,580	2,941,670	9,116,026	664,333	839,937	10,193,947	3,899,002	56,592,821	302,864	21,039	—	86,792,665
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 139,746,815</b>	<b>72,001,592</b>	<b>262,354,188</b>	<b>1,013,032,194</b>	<b>48,570,000</b>	<b>68,516,505</b>	<b>755,282,856</b>	<b>481,207,314</b>	<b>2,275,206,198</b>	<b>56,986,236</b>	<b>2,038,662</b>	<b>(9,064,024)</b>	<b>5,165,878,536</b>
<b>Net Position</b>													
Net investment in capital assets	\$ 103,308,832	111,386,649	177,288,572	791,717,304	109,402,967	95,958,842	929,614,093	415,997,228	502,303,067	4,095,834	7,773	—	3,241,081,161
Restricted for:													
<b>Nonexpendable:</b>													
Scholarship and fellowships	—	—	7,090,932	2,005,893	876,734	1,179,973	9,599,094	5,569,090	—	1,002,443	—	—	27,324,159
Research	—	—	—	3,986,028	—	—	143,446	—	—	—	—	—	4,129,474
Other purposes	17,468,403	—	31,786,990	7,262,062	286,659	—	44,446,253	—	28,796,098	21,069,112	—	—	151,115,577
<b>Expendable:</b>													
Scholarships and fellowships	—	—	6,724,514	2,214,989	412,605	1,217,896	5,750,263	3,470,678	1,920,504	17,608,774	—	—	39,320,223
Research	—	—	—	36,252,543	—	—	8,322,298	—	30,237,565	—	—	—	74,812,406
Capital projects	—	49,874	721,652	606,364	1,959,000	573,269	7,677,581	—	—	—	—	—	11,587,740
Debt service	—	74,623	20,215	(4,474,414)	—	401,256	—	25,162,671	871,896	—	—	—	22,056,247
Loans	551,700	—	337,551	12,022,649	245,146	—	28,280,042	5,557,912	6,975,250	—	—	—	53,970,250
Other purposes	—	—	468,224	1,398,979	—	531,444	15,755,205	5,289,491	73,613,489	23,760,862	938,325	—	121,756,019
Unrestricted	(22,978,037)	(41,554,662)	(129,978,014)	(230,526,575)	(21,139,859)	(20,483,286)	24,558,547	(130,564,773)	(963,735,264)	(10,112,678)	(1,659,530)	—	(1,548,174,131)
<b>Total net position</b>	<b>\$ 98,350,898</b>	<b>69,956,484</b>	<b>94,460,636</b>	<b>622,465,822</b>	<b>92,043,252</b>	<b>79,379,394</b>	<b>1,074,146,822</b>	<b>330,482,297</b>	<b>(319,017,395)</b>	<b>57,424,347</b>	<b>(713,432)</b>	<b>—</b>	<b>2,198,979,125</b>

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, 2020

	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 revenues:													
Tuition and fees	\$ 24,725,060	24,816,665	61,976,360	309,664,773	20,470,613	12,653,200	354,795,561	137,720,399	40,856,117	—	—	—	987,678,748
Scholarship allowances	(13,814,213)	(5,781,750)	(18,410,045)	(110,576,249)	(6,635,777)	(8,217,706)	(114,482,420)	(44,143,998)	(5,728,187)	—	—	—	(327,790,345)
Bad debt expense	(587,038)	—	—	(3,197,344)	(217,002)	(156,580)	320,502	—	(26,229)	—	—	—	(3,863,691)
Net tuition and fees	10,323,809	19,034,915	43,566,315	195,891,180	13,617,834	4,278,914	240,633,643	93,576,401	35,101,701	—	—	—	656,024,712
Federal appropriations	—	—	—	15,047,436	—	—	—	—	—	—	—	—	15,047,436
Federal grants and contracts	16,944,148	3,188,434	28,323,191	153,312,827	417,459	6,573,418	47,903,329	53,874,087	59,452,892	1,378,219	3,117,523	(38,201,156)	336,284,371
State grants and contracts	121,849	736,136	1,020,019	22,894,042	6,234,587	439,506	13,752,690	10,453,123	6,887,910	512,558	—	(33,791,975)	29,260,445
Nongovernmental grants and contracts	628,884	3,705,111	1,539,345	15,343,258	2,902,512	—	32,768,588	10,830,733	12,709,023	604,053	—	—	81,031,507
Sales and services of educational departments	1,230,149	1,353,778	1,737,702	41,725,202	1,019,186	1,631,736	6,552,780	2,263,712	768,097	3,308,768	16,974	(2,432,430)	59,175,654
Auxiliary enterprises:													
Student housing	13,090,751	3,408,135	13,478,906	27,489,346	1,923,671	3,372,074	19,599,856	14,687,959	—	—	—	—	97,050,698
Food services	5,489,942	2,749,230	11,197,071	2,310,191	1,575,797	2,630,796	2,559,299	2,510,398	—	—	—	—	31,022,724
Bookstore	209,951	151,083	—	667,839	101,706	539,266	393,528	697,329	2,165,603	—	—	—	4,926,305
Athletics	—	—	—	63,499,853	—	—	69,332,035	13,842,230	—	—	—	—	146,674,118
Other auxiliary revenues	686,557	322,018	2,172,747	12,049,203	204,801	1,330,517	6,583,125	5,335,961	635,157	1,977,984	—	—	31,298,070
Less auxiliary enterprise scholarship allowances	(3,672,133)	—	(7,367,708)	(11,729,081)	(1,150,598)	—	(6,025,390)	(3,402,195)	—	—	—	—	(33,347,105)
Interest earned on loans to students	—	22,070	—	344,380	—	—	511,820	—	302,885	—	—	—	1,181,155
Patient care revenues	—	—	—	—	—	—	—	—	1,197,526,479	—	—	—	1,197,526,479
Other operating revenues	4,268,185	212,025	9,794,121	8,684,754	137,334	1,657,864	7,753,773	4,301,355	59,510,544	16,069,974	13,327	(13,465,829)	98,937,427
Total operating revenues	49,322,092	34,882,935	105,461,709	547,530,430	26,984,289	22,454,091	442,319,076	208,971,093	1,375,060,291	23,851,556	3,147,824	(87,891,390)	2,752,093,996
Operating expenses:													
Salaries and wages	34,185,632	27,292,377	64,719,590	353,486,058	21,822,061	20,459,710	244,592,749	145,532,569	794,079,149	7,753,215	669,751	—	1,714,592,861
Fringe benefits	12,213,941	10,820,419	18,698,609	143,615,846	7,895,831	9,066,147	84,671,830	62,226,425	287,545,684	2,472,096	317,565	—	639,544,393
Travel	2,010,024	956,497	2,658,265	11,944,648	578,106	911,135	10,658,422	5,876,434	3,464,581	98,913	63,379	—	39,220,404
Contractual services	21,020,651	16,158,225	44,553,264	104,349,840	8,486,231	8,548,254	78,743,413	55,155,432	194,082,168	17,801,483	2,856,088	(54,099,415)	497,655,634
Utilities	3,608,798	1,619,692	5,124,494	15,261,917	2,508,143	2,078,675	11,077,833	9,923,267	13,659,785	586,265	—	—	65,448,869
Scholarships and fellowships	10,841,890	5,524,567	19,435,987	54,835,404	7,137,324	4,049,667	72,384,930	28,464,154	5,636,891	48,337,130	—	(33,791,975)	222,855,969
Commodities	3,681,563	2,818,729	3,133,428	63,658,378	1,922,043	2,792,572	29,084,257	15,268,195	318,822,831	298,543	98,279	—	441,578,818
Depreciation	4,347,444	4,575,241	8,306,309	39,347,717	2,387,643	2,737,840	39,269,650	19,200,278	46,591,645	123,256	4,306	—	166,891,329
Other operating expenses	336	357,319	3,494,445	—	—	—	707,415	—	316,991	—	2,439	—	4,878,945
Total operating expenses	91,910,279	70,123,066	170,124,391	786,499,808	52,737,382	50,644,000	571,190,499	341,646,754	1,664,199,725	77,470,901	4,011,807	(87,891,390)	3,792,667,222
Operating loss	(42,588,187)	(35,240,131)	(64,662,682)	(238,969,378)	(25,753,093)	(28,189,909)	(128,871,423)	(132,675,661)	(289,139,434)	(53,619,345)	(863,983)	—	(1,040,573,226)

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Year ended June 30, 2020

	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
Nonoperating revenue (expenses):													
State appropriations	\$ 27,127,883	21,053,516	43,067,114	178,996,310	15,286,561	15,709,126	90,173,418	85,834,240	172,614,750	51,708,481	693,876	—	702,265,275
Gifts and grants	13,803,115	6,068,697	19,375,974	88,425,830	6,587,916	10,970,567	45,169,385	45,282,986	31,404,819	—	—	—	267,089,289
Investment income, net of investment expense	694,721	76,178	1,619,779	7,641,178	273,450	550,171	3,983,193	3,261,564	(1,913,725)	1,844,370	1,532	(59,630)	17,972,781
Interest expense on capital assets-related debt	(1,846,102)	(494,700)	(5,288,442)	(4,734,555)	—	(587,308)	(8,710,744)	(6,271,584)	(8,485,849)	—	—	59,630	(36,359,654)
Other nonoperating revenues	—	—	10,190,559	—	232,434	—	588,300	—	—	—	—	—	11,011,293
Other nonoperating expenses	—	(665,299)	(2,760,599)	(1,344,651)	(582,603)	—	(790,164)	—	(327,575)	(557,802)	—	—	(7,028,693)
Total net nonoperating revenue	39,779,617	26,038,392	66,204,385	268,984,112	21,797,758	26,642,556	130,413,388	128,107,206	193,292,420	52,995,049	695,408	—	954,950,291
Income (loss) before other revenues, expenses, gains and losses	(2,808,570)	(9,201,739)	1,541,703	30,014,734	(3,955,335)	(1,547,353)	1,541,965	(4,568,455)	(95,847,014)	(624,296)	(168,575)	—	(85,622,935)
Capital grants and gifts	—	—	—	9,268,200	—	—	4,861,699	788,086	7,873,249	—	—	—	22,791,234
State appropriations restricted for capital purposes	3,261,927	3,454,191	7,762,514	29,919,681	3,978,504	4,598,792	4,115,751	11,643,160	15,649,301	433,579	—	—	84,817,400
Additions to permanent endowments	—	—	—	—	101,736	116,993	7,232	—	44,769	—	—	—	270,730
Other additions	10,252,029	3,169,650	—	—	2,187,708	—	303,999	8,915,897	—	—	—	—	24,829,283
Other deletions	(1,825,531)	—	(1,227,910)	(308,395)	(125,462)	—	(500,303)	(595,482)	(509,527)	(29,349)	—	—	(5,121,959)
Change in net position	8,879,855	(2,577,898)	8,076,307	68,894,220	2,187,151	3,168,432	10,330,343	16,183,206	(72,789,222)	(220,066)	(168,575)	—	41,963,753
Net position, beginning of the year	89,471,043	72,534,382	86,384,329	553,571,602	89,856,101	76,210,962	1,063,816,479	314,299,091	(246,228,173)	57,644,413	(544,857)	—	2,157,015,372
Net position, end of the year	98,350,898	69,956,484	94,460,636	622,465,822	92,043,252	79,379,394	1,074,146,822	330,482,297	(319,017,395)	57,424,347	(713,432)	—	2,198,979,125

See accompanying independent auditors' report.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
Combining Statement of Cash Flows  
Year ended June 30, 2020

	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
<b>Operating activities:</b>													
Tuition and fees	\$ 9,965,163	18,761,956	43,007,854	200,575,216	13,617,834	4,405,689	240,202,593	96,450,797	35,691,711	—	—	—	662,678,813
Grants and contracts	15,555,708	7,866,019	30,747,451	181,592,565	9,810,422	5,740,441	88,958,447	77,877,971	73,849,763	2,494,830	3,265,456	(71,993,131)	425,765,942
Sales and services of educational departments	1,230,149	1,353,778	(963,672)	42,863,380	947,957	1,631,736	6,337,222	2,263,712	768,097	3,530,204	16,974	(2,432,430)	57,547,107
Payments to suppliers	(27,069,498)	(19,162,517)	(54,029,502)	(186,286,069)	(10,961,810)	(12,419,905)	(107,099,100)	(72,111,574)	(481,253,319)	(19,835,455)	(3,131,537)	53,431,928	(939,928,358)
Payments to employees for salaries and benefits	(46,399,573)	(35,405,981)	(83,681,312)	(474,364,137)	(28,816,009)	(28,049,338)	(314,338,067)	(191,144,430)	(1,007,002,889)	(10,017,946)	(877,629)	—	(2,220,097,311)
Payments for utilities	(3,608,798)	(1,619,692)	(5,124,494)	(15,261,917)	(2,508,143)	(2,078,675)	(11,880,437)	(9,988,652)	(13,659,785)	(586,265)	—	—	(66,316,858)
Payment for scholarships and fellowships	(10,841,890)	(5,524,567)	(19,435,986)	(54,835,404)	(7,137,324)	(4,049,667)	(72,587,262)	(28,117,736)	(5,678,245)	(48,472,537)	—	33,791,975	(222,888,643)
Loans issued to students	—	—	—	(2,373,094)	—	3,812	(4,007,400)	704,182	(671,591)	(77,553)	—	—	(6,421,644)
Collections of loans from students	—	137,260	—	3,469,751	375,266	—	2,287,212	3,567,561	2,494,864	3,550,595	—	—	15,882,509
<b>Auxiliary enterprise charges:</b>													
Student housing	13,689,488	2,820,270	8,689,896	27,290,408	1,291,183	3,372,074	15,329,219	13,238,495	—	—	—	—	85,721,033
Food services	5,489,942	2,855,867	7,677,827	2,284,940	1,057,687	2,630,796	2,942,264	2,180,928	—	—	—	—	27,120,251
Bookstore	209,951	151,083	—	667,839	101,706	539,266	393,528	598,592	951,257	—	—	—	3,613,222
Athletics	—	—	—	61,334,488	—	—	64,749,758	9,904,856	—	—	—	—	135,989,102
Other auxiliary enterprises	686,557	322,018	2,172,746	1,099,915	200,599	1,330,517	8,071,296	5,143,069	635,157	2,029,616	—	—	21,691,490
Patient care services	—	—	—	—	—	—	—	—	1,318,711,122	—	—	—	1,318,711,122
Interest earned on loans to students	—	—	—	—	—	—	511,820	—	302,885	235,011	—	—	1,049,716
Other receipts	4,268,185	24,529	8,174,126	23,533,945	137,334	1,587,919	7,184,254	2,312,724	58,454,539	16,069,974	13,327	(13,465,829)	108,295,027
Other payments	—	(2,573,369)	—	—	—	—	(11,754,342)	—	(308,217)	—	(2,440)	667,487	(13,970,881)
Net cash used in operating activities	(36,824,616)	(29,993,346)	(62,765,066)	(188,408,174)	(21,883,298)	(25,355,335)	(84,698,995)	(87,119,505)	(16,714,651)	(51,079,526)	(715,849)	—	(605,558,361)
<b>Noncapital financing activities:</b>													
State appropriations	27,127,883	21,053,516	45,580,746	169,913,518	14,794,513	15,756,197	89,843,849	83,104,486	172,118,254	51,929,634	693,876	—	691,916,472
Gifts and grants for other than capital purposes	—	6,068,697	19,375,974	88,452,376	6,587,916	9,392,987	51,171,385	52,322,728	39,435,990	—	—	—	272,808,053
Private gifts for endowment purposes	—	—	—	—	—	116,993	7,232	—	44,769	—	—	—	168,994
Federal loan program receipts	30,947,983	16,987,562	69,378,040	130,539,789	13,173,031	15,882,631	95,971,950	78,082,821	41,154,145	—	—	—	492,117,952
Federal loan program disbursements	(30,947,983)	(14,629,983)	(69,378,040)	(131,015,306)	(13,173,031)	(15,882,631)	(95,971,950)	(78,152,028)	(41,154,145)	—	—	—	(490,305,097)
Other sources	—	—	10,190,559	—	2,420,142	—	285,050	—	—	433,579	—	—	13,329,330
Other uses	—	(661,438)	—	(1,290,996)	(708,065)	—	(4,656)	(58,887)	(725,066)	(587,151)	—	—	(4,036,259)
Net cash provided by noncapital financing activities	27,127,883	28,818,354	75,147,279	256,599,381	23,094,506	25,266,177	141,302,860	135,299,120	210,873,947	51,776,062	693,876	—	975,999,445

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Combining Statement of Cash Flows

Year ended June 30, 2020

	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	\$ —	—	—	—	—	—	89,748,330	—	38,888,072	—	—	(8,336,907)	120,299,495
Cash Paid for Capital Assets	—	(2,290,425)	—	(35,539,536)	(3,351,132)	(118,629)	(17,087,124)	(14,200,390)	(130,468,346)	(36,886)	—	—	(203,092,468)
Capital Appropriations Received	2,696,646	3,454,191	—	3,819,858	3,978,504	—	3,698,151	—	13,810,368	—	—	—	31,457,718
Capital Grants and Contracts Received	14,216,026	—	—	12,241,941	—	—	34,115,031	781,868	7,819,774	—	—	8,396,537	77,571,177
Proceeds from Sales of Capital Assets	—	—	—	336,594	—	—	18,949	33,461	53,839	—	—	—	442,843
Principal Paid on Capital Debt and Leases	(915,000)	(585,000)	(4,603,151)	(11,290,000)	—	(708,103)	(102,495,044)	(7,456,061)	(32,305,000)	—	—	—	(160,357,359)
Interest Paid on Capital Debt and Leases	(2,696,322)	(494,700)	(5,288,442)	(13,709,915)	—	(577,728)	(7,367,160)	(6,338,530)	(15,215,096)	—	—	—	(51,687,893)
Other Source	—	3,525,687	2,081,833	3,163,235	—	—	—	271,647	—	—	—	—	9,042,402
Other Uses	(192,513)	(3,861)	—	(2,296,617)	—	—	(2,416,939)	(1,088,370)	(327,575)	—	—	—	(6,325,875)
Net cash provided by (used in) capital and related financing activities	13,108,837	3,605,892	(7,809,760)	(43,274,440)	627,372	(1,404,460)	(1,785,806)	(27,996,375)	(117,743,964)	(36,886)	—	59,630	(182,649,960)
Investing activities:													
Proceeds from Sales and Maturities of Investments	—	2,488,784	506,204	99,153,638	26,105,436	1,300,922	259,970,029	62,725,426	192,119,414	160,812,239	1,331,068	—	806,513,160
Interest Received on Investments	694,721	73,846	1,619,778	5,440,443	338,626	623,527	10,133,010	2,565,793	7,850,134	2,028,643	13,711	(59,630)	31,322,602
Purchases of Investments	—	—	—	(100,574,145)	(27,424,160)	(235,707)	(260,171,694)	(40,948,864)	(180,303,523)	(159,413,853)	(1,302,328)	—	(770,374,274)
Net cash provided by (used in) investing activities	694,721	2,562,630	2,125,982	4,019,936	(980,098)	1,688,742	9,931,345	24,342,355	19,666,025	3,427,029	42,451	(59,630)	67,461,488
Net increase in cash and cash equivalents	4,106,825	4,993,530	6,698,435	28,936,703	858,482	195,124	64,749,404	44,525,595	96,081,357	4,086,679	20,478	—	255,252,612
Cash and cash equivalents - beginning of year	38,560,934	1,177,723	19,119,319	195,898,603	9,021,893	19,071,937	60,756,427	48,372,845	333,343,285	9,265,198	(64,669)	—	734,523,495
Cash and cash equivalents - end of year	42,667,759	6,171,253	25,817,754	224,835,306	9,880,375	19,267,061	125,505,831	92,898,440	429,424,642	13,351,877	(44,191)	—	989,776,107

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

Combining Statement of Cash Flows  
Year ended June 30, 2020

	<b>Alcorn State University</b>	<b>Delta State University</b>	<b>Jackson State University</b>	<b>Mississippi State University</b>	<b>Mississippi University for Women</b>	<b>Mississippi Valley State University</b>	<b>University of Mississippi</b>	<b>University of Southern Mississippi</b>	<b>University of Mississippi Medical Center</b>	<b>IHL Board Office</b>	<b>MCVS</b>	<b>Elimination entries</b>	<b>Total</b>
Reconciliation of operating loss to net cash used in operating activities:													
Operating loss	\$ (42,588,187)	(35,240,131)	(64,662,682)	(238,969,378)	(25,753,093)	(28,189,909)	(128,871,423)	(132,675,661)	(289,139,434)	(53,619,345)	(863,983)	—	(1,040,573,226)
Adjustment to reconcile operating loss to net cash used in operating activities:													
Depreciation expense	4,347,444	4,575,241	8,306,309	39,347,717	2,387,643	2,737,840	39,269,650	19,200,278	46,591,645	123,256	4,306	—	166,891,329
Self-insurance claims expense	—	—	—	—	—	—	—	—	2,995,584	5,602,869	—	—	8,598,453
Provision for uncollectible accounts receivable	584,510	327,218	(2,237,777)	3,197,344	272,735	156,580	(294,052)	—	175,921,378	99,605	—	—	178,027,541
Other	—	—	—	—	—	1,600,066	—	(595,524)	—	—	—	—	1,004,542
Changes in assets and liabilities:													
(Increase) decrease in assets:													
Receivables, net	462,801	(712,317)	(2,177,672)	(5,118,641)	27,100	(1,019,872)	(4,672,943)	1,901,343	(167,819,974)	3,746,109	147,932	—	(175,236,134)
Inventories	(20,038)	58,278	51,684	(587,043)	—	(7,215)	(103,622)	25,196	2,422,992	(18,957)	—	—	1,821,275
Prepaid expenses	—	222,473	—	(278,808)	116,903	(113,836)	(245,747)	299,755	2,578,493	(3,911)	—	—	2,575,322
Loans to students	—	115,190	—	—	—	—	(1,621,314)	—	958,100	—	—	—	(548,024)
Deferred outflows of resources	1,363,579	(1,299,593)	3,490,088	(21,272,246)	309,402	(71,981)	1,625,255	3,793,851	(52,927,529)	(596,139)	39,001	—	(65,546,312)
Other assets	—	—	(3,309,743)	—	—	(9,580)	—	—	(6,753,943)	—	—	—	(10,073,266)
Increase (decrease) in liabilities:													
Accounts payable and accrued liabilities	1,410,103	1,276,868	(1,387,170)	(1,344,672)	94,505	(213,669)	(453,863)	6,831,055	17,650,553	205,790	(113,791)	(667,487)	23,288,222
Unearned revenue	180,301	427,352	79,963	(3,768,089)	255,864	(337,523)	(963,246)	(299,754)	(1,909,423)	—	—	—	(6,334,555)
Deposits refundable	8,851	(2,865)	666,347	—	—	(11,026)	(1,343,415)	360	—	—	—	667,487	(14,261)
Accrued leave liability	(493,598)	(94,281)	2,068,846	2,860,281	36,575	30,613	845,316	607,563	17,758,705	57,262	(7,583)	—	23,669,699
Net pension liability	630,605	3,463,945	(2,458,559)	40,252,631	807,262	1,893,463	13,934,953	6,876,458	127,799,746	898,400	97,966	—	194,196,870
Net OPEB liability	293,425	288,405	190,522	3,319,181	203,279	234,789	2,100,448	1,229,641	7,739,637	67,941	—	—	15,667,268
Deferred inflows of resources	(843,851)	(499,236)	(1,385,222)	(6,046,451)	(454,635)	(467,566)	(3,904,992)	(2,633,668)	(13,815,149)	(220,099)	(19,697)	—	(30,290,566)
Other liabilities	(2,160,561)	(2,899,893)	—	—	(186,838)	(1,566,509)	—	8,319,602	113,233,968	(7,422,307)	—	—	107,317,462
Total adjustments	5,763,571	5,246,785	1,897,616	50,561,204	3,869,795	2,834,574	44,172,428	45,556,156	272,424,783	2,539,819	148,134	—	435,014,865
Net cash used in operating activities	\$ (36,824,616)	(29,993,346)	(62,765,066)	(188,408,174)	(21,883,298)	(25,355,335)	(84,698,995)	(87,119,505)	(16,714,651)	(51,079,526)	(715,849)	—	(605,558,361)
Noncash capital related financing and investing activities:													
Capital assets acquired through donations and capital lease obligations	\$ —	—	—	9,157,594	—	—	767,462	—	53,475	—	—	—	9,978,531
Capital appropriations from the State of Mississippi	3,261,927	3,454,191	7,762,514	29,919,681	3,978,504	4,598,792	417,600	11,643,160	1,304,290	433,579	—	—	66,774,238

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, 2020

	<b>Proportionate share of the net pension liability</b>	<b>Proportionate share of the net pension liability</b>	<b>Estimated Covered-employee payroll provided by PERS</b>	<b>Proportionate share of the net pension liability as a percentage of its covered-employee payroll</b>	<b>PERS fiduciary net position as a percentage of the total pension liability</b>
<b>Alcorn State University:</b>					
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%
<b>Delta State University:</b>					
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%
<b>Jackson State University:</b>					
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%
<b>Mississippi State University:</b>					
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%
<b>Mississippi University for Women:</b>					
2015	0.22%	27,087,951	13,636,438	199.00%	67.00%
2016	0.23%	35,499,410	14,347,232	247.43%	61.70%
2017	0.23%	41,584,769	14,893,092	279.22%	57.47%
2018	0.24%	39,274,129	15,156,095	259.13%	61.49%
2019	0.23%	38,566,359	14,806,921	260.46%	62.54%
2020	0.22%	39,373,621	14,576,551	270.12%	61.59%
<b>Mississippi Valley State University:</b>					
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%
<b>University of Mississippi:</b>					
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%
<b>University of Southern Mississippi:</b>					
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%
<b>University of Mississippi Medical Center:</b>					
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%
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%
<b>Executive Office:</b>					
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	0.11%	18,081,464	6,977,733	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%
<b>MCVS:</b>					
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	636,591	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%
2015 Total	<u>15.24%</u>	<u>\$ 1,850,037,000</u>	<u>931,333,441</u>	<u>199.00%</u>	<u>67.00%</u>
2016 Total	<u>15.54%</u>	<u>\$ 2,402,927,178</u>	<u>971,178,203</u>	<u>247.43%</u>	<u>61.70%</u>
2017 Total	<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 Total	<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 Total	<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 Total	<u>16.16%</u>	<u>\$ 2,843,514,960</u>	<u>1,052,700,786</u>	<u>270.12%</u>	<u>61.59%</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, 2020

	<u>Proportionate share of contributions</u>	<u>Required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Actual Covered- employee payroll</u>	<u>Contribution as a percentage of covered- employee payroll</u>
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
MCVS:					
2015	78,708	78,708	—	499,732	15.75%
2016	88,482	88,482	—	561,790	15.75%
2017	89,025	89,025	—	565,240	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%
2015 Total	\$ 151,852,867	151,852,867	—	964,145,187	15.75%
2016 Total	\$ 157,218,362	157,218,362	—	998,211,822	15.75%
2017 Total	\$ 158,509,906	158,509,906	—	1,006,412,102	15.75%
2018 Total	\$ 159,067,970	159,067,970	—	1,009,955,363	15.75%
2019 Total	\$ 163,772,905	163,772,905	—	1,039,827,967	15.75%
2020 Total	\$ 183,390,513	183,390,513	—	1,053,968,466	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, 2020

	<b>Proportionate share of the net OPEB liability</b>	<b>Proportionate share of the net OPEB liability</b>	<b>Covered- employee payroll</b>	<b>Proportionate share of the net OPEB liability as a percentage of its covered- employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
2018 Total	<u>18.31%</u>	<u>\$ 143,674,333</u>	<u>\$ 822,689,094</u>	<u>17.46%</u>	<u>0.00%</u>
2019 Total	<u>18.34%</u>	<u>\$ 141,831,761</u>	<u>\$ 829,287,578</u>	<u>17.10%</u>	<u>0.00%</u>
2020 Total	<u>18.56%</u>	<u>\$ 157,499,028</u>	<u>\$ 849,994,451</u>	<u>18.53%</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, 2020

	<b>Contractually required contribution</b>	<b>Contributions in relation to the contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered- employee payroll</b>	<b>Contributions as a percentage of covered- employee payroll</b>
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
2018 Total	<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 Total	<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 Total	<u>\$ 8,615,532</u>	<u>6,313,021</u>	<u>2,302,512</u>	<u>849,994,451</u>	<u>0.74%</u>

See accompanying independent auditors' report.

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Required Supplementary Information (Unaudited)

June 30, 2020 and 2019

### 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:*

##### 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;

# STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

## Notes to Required Supplementary Information (Unaudited)

June 30, 2020 and 2019

- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience;
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience; and
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

### *Change in benefit provisions:*

#### **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:* In 2019, the SEIR was changed from 3.56% for the prior measurement date to 3.89% to the current measurement date. In 2020, the SEIR was changed from 3.89% for the prior measurement date to 3.50% to the current measurement date.

*Changes to benefit terms:* Amounts reported for fiscal years 2020 and 2019 reflect no changes to benefit terms.

## **REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

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## **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, 2020, 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 December 18, 2020. 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 University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, 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 University of Mississippi Medical Center Tort Claims Fund, 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*.

### **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) to determine the 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 may exist that have not been identified.

### **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 determination of financial statement amounts. 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 IHL System'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 IHL System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 18, 2020

**COMPONENT UNIT ADDITIONAL INFORMATION  
FOR INCLUSION IN THE STATE OF MISSISSIPPI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information

Combining Schedule of Net Position

June 30, 2020

	<b>IHL System only</b>	<b>DFA reclass entry</b>	<b>MSU Foundation</b>	<b>UM Foundation</b>	<b>USM Foundation</b>	<b>Foundation eliminations</b>	<b>Total</b>
<b>Assets</b>							
Current Assets:							
Equity in internal investment pool	\$ —	—	—	—	—	—	—
Cash and cash equivalents	881,111,528	—	1,562,618	12,974,805	2,663,185	—	898,312,136
Short term investments	247,097,053	—	8,685,646	64,144,129	—	—	319,926,828
Accounts receivable, net	411,116,497	(12,778,920)	—	—	—	—	398,337,577
Affiliate lease and accounts receivable	—	—	—	—	—	—	—
Notes and pledges receivable, net	17,631,345	—	11,510,430	12,126,229	2,091,074	—	43,359,078
Due from other governments	—	12,778,920	—	—	—	—	12,778,920
Inventories	36,212,848	—	—	—	—	—	36,212,848
Prepaid expenses	36,424,187	—	—	—	—	—	36,424,187
Other current assets	8,550,181	—	146,561	—	408,399	—	9,105,141
Total current assets	1,638,143,639	—	21,905,255	89,245,163	5,162,658	—	1,754,456,715
Non-Current Assets:							
Investments	415,537,268	—	154,558,064	76,789,912	23,189,436	—	670,074,680
Notes and pledges receivable, net	78,810,321	—	21,376,513	68,715,296	4,879,172	—	173,781,302
Restricted assets:							
Cash and cash equivalents	108,664,579	—	6,273,651	—	—	—	114,938,230
Short term investments	1,404,677	—	—	—	—	—	1,404,677
Investments	320,274,046	—	385,571,613	355,420,466	97,727,793	(40,364,788)	1,118,629,130
Beneficial interest in irrevocable trust	35,933,062	—	—	—	—	—	35,933,062
Capital assets, net	4,454,475,918	—	9,978,892	2,091,723	233,501	—	4,466,780,034
Other noncurrent assets	3,544,461	—	—	11,551,755	9,969,592	—	25,065,808
Total noncurrent assets	5,418,644,332	—	577,758,733	514,569,152	135,999,494	(40,364,788)	6,606,606,923
Total assets	7,056,787,971	—	599,663,988	603,814,315	141,162,152	(40,364,788)	8,361,063,638
Deferred outflows of resources:							
Deferred loss on refunding of debt	44,204,113	—	—	—	—	—	44,204,113
Pension related deferred outflows	242,194,060	—	—	—	—	—	242,194,060
OPEB related deferred outflows	21,671,517	—	—	—	—	—	21,671,517
Total deferred outflows of resources	308,069,690	—	—	—	—	—	308,069,690
Total assets and deferred outflows of resources	\$ 7,364,857,661	—	599,663,988	603,814,315	141,162,152	(40,364,788)	8,669,133,328

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information

Combining Schedule of Net Position

June 30, 2020

	<b>IHL System only</b>	<b>DFA reclass entry</b>	<b>MSU Foundation</b>	<b>UM Foundation</b>	<b>USM Foundation</b>	<b>Foundation eliminations</b>	<b>Total</b>
<b>Liabilities and Net Position</b>							
Liabilities:							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 260,039,453	(1,893,730)	10,639,682	—	589,498	—	269,374,903
Due to primary government	—	1,893,730	—	—	—	—	1,893,730
Unearned revenues	139,201,702	—	—	—	—	—	139,201,702
Bonds and notes payable	52,999,489	—	—	—	—	—	52,999,489
Lease obligations payable	200,840	—	—	—	—	—	200,840
Current portion of noncurrent liabilities	37,531,024	—	—	269,186	42,484	—	37,842,694
Other current liabilities	177,279,267	—	—	2,932,785	—	—	180,212,052
Total current liabilities	<u>667,251,775</u>	<u>—</u>	<u>10,639,682</u>	<u>3,201,971</u>	<u>631,982</u>	<u>—</u>	<u>681,725,410</u>
Noncurrent liabilities:							
Bonds and notes payable	1,185,743,398	—	—	—	—	—	1,185,743,398
Lease obligations payable	449,227	—	—	—	—	—	449,227
Net pension liability	2,843,514,960	—	—	—	—	—	2,843,514,960
Net OPEB liability	157,499,028	—	—	—	—	—	157,499,028
Other noncurrent liabilities	224,627,483	—	8,083,815	26,033,740	60,738	—	258,805,776
Total noncurrent liabilities	<u>4,411,834,096</u>	<u>—</u>	<u>8,083,815</u>	<u>26,033,740</u>	<u>60,738</u>	<u>—</u>	<u>4,446,012,389</u>
Total liabilities	5,079,085,871	—	18,723,497	29,235,711	692,720	—	5,127,737,799
Deferred inflows of resources:							
Deferred inflows related to pension	34,170,238	—	—	—	—	—	34,170,238
Deferred inflows related to refundings	4,638,458	—	—	—	—	—	4,638,458
Deferred inflows related to OPEB	12,050,907	—	—	—	—	—	12,050,907
Beneficial interest in irrevocable trusts	35,933,062	—	—	—	—	—	35,933,062
Total deferred inflows of resources	<u>86,792,665</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>86,792,665</u>
Total liabilities and deferred inflows of resources	\$ <u>5,165,878,536</u>	<u>—</u>	<u>18,723,497</u>	<u>29,235,711</u>	<u>692,720</u>	<u>—</u>	<u>5,214,530,464</u>
Net Position:							
Net investment in capital assets	\$ 3,241,081,161	—	9,978,892	2,091,723	233,501	—	3,253,385,277
Restricted for:							
Other purposes	323,502,885	—	150,481,624	286,968,741	50,573,526	—	811,526,776
Permanent endowments:							
Nonexpendable	182,569,210	—	340,666,138	271,827,529	77,342,510	—	872,405,387
Unrestricted	(1,548,174,131)	—	79,813,837	13,690,611	12,319,895	(40,364,788)	(1,482,714,576)
Total net position	\$ <u>2,198,979,125</u>	<u>—</u>	<u>580,940,491</u>	<u>574,578,604</u>	<u>140,469,432</u>	<u>(40,364,788)</u>	<u>3,454,602,864</u>

See accompanying independent auditors' report.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information

Combining Schedule of Activities

Year ended June 30, 2020

Functions/programs	Expenses	Program revenues			Net revenue (expense) and changes in net position					
		Charges for services	Operating grants and contributions	Capital grants and contributions	IHL System	MSU Foundation	UM Foundation	USM Foundation	Foundation eliminations	Total
IHL System	\$ 3,845,041,219	2,294,333,928	461,623,759	22,791,234	\$ (1,066,292,298)	—	—	—	—	(1,066,292,298)
MSU Foundation	76,081,962	—	41,396,442	—	—	(34,685,520)	—	—	—	(34,685,520)
UM Foundation	43,702,909	—	52,652,702	—	—	—	8,949,793	—	—	8,949,793
USM Foundation	11,538,099	—	2,277,827	—	—	—	—	(9,260,272)	—	(9,260,272)
<b>Total universities</b>	<b>\$ 3,976,364,189</b>	<b>2,294,333,928</b>	<b>557,950,730</b>	<b>22,791,234</b>	<b>(1,066,292,298)</b>	<b>(34,685,520)</b>	<b>8,949,793</b>	<b>(9,260,272)</b>	<b>—</b>	<b>(1,101,288,297)</b>
<b>General revenues:</b>										
Interest and investment income					17,972,781	308,015	(23,854,751)	3,921,115	460,737	(1,192,103)
Other					302,929,865	—	—	—	—	302,929,865
Payment from State of Mississippi					787,082,675	—	—	—	—	787,082,675
Contributions to permanent endowments					270,730	15,394,268	10,357,996	6,638,792	—	32,661,786
<b>Total general revenues and contributions</b>					<b>1,108,256,051</b>	<b>15,702,283</b>	<b>(13,496,755)</b>	<b>10,559,907</b>	<b>460,737</b>	<b>1,121,482,223</b>
<b>Change in net position</b>					<b>\$ 41,963,753</b>	<b>(18,983,237)</b>	<b>(4,546,962)</b>	<b>1,299,635</b>	<b>460,737</b>	<b>\$ 20,193,926</b>
Net position - beginning of the year										3,434,408,938
Net position - end of the year										<b>\$ 3,454,602,864</b>

See accompanying independent auditors' report.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information

Schedule of Accounts Receivable Disclosure

June 30, 2020

	<b>IHL System only</b>	<b>DFA reclass entry</b>	<b>Total</b>
Student tuition	\$ 114,017,920	—	114,017,920
Auxiliary enterprises and other operating activities	39,174,129	—	39,174,129
Contributions and gifts	5,630,319	—	5,630,319
Federal, state, and private grants and contracts	129,776,064	150,850	129,926,914
State appropriations	12,929,770	(12,929,770)	—
Accrued interest	3,325,199	—	3,325,199
Patient income	791,301,041	—	791,301,041
Other	26,379,196	—	26,379,196
Total accounts receivable	<u>1,122,533,638</u>	<u>(12,778,920)</u>	<u>1,109,754,718</u>
Less bad debt provision	(708,279,380)	—	(708,279,380)
	<u>414,254,258</u>	<u>(12,778,920)</u>	<u>401,475,338</u>
Less noncurrent portion	(3,137,761)	—	(3,137,761)
Net accounts receivable	<u>\$ 411,116,497</u>	<u>(12,778,920)</u>	<u>398,337,577</u>

See accompanying independent auditors' report.



**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information

Schedule of Notes and Pledges Receivable Disclosure

June 30, 2020

	<u>Interest rates</u>		<u>Total</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>
From students:					
Perkins student loans	3% to 9%	\$	48,188,521	9,140,316	39,048,205
Nursing student loans	3% to 9%		62,733,960	10,131,922	52,602,038
Other federal loans	3% to 9%		4,227,714	468,878	3,758,836
Institutional student loans	0% to 9%		335,825	110,466	225,359
Medical student loans	3% to 9%		173,760	34,909	138,851
Dental student loans	3% to 9%		2,387,183	1,956,282	430,901
Notes and pledges:					
Foundations			<u>124,693,148</u>	<u>26,572,045</u>	<u>98,121,103</u>
Total notes and pledges receivable			242,740,111	48,414,818	194,325,293
Less allowance for doubtful accounts			<u>25,599,731</u>	<u>5,055,740</u>	<u>20,543,991</u>
Net notes and pledges receivable		\$	<u><u>217,140,380</u></u>	<u><u>43,359,078</u></u>	<u><u>173,781,302</u></u>
Foundation notes and pledges, before allowance for doubtful accounts:					
MSU Foundation		\$	33,851,979	11,848,193	22,003,786
UM Foundation			83,523,323	12,528,498	70,994,825
USM Foundation			<u>7,317,846</u>	<u>2,195,354</u>	<u>5,122,492</u>
		\$	<u><u>124,693,148</u></u>	<u><u>26,572,045</u></u>	<u><u>98,121,103</u></u>
Summary of allowance for doubtful accounts:					
IHL Universities		\$	21,605,297	4,211,428	17,393,869
MSU Foundation			965,036	337,763	627,273
UM Foundation			2,681,798	402,270	2,279,528
USM Foundation			<u>347,600</u>	<u>104,280</u>	<u>243,320</u>
		\$	<u><u>25,599,731</u></u>	<u><u>5,055,740</u></u>	<u><u>20,543,991</u></u>

See accompanying independent auditors' report.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information

Schedule of Assets Under Capital Lease Disclosure

June 30, 2020

	<u>Cost basis</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Jackson State University	\$ 1,590,638	565,085	1,025,553
Mississippi University for Women	725,000	558,134	166,866
Mississippi Valley State University	407,504	322,522	84,982
	<u>\$ 2,723,142</u>	<u>1,445,741</u>	<u>1,277,401</u>

See accompanying independent auditors' report.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
State of Mississippi Component Unit Additional Information  
Schedule of Capital Assets Disclosure  
Year ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions/ transfers	Balance June 30, 2020
Nondepreciable Capital Assets:				
Land	\$ 114,322,530	2,269,582	(1,443)	116,590,669
Construction in progress	473,752,881	197,333,316	(231,638,992)	439,447,205
Livestock	1,790,654	91,962	(363,295)	1,519,321
Total nondepreciable capital assets	<u>589,866,065</u>	<u>199,694,860</u>	<u>(232,003,730)</u>	<u>557,557,195</u>
Depreciable capital assets:				
Improvements other than buildings	477,794,195	35,691,095	(232,888)	513,252,402
Buildings	4,314,979,540	209,785,448	(286,500)	4,524,478,488
Equipment	923,189,211	47,506,505	(31,122,706)	939,573,010
Library books	440,789,349	11,350,864	(417,910)	451,722,303
Total depreciable capital assets	<u>6,156,752,295</u>	<u>304,333,912</u>	<u>(32,060,004)</u>	<u>6,429,026,203</u>
Total capital assets	<u>6,746,618,360</u>	<u>504,028,772</u>	<u>(264,063,734)</u>	<u>6,986,583,398</u>
Less accumulated depreciation for:				
Improvements other than buildings	183,826,715	27,791,753	—	211,618,468
Buildings	1,142,276,753	71,650,590	(2,064,064)	1,211,863,279
Equipment	677,139,007	57,398,772	(32,156,228)	702,381,551
Library books	381,562,533	12,878,850	(501,317)	393,940,066
Total accumulated depreciation	<u>2,384,805,008</u>	<u>169,719,965</u>	<u>(34,721,609)</u>	<u>2,519,803,364</u>
Net capital assets	<u>\$ 4,361,813,352</u>	<u>334,308,807</u>	<u>(229,342,125)</u>	<u>4,466,780,034</u>

See accompanying independent auditors' report.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
State of Mississippi Component Unit Additional Information  
Schedule of Construction Commitments and Financing Disclosure  
June 30, 2020

	<b>Cost to complete</b>	<b>Funded by</b>			
		<b>Federal sources</b>	<b>State sources</b>	<b>Institutional funds</b>	<b>Other</b>
Alcorn State University	\$ 31,717,768	—	31,717,768	—	—
Delta State University	595,902	—	595,902	—	—
Jackson State University	18,403,483	—	18,403,483	—	—
Mississippi State University	151,815,870	7,288,000	48,750,531	68,809,044	26,968,295
Mississippi University for Women	3,912,472	—	3,609,990	302,482	—
Mississippi Valley State University	2,566,777	—	2,566,777	—	—
University of Mississippi	168,799,000	—	58,850,000	58,449,000	51,500,000
University of Southern Mississippi	12,329,768	—	8,545,367	3,784,401	—
University of Mississippi Medical Center	60,728,811	—	12,437,822	48,290,989	—
<b>Totals</b>	<b>\$ 450,869,851</b>	<b>7,288,000</b>	<b>185,477,640</b>	<b>179,635,916</b>	<b>78,468,295</b>

See accompanying independent auditors' report.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information

Schedule of Long-Term Liabilities Disclosure (Rollforward)

Year ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due within one year
Bonded debt	\$ 1,252,788,253	120,299,495	146,903,973	1,226,183,775	51,208,164
Notes payable	31,232,804	—	18,673,692	12,559,112	1,791,325
	<u>1,284,021,057</u>	<u>120,299,495</u>	<u>165,577,665</u>	<u>1,238,742,887</u>	<u>52,999,489</u>
Capital lease obligations	843,919	—	193,852	650,067	200,840
Other long-term liabilities:					
Net pension liability	2,649,318,090	196,655,429	2,458,559	2,843,514,960	—
Net OPEB liability	141,831,761	15,667,267	—	157,499,028	—
Accrued leave liability	121,899,710	25,340,918	1,842,641	145,397,987	24,633,778
Deposits refundable	1,161,728	692,861	19,745	1,834,844	—
Funds held in trust for others	24,387,393	—	2,231,201	22,156,192	269,186
Other noncurrent liabilities	141,487,269	42,684	14,270,506	127,259,447	12,939,730
Total other long-term liabilities	<u>3,080,085,951</u>	<u>238,399,159</u>	<u>20,822,652</u>	<u>3,297,662,458</u>	<u>37,842,694</u>
Total	<u>\$ 4,364,950,927</u>	<u>358,698,654</u>	<u>186,594,169</u>	\$ 4,537,055,412	<u>91,043,023</u>
Due within one year				<u>(91,043,023)</u>	
Total long-term liabilities				<u>\$ 4,446,012,389</u>	

See accompanying independent auditors' report.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
State of Mississippi Component Unit Additional Information  
Schedule of Debt Service Disclosure (IHL System Only, by Institution)  
June 30, 2020

	<b>Total</b>	<b>Bonded debt</b>	<b>Bonded debt interest</b>	<b>Notes payable</b>	<b>Notes payable interest</b>	<b>Capital leases</b>	<b>Capital lease interest</b>	<b>Total interest</b>
<b>IHL System Universities Only:</b>								
2021	\$ 105,050,737	51,208,165	49,738,616	3,344,563	532,654	200,840	25,899	50,297,169
2022	103,175,975	51,133,173	48,138,014	3,372,022	392,447	121,201	19,118	48,549,579
2023	101,356,073	51,086,338	46,364,946	3,452,005	312,464	126,791	13,529	46,690,939
2024	101,437,088	53,118,174	44,414,124	3,533,649	230,821	132,639	7,681	44,652,626
2025	98,236,390	52,024,569	42,377,177	3,617,842	146,642	68,596	1,564	42,525,383
2026 - 2030	461,096,890	280,293,051	177,108,783	3,575,938	119,118	—	—	177,227,901
2031 - 2035	397,180,067	279,852,424	117,327,643	—	—	—	—	117,327,643
2036 - 2040	283,009,007	219,182,548	63,826,459	—	—	—	—	63,826,459
2041 - 2045	178,024,850	153,292,421	24,732,429	—	—	—	—	24,732,429
2046 - 2050	37,193,737	34,992,912	2,200,825	—	—	—	—	2,200,825
	<u>\$ 1,865,760,814</u>	<u>1,226,183,775</u>	<u>616,229,016</u>	<u>20,896,019</u>	<u>1,734,146</u>	<u>650,067</u>	<u>67,791</u>	<u>618,030,953</u>
<b>Alcorn State University:</b>								
2021	\$ 3,016,063	1,322,513	1,693,550	—	—	—	—	1,693,550
2022	3,116,063	1,422,513	1,693,550	—	—	—	—	1,693,550
2023	3,176,438	1,527,513	1,648,925	—	—	—	—	1,648,925
2024	3,227,713	1,627,513	1,600,200	—	—	—	—	1,600,200
2025	3,285,013	1,752,513	1,532,500	—	—	—	—	1,532,500
2026 - 2030	16,810,065	10,482,565	6,327,500	—	—	—	—	6,327,500
2031 - 2035	14,788,465	10,943,565	3,844,900	—	—	—	—	3,844,900
2036 - 2040	19,231,055	17,905,929	1,325,126	—	—	—	—	1,325,126
	<u>\$ 66,650,875</u>	<u>46,984,624</u>	<u>19,666,251</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>19,666,251</u>
<b>Delta State University:</b>								
2021	\$ 1,077,900	595,000	482,900	—	—	—	—	482,900
2022	1,080,850	610,000	470,850	—	—	—	—	470,850
2023	1,078,550	620,000	458,550	—	—	—	—	458,550
2024	1,086,100	650,000	436,100	—	—	—	—	436,100
2025	907,350	500,000	407,350	—	—	—	—	407,350
2026 - 2030	4,542,975	2,890,000	1,652,975	—	—	—	—	1,652,975
2031 - 2035	4,541,550	3,510,000	1,031,550	—	—	—	—	1,031,550
2036 - 2040	3,641,100	3,365,000	276,100	—	—	—	—	276,100
	<u>\$ 17,956,375</u>	<u>12,740,000</u>	<u>5,216,375</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,216,375</u>
<b>Jackson State University:</b>								
2021	\$ 8,617,369	4,520,376	3,843,926	110,260	2,487	115,858	24,462	3,870,875
2022	9,515,135	5,690,376	3,684,440	—	—	121,201	19,118	3,703,558
2023	9,502,275	5,885,376	3,476,579	—	—	126,791	13,529	3,490,108
2024	9,471,869	6,090,376	3,241,173	—	—	132,639	7,681	3,248,854
2025	9,371,608	6,305,376	2,996,072	—	—	68,596	1,564	2,997,636
2026 - 2030	42,693,679	32,141,880	10,551,799	—	—	—	—	10,551,799
2031 - 2035	33,627,278	29,461,883	4,165,395	—	—	—	—	4,165,395
2036 - 2040	4,336,880	3,526,880	810,000	—	—	—	—	810,000
2041 - 2045	4,232,892	3,924,892	308,000	—	—	—	—	308,000
	<u>\$ 131,368,985</u>	<u>97,547,415</u>	<u>33,077,384</u>	<u>110,260</u>	<u>2,487</u>	<u>565,085</u>	<u>66,354</u>	<u>33,146,225</u>
<b>Mississippi State University:</b>								
2021	\$ 27,442,701	14,178,567	13,264,134	—	—	—	—	13,264,134
2022	27,104,980	14,348,457	12,756,523	—	—	—	—	12,756,523
2023	26,773,541	14,545,103	12,228,438	—	—	—	—	12,228,438
2024	26,544,934	14,899,553	11,645,381	—	—	—	—	11,645,381
2025	24,102,963	13,053,348	11,049,615	—	—	—	—	11,049,615
2026 - 2030	112,102,950	65,427,903	46,675,047	—	—	—	—	46,675,047
2031 - 2035	98,092,057	65,653,534	32,438,523	—	—	—	—	32,438,523
2036 - 2040	86,105,291	67,601,914	18,503,377	—	—	—	—	18,503,377
2041 - 2045	60,624,639	55,250,566	5,374,073	—	—	—	—	5,374,073
2046 - 2050	1,837,303	1,801,303	36,000	—	—	—	—	36,000
	<u>\$ 490,731,359</u>	<u>326,760,248</u>	<u>163,971,111</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>163,971,111</u>

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information  
Schedule of Debt Service Disclosure (IHL System only, by Institution)  
June 30, 2020

	<u>Total</u>	<u>Bonded debt</u>	<u>Bonded debt interest</u>	<u>Notes payable</u>	<u>Notes payable interest</u>	<u>Capital leases</u>	<u>Capital lease interest</u>	<u>Total interest</u>
Mississippi Valley State University:								
2021	\$ 1,316,625	675,000	555,206	—	—	84,982	1,437	556,643
2022	1,262,906	725,000	537,906	—	—	—	—	537,906
2023	1,089,506	575,000	514,506	—	—	—	—	514,506
2024	1,122,256	625,000	497,256	—	—	—	—	497,256
2025	1,156,631	675,000	481,631	—	—	—	—	481,631
2026 - 2030	6,328,743	4,245,000	2,083,743	—	—	—	—	2,083,743
2031 - 2035	7,340,800	6,085,000	1,255,800	—	—	—	—	1,255,800
2036 - 2040	3,260,501	3,085,000	175,501	—	—	—	—	175,501
	<u>\$ 22,877,968</u>	<u>16,690,000</u>	<u>6,101,549</u>	<u>—</u>	<u>—</u>	<u>84,982</u>	<u>1,437</u>	<u>6,102,986</u>
University of Mississippi:								
2021	\$ 25,618,225	14,773,433	8,849,334	1,681,065	314,393	—	—	9,163,727
2022	23,256,684	12,837,878	8,423,349	1,726,600	268,857	—	—	8,692,206
2023	23,049,822	13,056,458	7,997,907	1,773,371	222,086	—	—	8,219,993
2024	23,111,447	13,611,458	7,504,531	1,821,133	174,325	—	—	7,678,856
2025	23,182,028	14,256,458	6,930,113	1,870,745	124,712	—	—	7,054,825
2026 - 2030	106,684,208	78,083,499	24,905,653	3,575,938	119,118	—	—	25,024,771
2031 - 2035	69,254,603	59,031,398	10,223,205	—	—	—	—	10,223,205
2036 - 2040	22,621,489	18,959,793	3,661,696	—	—	—	—	3,661,696
2041 - 2045	9,601,222	8,146,066	1,455,156	—	—	—	—	1,455,156
2046 - 2050	1,873,198	1,828,073	45,125	—	—	—	—	45,125
	<u>\$ 328,252,926</u>	<u>234,584,514</u>	<u>79,996,069</u>	<u>12,448,852</u>	<u>1,223,491</u>	<u>—</u>	<u>—</u>	<u>81,219,560</u>
University of Southern Mississippi:								
2021	\$ 13,427,913	7,016,012	6,411,901	—	—	—	—	6,411,901
2022	13,246,281	7,025,030	6,221,251	—	—	—	—	6,221,251
2023	12,095,546	6,097,947	5,997,599	—	—	—	—	5,997,599
2024	12,289,393	6,514,927	5,774,466	—	—	—	—	5,774,466
2025	12,475,155	6,937,129	5,538,026	—	—	—	—	5,538,026
2026 - 2030	63,757,611	40,450,477	23,307,134	—	—	—	—	23,307,134
2031 - 2035	60,883,762	47,078,049	13,805,713	—	—	—	—	13,805,713
2036 - 2040	33,318,329	28,375,529	4,942,800	—	—	—	—	4,942,800
2041 - 2045	13,603,560	12,652,910	950,650	—	—	—	—	950,650
	<u>\$ 235,097,550</u>	<u>162,148,010</u>	<u>72,949,540</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>72,949,540</u>
University of Mississippi Medical Center:								
2021	\$ 24,533,941	8,127,264	14,637,665	1,553,238	215,774	—	—	14,853,439
2022	24,593,076	8,473,919	14,350,145	1,645,422	123,590	—	—	14,473,735
2023	24,590,395	8,778,941	14,042,442	1,678,634	90,378	—	—	14,132,820
2024	24,583,376	9,099,347	13,715,017	1,712,516	56,496	—	—	13,771,513
2025	23,755,642	8,544,745	13,441,870	1,747,097	21,930	—	—	13,463,800
2026 - 2030	108,176,659	46,571,727	61,604,932	—	—	—	—	61,604,932
2031 - 2035	108,651,552	58,088,995	50,562,557	—	—	—	—	50,562,557
2036 - 2040	110,494,362	76,362,503	34,131,859	—	—	—	—	34,131,859
2041 - 2045	89,962,537	73,317,987	16,644,550	—	—	—	—	16,644,550
2046 - 2050	33,483,236	31,363,536	2,119,700	—	—	—	—	2,119,700
	<u>\$ 572,824,776</u>	<u>328,728,964</u>	<u>235,250,737</u>	<u>8,336,907</u>	<u>508,168</u>	<u>—</u>	<u>—</u>	<u>235,758,905</u>

See accompanying independent auditors' report.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information  
 Schedule of Debt Service Disclosure (IHL System only, Combined)  
 June 30, 2020

	<u>Total</u>	<u>Bonded debt</u>	<u>Bonded debt interest</u>	<u>Notes payable</u>	<u>Notes payable interest</u>	<u>Capital leases</u>	<u>Capital lease interest</u>	<u>Total interest</u>
IHL System Universities Only:								
2021	\$ 105,050,737	51,208,165	49,738,616	3,344,563	532,654	200,840	25,899	50,297,169
2022	103,175,975	51,133,173	48,138,014	3,372,022	392,447	121,201	19,118	48,549,579
2023	101,356,073	51,086,338	46,364,946	3,452,005	312,464	126,791	13,529	46,690,939
2024	101,437,088	53,118,174	44,414,124	3,533,649	230,821	132,639	7,681	44,652,626
2025	98,236,390	52,024,569	42,377,177	3,617,842	146,642	68,596	1,564	42,525,383
2026 - 2030	461,096,890	280,293,051	177,108,783	3,575,938	119,118	—	—	177,227,901
2031 - 2035	397,180,067	279,852,424	117,327,643	—	—	—	—	117,327,643
2036 - 2040	283,009,007	219,182,548	63,826,459	—	—	—	—	63,826,459
2041 - 2045	178,024,850	153,292,421	24,732,429	—	—	—	—	24,732,429
2046 - 2050	37,193,737	34,992,912	2,200,825	—	—	—	—	2,200,825
	<u>\$ 1,865,760,814</u>	<u>1,226,183,775</u>	<u>616,229,016</u>	<u>20,896,019</u>	<u>1,734,146</u>	<u>650,067</u>	<u>67,791</u>	<u>618,030,953</u>

See accompanying independent auditors' report.



**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information

Schedule of Bonds and Notes Payable Disclosure

June 30, 2020

	<u>Original issue</u>	<u>Balance Outstanding June 30, 2020</u>	<u>Interest rate</u>	<u>Maturity date</u>
Alcorn State University:				
Bonds:				
EBC - Series 2009	\$ 47,000,000	—	5.13% – 5.25%	09/2039
EBC - Series 2016	43,630,000	46,984,624	2.00% – 5.00%	09/2039
	<u>\$ 90,630,000</u>	<u>46,984,624</u>		
Delta State University:				
Bonds:				
EBC - Series 2009A	\$ 3,135,000	—	2.50% – 3.75%	12/2018
EBC - Series 2016	15,105,000	12,740,000	2.00% – 5.00%	12/2038
	<u>\$ 18,240,000</u>	<u>12,740,000</u>		
Jackson State University:				
Bonds:				
EBC - Series 1982	\$ 4,000,000	175,000	1.00% – 3.00%	12/2020
EBC - Series 2010A-1	31,325,000	—	3.00% – 5.00%	03/2034
EBC - Series 2015A	57,595,000	61,662,415	2.00% – 5.00%	03/2045
EBC - Series 2015B	13,065,000	750,000	0.69% – 2.60%	03/2021
EBC - Series 2017	6,000,000	6,000,000	3.38 %	08/2027
EBC - Series 2017A	29,745,000	28,960,000	1.60% – 3.70%	03/2034
	<u>\$ 141,730,000</u>	<u>97,547,415</u>		
Notes:				
Housing project	\$ 2,222,000	110,260	3.00 %	12/2021
Mississippi State University:				
Bonds:				
Dormitory bonds	\$ 2,250,000	100,000	3.00 %	12/2021
Student apartments	2,038,000	175,000	3.00 %	12/2022
EBC - Series 2009A-1	29,615,000	—	2.50% – 5.25%	08/2039
EBC - Series 2009A-2	17,105,000	—	2.75% – 5.00%	08/2024
EBC - Series 2011	54,370,000	2,630,833	2.00% – 5.00%	12/2042
EBC - Series 2013	60,470,000	9,537,607	2.00% – 5.00%	08/2043
EBC - Series 2014A	89,810,000	75,939,660	2.00% – 5.00%	08/2043
EBC - Series 2014B	23,435,000	18,275,000	0.29% – 4.81%	08/2043
EBC - Series 2015	56,010,000	55,184,623	2.00% – 5.00%	08/2045
EBC - Series 2017	63,270,000	67,083,123	2.00% – 5.00%	08/2045
EBC - Series 2017A	92,075,000	97,834,401	2.00% – 5.00%	08/2043
	<u>\$ 490,448,000</u>	<u>326,760,248</u>		

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information

Schedule of Bonds and Notes Payable Disclosure

June 30, 2020

	<u>Original issue</u>	<u>Balance Outstanding June 30, 2020</u>	<u>Interest rate</u>	<u>Maturity date</u>
Mississippi Valley State University:				
Bonds:				
EBC - Series 2007	\$ 19,015,000	355,000	4.00 %	03/2022
EBC - Series 2015	17,270,000	16,335,000	2.00 %	03/2037
	<u>\$ 36,285,000</u>	<u>16,690,000</u>		
University of Mississippi:				
Bonds:				
EBC - Series 2009A	\$ 19,870,000	—	3.50% – 4.50%	10/2029
EBC - Series 2009B	24,165,000	2,600,000	3.623% – 5.00%	10/2020
EBC - Series 2009C	14,770,000	—	3.25% – 4.75%	11/2034
EBC - Series 2011	27,995,000	3,635,451	3.00% – 5.00%	10/2031
EBC - Series 2013C	62,900,000	—	3.22%	11/2033
EBC - Series 2013D	12,100,000	1,331,297	3.10%	11/2020
EBC - Series 2015	12,600,000	—	Variable	12/2025
EBC - Series 2015A	15,660,000	15,018,702	2.00% – 4.00%	11/2039
EBC - Series 2015B	10,125,000	7,180,000	1.375% – 3.75%	11/2029
EBC - Series 2015C	31,630,000	30,913,404	2.00% – 5.00%	11/2046
EBC - Series 2015D	17,660,000	14,875,000	0.993% – 4.452%	11/2036
EBC - Series 2016A	33,245,000	28,750,473	2.00% – 5.00%	11/2034
EBC - Series 2017	38,995,000	41,044,498	2.00% – 5.00%	10/2034
EBC - Series 2019A	73,350,000	85,870,689	3.00% – 5.00%	10/2035
EBC - Series 2019B	3,365,000	3,365,000	1.94% – 2.05%	10/2023
	<u>\$ 398,430,000</u>	<u>234,584,514</u>		
Notes:				
Hancock Bank	\$ 9,500,000	5,994,136	2.59 %	06/2026
Renasant Bank	8,000,000	6,454,716	2.745 %	06/2028
Trustmark Bank	17,783,300	—	LIBOR + 1.39	06/2033
	<u>\$ 35,283,300</u>	<u>12,448,852</u>		
University of Southern Mississippi:				
Bonds:				
SMEBC - Series 2009	\$ 49,900,000	—	2.75% – 5.38%	09/2036
SMEBC - Series 2013	51,875,000	7,744,417	2.00% – 5.00%	09/2043
SMEBC - Series 2015A	38,600,000	36,348,992	2.00% – 5.00%	03/2034
SMEBC - Series 2015B	16,690,000	7,475,000	0.50% – 3.25%	03/2034
SMEBC - Series 2016	58,870,000	66,143,100	2.00% – 5.00%	09/2039
SMEBC - Series 2017	44,005,000	44,436,501	2.00% – 5.00%	09/2043
	<u>\$ 259,940,000</u>	<u>162,148,010</u>		

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**

State of Mississippi Component Unit Additional Information

Schedule of Bonds and Notes Payable Disclosure

June 30, 2020

	<u>Original issue</u>	<u>Balance Outstanding June 30, 2020</u>	<u>Interest rate</u>	<u>Maturity date</u>
University Medical Center:				
Bonds:				
MCEBC - Series 1998B	\$ 41,075,000	14,600,000	3.88% – 5.90%	12/2023
MCEBC - Series 2010A	24,870,000	—	5.92% – 6.69%	06/2032
MCEBC - Series 2010B	20,000,000	20,000,000	6.843%	06/2035
MCEBC - Series 2010C	5,130,000	—	2.50% – 5.00%	06/2020
MCEBC - Series 2012A	51,860,000	52,788,251	4.00% – 5.00%	06/2041
MCEBC - Series 2012B	53,390,000	53,390,000	4.064% – 4.822%	06/2038
MCEBC - Series 2017A	137,635,000	149,173,089	3.00% – 5.00%	06/2047
MCEBC - Series 2017B	12,345,000	9,585,000	2.45% – 3.10%	06/2024
MCEBC - Series 2019	24,380,000	29,192,624	5.00%	06/2035
	<u>\$ 370,685,000</u>	<u>328,728,964</u>		
Note:				
University of Mississippi	\$ <u>8,336,907</u>	<u>8,336,907</u>	2.00%	06/2025
Total	<u>\$ <u>1,852,230,207</u></u>	<u><u>1,247,079,794</u></u>		

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING**  
State of Mississippi Component Unit Additional Information  
Schedule of Functional Expenses Disclosure  
Year ended June 30, 2020

<b>Functional Classification</b>	<b>Salaries and wages</b>	<b>Fringe benefits</b>	<b>Travel</b>	<b>Contractual services</b>	<b>Utilities</b>	<b>Scholarships and fellowships</b>	<b>Commodities</b>	<b>Depreciation expense</b>	<b>Other</b>	<b>Total</b>
Instruction	\$ 485,856,263	180,988,899	8,126,699	39,926,144	327,855	2,183,785	16,754,404	—	111,727	734,275,776
Research	182,217,133	72,949,298	7,270,653	75,036,822	3,546,892	2,468,056	35,982,378	—	249,045	379,720,277
Public Service	83,684,638	32,077,326	3,385,287	31,523,145	936,652	190,536	15,809,472	—	8,684	167,615,740
Academic Support	84,044,512	30,047,332	1,809,722	25,502,362	454,294	289,840	16,621,147	—	505,666	159,274,875
Student Services	48,297,260	17,782,961	4,014,156	15,312,724	141,942	1,236,442	6,620,199	—	169,697	93,575,381
Institutional Support	148,645,312	56,564,455	2,185,874	123,344,426	215,233	1,882,097	18,496,930	—	2,721,296	354,055,623
Operation of Plant	50,373,817	22,124,934	162,639	47,994,872	43,010,648	—	17,861,810	—	—	181,528,720
Student Aid	4,217,231	5,608,793	56,203	1,366,003	—	221,055,998	180,033	—	—	232,484,261
Auxiliary Enterprises	86,636,921	29,065,006	11,493,737	83,804,088	15,490,540	27,341,190	18,071,891	—	58,326	271,961,699
Depreciation	—	—	—	—	—	—	—	167,835,990	—	167,835,990
Hospital	540,619,774	192,335,389	715,434	123,484,103	1,324,813	—	295,180,554	—	—	1,153,660,067
Loan Fund expenses	—	—	—	309,880	—	—	—	—	1,054,504	1,364,384
Interest	—	—	—	—	—	—	—	—	(36,359,654)	(36,359,654)
Inter-campus eliminations	—	—	—	(54,099,415)	—	(33,791,975)	—	—	—	(87,891,390)
<b>Total operating expenses</b>	<b>\$ 1,714,592,861</b>	<b>639,544,393</b>	<b>39,220,404</b>	<b>513,505,154</b>	<b>65,448,869</b>	<b>222,855,969</b>	<b>441,578,818</b>	<b>167,835,990</b>	<b>(31,480,709)</b>	<b>3,773,101,749</b>