

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020, 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 years ended June 30, 2021 and 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 2021 financial statements, which reflect approximately 4.5%, 1.7% and 0.6% of the assets, net position and revenues of the IHL System's business-type activities and 89.7%, 89.4% and 88.4% of assets, net assets and revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2021, 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. Those 2020 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. 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 and the aggregate discretely presented component units of the IHL System as of June 30, 2021 and 2020, 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 120-126 and the accompanying component unit additional information for inclusion in the State of Mississippi Comprehensive Annual Financial Report on pages 141-155 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 20, 2021, 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 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020



Introduction

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

The institutions serve approximately 77,000 students with an employee base of 27,600 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 2020.

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

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

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

ASU	Alcorn State University
DSU	Delta State University
JSU	Jackson State University
MSU	Mississippi State University
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
M CVS	Mississippi Commission for Volunteer Service – Off-campus entity

The discussion and analysis below provide an overview of the financial position and activities of the IHL System for the years ended June 30, 2021 and 2020. 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 \$233 million in fiscal year 2021. Operating expenses were reduced by \$48.6 million, including a \$46.6 million reduction in salaries/wages and fringe benefits. Travel expenses were down \$22.9 million. Scholarship and fellowship expenses remained flat at approximately \$222 million after experiencing a 26% increase in fiscal year 2020. Patient care revenues of the medical center experienced a modest 1.8% decrease, or \$21.3 million.

<u>Financial highlights (in millions)</u>	<u>Years ended June 30,</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total operating revenues	\$ 2,720	2,752	2,787
Total operating expenses	3,611	3,793	3,744
Operating loss	(891)	(1,041)	(957)
State appropriations	669	702	687
Gifts	218	267	345
Investment income	44	18	89
Interest expense on capital asset-related debt	(43)	(36)	(37)
Other nonoperating revenues, net and other revenue, expenses, gains and losses	106	132	106
Increase in net position	103	42	233
Net position, beginning of the year	2,054	2,157	2,199
Net position, end of year	\$ 2,157	2,199	2,432

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.

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Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

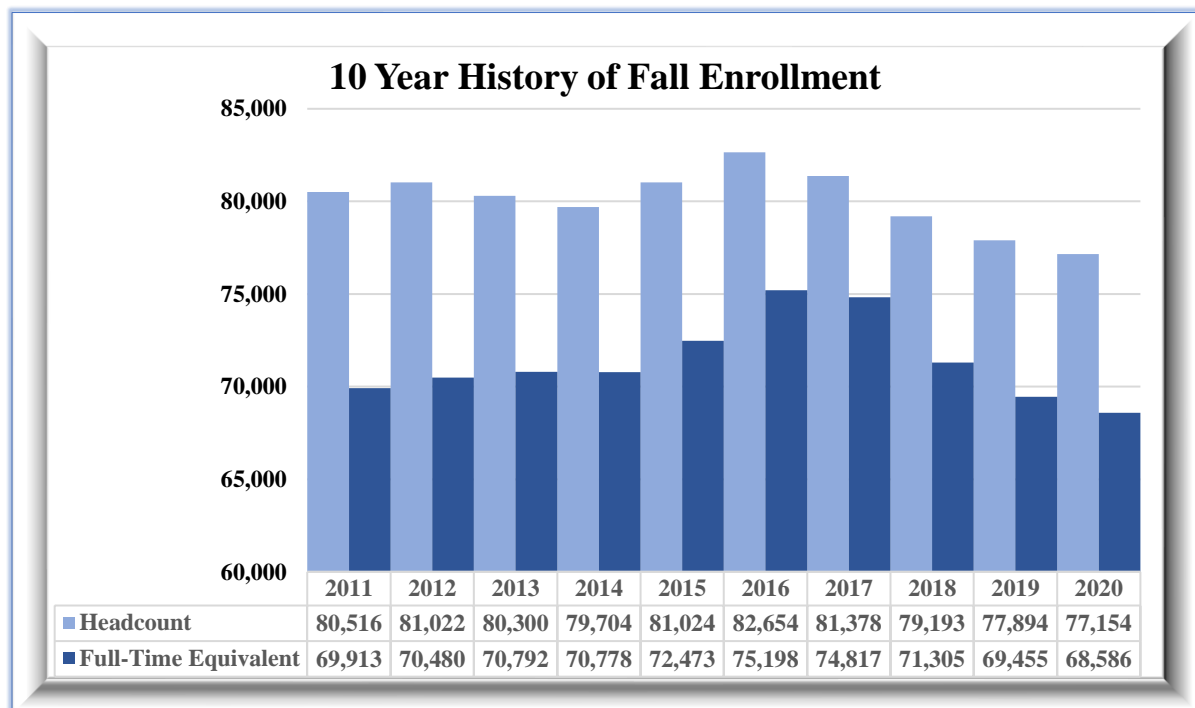
Financial Statements

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 2021 and 2020 and includes all assets, deferred outflows, liabilities, and deferred inflows for all institutions within the IHL System. The difference between total assets, deferred outflows, total liabilities, and deferred inflows – net position – is one measure of the IHL System's financial health or position. The change in net position is a useful indicator of financial health of the IHL System. Over time, increases or decreases in the IHL System's net position provide a useful trend in assessing whether its financial health is improving. Other nonfinancial factors such as enrollment trends and the condition of the physical plant are also useful in evaluating the overall financial health of the IHL System.

The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the IHL System, as well as nonoperating revenues and expenses for the years ended June 30, 2021 and 2020. 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 16.9% and 18.1% of total IHL System net revenues for fiscal years 2021 and 2020, 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.



STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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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 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, 2019	June 30, 2020	June 30, 2021	Changes between years	
				2019 to 2020	2020 to 2021
Assets:					
Current assets	\$ 1,391,902,347	1,638,143,639	1,708,473,104	17.7 %	4.3 %
Capital assets, net	4,348,912,581	4,454,475,918	4,460,199,426	2.4	0.1
Other assets	1,002,280,445	964,168,414	1,284,759,866	(3.8)	33.3
Deferred outflows	242,313,161	333,082,766	476,671,893	37.5	43.1
Total assets and deferred outflows of resources	\$ 6,985,408,534	7,389,870,737	7,930,104,289	5.79 %	7.31 %
Liabilities:					
Current liabilities	\$ 462,554,570	667,251,775	737,194,628	44.3	10.5
Noncurrent liabilities	4,249,359,249	4,411,834,096	4,652,692,810	3.8	5.5
Deferred inflows	116,479,343	111,805,741	108,078,232	(4.0)	(3.3)
Total liabilities and deferred inflows of resources	\$ 4,828,393,162	5,190,891,612	5,497,965,670	7.5 %	5.9 %
Net position (deficit):					
Investment in capital assets, net of debt	\$ 3,134,825,439	3,241,081,161	3,263,116,965	3.4 %	0.7 %
Restricted – nonexpendable	181,254,031	182,569,210	197,382,615	0.7	8.1
Restricted – expendable	320,633,707	323,502,885	374,397,093	0.9	15.7
Unrestricted	(1,479,697,805)	(1,548,174,131)	(1,402,758,054)	(4.6)	9.4
Total net position	\$ 2,157,015,372	2,198,979,125	2,432,138,619	1.9 %	10.6 %

At June 30, 2021, 2020, and 2019 current assets totaled \$1.71 billion, \$1.64 billion, and \$1.39 billion, respectively, and consisted primarily of cash and cash equivalents, short-term investments and net receivables. Current assets increased 4.3% (or \$70.4 million) and 17.7% (or \$246.2 million) from June 30, 2020 to 2021 and June 30, 2019 to 2020, respectively. Cash and cash equivalents, and short-term investments constituted approximately 72.4% and 68.9% of current assets as of June 30, 2021 and 2020, respectively, while net receivables constituted approximately 21.7% and 25.1% of current assets as of June 30, 2021 and 2020, respectively. Approximately 39.6% and 35.8% of these net receivables are amounts due

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Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

from gifts, contracts and grants, and the State of Mississippi for appropriations as of June 30, 2021 and 2020, respectively, while 35.8% and 41.8%, 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, 2021, 2020 and 2019, noncurrent assets totaled \$5.7 billion, \$5.4 billion, and \$5.4 billion, respectively, which included capital assets of \$4.5 billion, \$4.5 billion, and \$4.3 billion, respectively. Noncurrent cash and investments that are restricted externally by endowment arrangements or specific grant and contract arrangements approximated \$222.8 million and \$161.1 million at June 30, 2021 and 2020, respectively. These amounts are reflected in net position expendable for scholarships and fellowships and other purposes in the statement of net position. There were no unspent bond proceeds at June 30, 2021 and 2020. One other significant noncurrent asset of the IHL System is student notes receivable which equaled \$68.2 million and \$78.8 million at June 30, 2021 and 2020, respectively. In total, noncurrent assets increased by 6% (or \$326 million). Net capital assets remained stable at \$4.5 billion during 2021 and 2020. The IHL System's inventory of buildings has increased in pre-depreciation value by a total of \$1 billion since June 30, 2017. Additional details about the IHL System's most recent capital asset growth can be seen in the Capital Asset and Debt Administration section of this report.

At June 30, 2021, 2020 and 2019, current liabilities equaled \$737.2 million, \$667.3 million and \$462.6 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 \$4.7 billion, \$4.4 billion, and \$4.2 billion at June 30, 2021, 2020, and 2019, respectively. The IHL System's proportionate share of the collective net pension liability reported by PERS increased by \$279.5 million (9.8%) and by \$194.2 million (7.3%) as of June 30, 2021 and 2020, 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 decreased by \$11.5 million (7.3%) and increased by \$15.7 million (11%) as of June 30, 2021 and 2020, respectively. The OPEB liability was implemented as a new standard during 2018.

Deferred outflows of resources increased in 2021 while deferred inflows of resources decreased, primarily due to the impact of net pension liabilities. The IHL System recorded \$393.9 million and \$267.2 million of pension-related deferred outflows at the end of fiscal years 2021 and 2020, 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, \$26.4 million and \$59.2 million of pension-related deferred inflows at June 30, 2021 and 2020, 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 \$197.4 million and \$182.6 million at June 30, 2021 and 2020, 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 8.1% (or \$14.8 million) and 0.7% (or \$1.3 million) from June 30, 2020 to 2021 and June 30, 2019 to 2020, respectively.

Restricted expendable net position equaled \$374.4 million and \$323.5 million at June 30, 2021 and 2020, 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 15.7% (or \$50.9 million) and 0.9% (or \$2.9 million) from June 30, 2020 to 2021 and June 30, 2019 to 2020, respectively.

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Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

Unrestricted net position (deficit) equaled \$(1.40) billion and \$(1.55) billion at June 30, 2021 and 2020, respectively, and represents those assets that are available to the IHL System for any lawful purpose. The value of unrestricted net position improved 9.4% (or \$145.4 million) from June 30, 2020 to 2021 but had fallen back by 4.6% (or \$68.5 million) from June 30, 2019 to 2020. The unrestricted deficit is the result of the implementation of GASB Statement Nos. 68 and 75, under which IHL recognizes a liability for its net pension and OPEB obligations.

Statement of Revenues, Expenses and Changes in Net Position

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

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	
	2019	2020	2021	2019 to 2020	2020 to 2021
Operating revenues	\$ 2,720,082,179	2,752,093,996	2,786,941,000	1.2 %	1.3 %
Operating expenses	3,610,653,918	3,792,667,222	3,744,020,192	5.0	(1.3)
Operating loss	(890,571,739)	(1,040,573,226)	(957,079,192)	16.8	(8.0)
Nonoperating revenues	\$ 876,337,399	954,950,291	1,081,842,228	9.0	13.3
Income (loss) before other revenues, expenses, gains or losses	(14,234,340)	(85,622,935)	124,763,036	501.5	(245.7)
Other revenues, expenses, gains or losses	117,676,039	127,586,688	108,396,458	8.4	(15.0)
Change in net position	103,441,699	41,963,753	233,159,494	(59.4)	455.6
Net position, beginning of the year	2,053,573,673	2,157,015,372	2,198,979,125	5.0	1.9
Net position, end of the year	\$ 2,157,015,372	2,198,979,125	2,432,138,619	1.9 %	10.6 %

Operating Revenues

Operating revenues for the IHL System equaled \$2.8 billion, \$2.8 billion and \$2.7 billion for fiscal years 2021, 2020 and 2019, respectively. Operating revenues increased 1.3% (or \$34.8 million) and 1.2% (or \$32.0 million) during 2021 and 2020, respectively. Major components of operating revenues are the UMMC patient care revenues (42.2% in 2021, 43.5% in 2020 and 43.2% in 2019), net tuition and fees (23.3% in 2021, 23.8% in 2020 and 24.0% in 2019), grants and contracts revenues (16.3% in 2021, 16.2% in 2020 and 15.7% in 2019), and sales and service revenues from auxiliary activities (10.9% in 2021, 10.1% in 2020 and 11.1% in 2019). 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, 2021 and 2020

Operating Revenues					
	Years ended June 30,			Changes between years	
	2019	2020	2021	2019 to 2020	2020 to 2021
Tuition and fees, net	\$ 652,821,111	656,024,712	650,347,838	0.5 %	(0.9)%
Grants and contracts	426,501,389	446,576,323	455,390,620	4.7	2.0
Federal appropriations	14,410,558	15,047,436	15,519,984	4.4	3.1
Sales and services of educational departments	67,564,996	59,175,654	59,530,803	(12.4)	0.6
Auxiliary enterprises, net	301,979,850	277,624,810	303,503,843	(8.1)	9.3
Patient care revenues	1,176,072,282	1,197,526,479	1,176,245,589	1.8	(1.8)
Other	80,731,993	100,118,582	126,402,323	24.0	26.3
Total operating revenues	\$ 2,720,082,179	2,752,093,996	2,786,941,000	1.2 %	1.3 %

Net tuition and fee revenues decreased 0.9% (or \$5.7 million) and increased 0.5% (or \$3.2 million) during years 2021 and 2020, respectively. In 2021, most IHL institutions kept in-state tuition rates at the same level as 2020. In 2020 and 2019, all IHL institutions raised their in-state tuition rates (average increase of 4.2% and 4.3%, respectively).

Grants and contracts revenue increased 2.0% (or \$8.8 million) and 4.7% (or \$20.1 million) during fiscal years 2021 and 2020, 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 decreased 1.8%, or \$21.3 million from June 30, 2020 to 2021, after an increase of 1.8%, or \$21.5 million, from June 30, 2019 to 2020.

Operating Expenses

Operating expenses for the IHL System totaled \$3.7 billion, \$3.8 billion, and \$3.6 billion for fiscal years 2021, 2020 and 2019, respectively. Operating expenses decreased a modest 1.3% (or \$48.6 million) during 2021 after a 5.0% increase (or \$182.0 million) during 2020. Personnel costs (including fringe benefits) were the largest expense component for the IHL System, representing 61.6% of the total in 2021, 62.1% of the total in 2020 and 62.4% in 2019. Other major components include contractual services (13.2% in 2021, 13.1% in 2020, and 13.6% in 2019), commodities (12.3% in 2021, 11.6% in 2020, and 11.1% in 2019), and scholarships and fellowships (5.9% in 2021 and 2020, and 4.9% in 2019). The following table summarizes the IHL System's operating expenses (by major object category) for the past three fiscal years.

Operating Expenses					
	Years ended June 30,			Changes between years	
	2019	2020	2021	2019 to 2020	2020 to 2021
By major object category:					
Salaries and wages	\$ 1,655,778,835	1,714,592,861	1,676,015,889	3.6 %	(2.2)%
Fringe benefits	596,194,684	639,544,393	631,512,198	7.3	(1.3)
Travel	51,263,875	39,220,404	16,295,965	(23.5)	(58.5)
Contractual services	490,922,090	497,655,634	493,488,217	1.4	(0.8)
Utilities	69,936,844	65,448,869	64,697,178	(6.4)	(1.1)
Scholarships and fellowships	177,199,230	222,855,969	221,826,245	25.8	(0.5)
Commodities	400,969,012	441,578,818	462,118,373	10.1	4.7
Depreciation	162,945,647	166,891,329	170,848,756	2.4	2.4
Other	5,443,701	4,878,945	7,217,371	(10.4)	47.9
Total operating expenses	\$ 3,610,653,918	3,792,667,222	3,744,020,192	5.0 %	(1.3)%

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

The IHL System's personnel expenses decreased in 2021 (2.0%, or \$46.6 million) after an increase (4.8%, or \$102.9 million) in 2020. UMMC was able to reduce personnel costs by \$44.1 million in 2021. Three institutions experienced large increases in personnel costs in 2020: MSU (\$22.7 million), UM (\$12.2 million), and UMMC (\$62.1 million). Travel expenses experienced its second year decline, a drastic cut in 2021 (58.5% or \$22.9 million) after a 23.5% (or \$12.0 million) reduction in 2020. Contractual services are stable at \$490 million. The cost for commodities continues to rise, 4.7% (or \$20.5 million) in 2021 and 10.1% (\$40.6 million) in 2020. Scholarship and fellowship expenses remained stable at \$222 million after a dramatic increase of 25.8% (or \$45.7 million) from 2019 to 2020.

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

	Operating Expenses					
	Years ended June 30,			Changes between years		
	2019	2020	2021	2019 to 2020	2020 to 2021	
By function:						
Instruction	\$ 686,583,567	734,275,776	708,276,802	6.9 %	(3.5)%	
Research	398,647,090	379,720,277	340,001,037	(4.7)	(10.5)	
Public service	155,578,022	167,615,740	171,766,271	7.7	2.5	
Academic support	161,058,006	159,274,875	168,004,666	(1.1)	5.5	
Student services	95,869,389	93,575,381	90,556,891	(2.4)	(3.2)	
Institutional support	314,094,435	338,206,103	361,613,088	7.7	6.9	
Operations and maintenance of plant	182,269,595	181,528,720	183,463,518	(0.4)	1.1	
Student aid	184,284,320	232,484,261	236,454,524	26.2	1.7	
Auxiliary enterprises	283,007,079	271,961,699	252,957,703	(3.9)	(7.0)	
Depreciation	162,945,647	166,891,329	170,848,756	2.4	2.4	
Hospital	1,067,381,363	1,153,660,067	1,145,383,790	8.1	(0.7)	
Other	1,004,804	1,364,384	1,602,133	35.8	17.4	
Eliminations	(82,069,399)	(87,891,390)	(86,908,987)	7.1	(1.1)	
Total operating expenses	<u>\$ 3,610,653,918</u>	<u>3,792,667,222</u>	<u>3,744,020,192</u>	<u>5.0 %</u>	<u>(1.3)%</u>	

Funding for the Instruction function continues to be one of the IHL System's highest priorities. While instruction costs decreased by 3.5% (or \$26 million) in 2021 and increased by 6.9% (\$47.7 million) in 2020, it still maintained an approximate 20% share of total operations. Although institutional research (internal and external) and public service costs have always commanded one of the System's primary cost missions, research experienced its second year in a row of decline, 10.5% (or \$39.7 million) in 2021 and by 4.7% (or \$18.9 million) in 2020; these costs represent approximately 13.7% and 14.4% of the IHL System's total focus during 2021 and 2020, 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 by 6.9% (or \$23.4 million) in 2020 and by 7.7% (or \$24.1 million) in 2020. 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 by 7.0% (\$19.0 million) in fiscal year 2021 and by 3.9% (\$11.0 million) in fiscal year 2020. Student Aid expenses remained steady at \$230 million after a dramatic 26.2% increase in 2020. Finally, hospital expenses remained steady at \$1.2 billion after experiencing an 8.1% increase (or \$86.3 million) in 2020. The hospital operations contribution ratio remained steady at 71%.

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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, 2021, 2020, and 2019, the IHL System had approximately \$4.5 billion, \$4.5 billion, and \$4.3 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.

Capital Asset Summary					
	Years ended June 30,			Changes between years	
	2019	2020	2021	2019 to 2020	2020 to 2021
Capital assets not being depreciated	\$ 592,768,854	560,459,984	409,918,465	(5.5)%	(26.9)%
Depreciable capital assets:					
Improvements other than buildings	477,794,135	513,252,342	523,879,514	7.4	2.1
Buildings	4,300,061,832	4,509,120,737	4,755,424,420	4.9	5.5
Equipment	912,376,796	929,028,179	969,076,502	1.8	4.3
Library books	440,789,349	451,722,303	462,203,244	2.5	2.3
Total depreciable capital assets	<u>6,131,022,112</u>	<u>6,403,123,561</u>	<u>6,710,583,680</u>	<u>4.4</u>	<u>4.8</u>
Total cost of capital assets	6,723,790,966	6,963,583,545	7,120,502,145	3.6	2.3
Less accumulated depreciation	<u>(2,374,878,385)</u>	<u>(2,509,107,627)</u>	<u>(2,660,302,719)</u>	<u>5.7</u>	<u>6.0</u>
Capital assets, net	<u>\$ 4,348,912,581</u>	<u>4,454,475,918</u>	<u>4,460,199,426</u>	<u>2.4 %</u>	<u>0.1 %</u>

Non-depreciable capital assets equaled \$410 million, \$560 million, and \$593 million, at June 30, 2021, 2020, and 2019, respectively. These assets principally consisted of land and construction in progress. The \$32 million decrease in 2020 followed with a subsequent decrease of \$151 million in 2021 was due to the completion of capitalized facility projects transferred from CIP to a depreciable category.

At June 30, 2021, 2020, and 2019, the IHL System had \$1.2 billion, \$1.2 billion, and \$1.3 billion, respectively, in bonded debt, notes payable and capital lease obligations. This represents a 1.5% (\$18.6 million) decrease in 2021 after a 3.5% (or \$45.5 million) decrease in 2020. The following table summarizes the IHL System's long-term debt for the past three fiscal years.

Long-Term Debt Summary					
	Years ended June 30,			Changes between years	
	2019	2020	2021	2019 to 2020	2020 to 2021
Bonds payable	\$ 1,252,788,253	1,226,183,775	1,203,621,565	(2.1)%	(1.8)%
Notes payable	31,232,804	12,559,112	10,767,827	(59.8)	(14.3)
Capital lease obligations	843,919	650,067	6,394,227	(23.0)	883.6
Total long-term debt	<u>\$ 1,284,864,976</u>	<u>1,239,392,954</u>	<u>1,220,783,619</u>	<u>(3.5)%</u>	<u>(1.5)%</u>

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Bonded debt decreased 1.8% (or \$22.6 million) in 2021 and 2.1% (or \$26.6 million) in 2020. During fiscal year 2021, UMMC issued approximately \$158 million of Series 2020B revenue bonds. The purpose of these bonds is to finance capital expenditures and to refund the Series 2010B bonds, Series 2012A bonds, and Series 2012B bonds issued in the original principal amount of \$125 million (\$20.6 million economic gain). During fiscal year 2020, UM and UMMC issued approximately \$76.7 million and \$24.4 million, respectively, in new bond refundings. 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 \$1.8 million in 2021 and \$18.7 million in 2020.

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 2017 through 2021.

Designated Revenues¹ and Unrestricted Net Positions (excludes UMMC, Board Office, and MCVS)					
Years ended June 30,					
	2017	2018	2019	2020	2021
Tuition, net ²	\$ 585,081,567	606,693,893	620,658,969	620,923,011	613,221,706
Sales and services	60,369,071	62,469,346	66,708,030	57,514,245	57,399,481
Auxiliary enterprises, net ²	300,085,021	293,824,703	296,965,608	272,846,066	298,444,150
Other ³	45,829,086	41,072,784	53,384,691	52,735,117	55,455,591
Sub-total	991,364,745	1,004,060,726	1,037,717,298	1,004,018,439	1,024,520,928
State appropriations	490,804,883	460,659,547	461,013,005	477,248,168	465,521,243
Unrestricted net positions ⁴	—	—	—	—	—
Total	\$ <u>1,482,169,628</u>	<u>1,464,720,273</u>	<u>1,498,730,303</u>	<u>1,481,266,607</u>	<u>1,490,042,171</u>

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

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

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

⁴ The unrestricted net positions of \$(527,527,704) for 2017, \$(685,017,873) for 2018, \$(616,469,699) for 2019, \$(572,666,659) for 2020, and \$(447,531,102) for 2021, 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 2021 fiscal year with an anticipated systemwide operating budget increase of \$63 million. Fiscal year 2021 closed strong with a \$233 million net increase (see the SRECNP summary table on page 9 of management discussion and analysis), although actual revenues fell short of budgeted expectations due to effects of the COVID-19

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

pandemic. For fiscal year 2022, general education funding from the State of Mississippi will increase by 8.15% (or \$28 million), and the IHL system expects tuition and auxiliary revenues to be flat. In 2022, state appropriated revenues will comprise approximately 29.1% of the total E&G budget, while self-generated tuition revenues will approximate 65.6% 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
3825 Ridgewood Road
Jackson, MS 39211

BASIC FINANCIAL STATEMENTS

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Net Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets and Deferred Outflows		
Current Assets:		
Cash and cash equivalents	\$ 961,478,728	881,111,528
Short term investments	275,609,277	247,097,053
Accounts receivable, net	371,148,587	411,116,497
Student notes receivable, net	20,820,536	17,631,345
Inventories	42,070,625	36,212,848
Prepaid expenses	26,286,239	36,424,187
Other current assets	11,059,112	8,550,181
Total current assets	<u>1,708,473,104</u>	<u>1,638,143,639</u>
Non-Current Assets:		
Restricted cash and cash equivalents	140,763,573	108,664,579
Restricted short-term investments	1,411,114	1,404,677
Endowment investments	403,568,629	320,274,046
Other long-term investments	624,208,898	415,537,268
Student notes receivable, net	68,196,575	78,810,321
Beneficial interest in irrevocable trust	43,991,738	35,933,062
Capital assets, net	4,460,199,426	4,454,475,918
Other noncurrent assets	2,619,339	3,544,461
Total noncurrent assets	<u>5,744,959,292</u>	<u>5,418,644,332</u>
Total assets	<u>7,453,432,396</u>	<u>7,056,787,971</u>
Deferred outflows of resources	<u>476,671,893</u>	<u>333,082,766</u>
Total assets and deferred outflows of resources	<u>\$ 7,930,104,289</u>	<u>7,389,870,737</u>
Liabilities, Deferred Inflows and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 319,381,944	260,039,453
Unearned revenues	163,949,404	139,201,702
Accrued leave liabilities - current portion	18,133,551	24,633,778
Long-term liabilities - current portion	65,570,890	66,097,575
Other current liabilities	170,158,839	177,279,267
Total current liabilities	<u>737,194,628</u>	<u>667,251,775</u>
Noncurrent liabilities:		
Accrued leave liabilities	122,888,528	120,764,209
Deposits refundable	1,687,442	1,834,844
Long-term liabilities	1,218,279,088	1,240,532,988
Net pension liability	3,123,010,235	2,843,514,960
Net OPEB liability	146,002,208	157,499,028
Other noncurrent liabilities	40,825,309	47,688,067
Total noncurrent liabilities	<u>4,652,692,810</u>	<u>4,411,834,096</u>
Total liabilities	<u>5,389,887,438</u>	<u>5,079,085,871</u>
Deferred inflows of resources	<u>108,078,232</u>	<u>111,805,741</u>
Total liabilities and deferred inflows of resources	<u>\$ 5,497,965,670</u>	<u>5,190,891,612</u>
Net Position:		
Net investment in capital assets	\$ 3,263,116,965	3,241,081,161
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	30,634,500	27,324,159
Research	5,864,715	4,129,474
Other purposes	160,883,400	151,115,577
Expendable:		
Scholarships and fellowships	56,845,137	39,320,223
Research	56,296,447	74,812,406
Capital projects	17,305,459	11,587,740
Debt service	21,336,767	22,056,247
Loans	56,656,205	53,970,250
Other purposes	165,957,078	121,756,019
Unrestricted	<u>(1,402,758,054)</u>	<u>(1,548,174,131)</u>
Total net position	<u>\$ 2,432,138,619</u>	<u>2,198,979,125</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, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 3,009,958	1,562,618
Restricted cash	3,301,191	6,273,651
Restricted short-term investments	4,000,000	—
Accrued interest, other receivables and prepaid assets	165,355	120,459
Receivable from MSU Alumni Association	135,249	26,102
Pledges receivable, net	40,761,967	32,886,943
Investments	690,339,682	499,255,570
Present value of amounts due from externally managed trusts	59,215,668	49,559,753
Land, buildings, and equipment, net	13,157,746	9,978,892
Total assets	\$ 814,086,816	599,663,988
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,125,080	1,491,022
Agency payable	7,301,191	6,273,651
Liabilities under split interest agreements	8,709,271	8,083,815
Payable to Bulldog Club	1,108,900	2,634,238
Payable to Mississippi State University	382,596	240,771
Note payable	2,941,285	—
Total liabilities	21,568,323	18,723,497
Net assets:		
Without donor restrictions:		
Net assets attributable to the Foundation	55,440,281	50,918,074
Net assets attributable to noncontrolling interest	52,094,122	38,874,655
Total net assets without donor restrictions	107,534,403	89,792,729
With donor restrictions	684,984,090	491,147,762
Total net assets	792,518,493	580,940,491
Total liabilities and net assets	\$ 814,086,816	599,663,988

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, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 11,411,775	12,974,805
Pledges receivable, net	73,619,230	80,841,525
Investments	616,430,187	496,354,507
Beneficial interest in remainder trust	11,543,644	10,229,426
Property and equipment, net	1,971,997	2,091,723
Other assets	1,549,643	1,322,329
	Total assets	603,814,315
	\$ 716,526,476	603,814,315
Liabilities and Net Assets		
Liabilities:		
Funds held for others	\$ 26,531,386	23,079,151
Liabilities under remainder trusts and gift annuities	4,307,259	3,223,775
Other liabilities	5,282,838	2,932,785
	Total liabilities	29,235,711
	36,121,483	29,235,711
Net assets:		
Without donor restrictions	19,306,323	15,782,334
With donor restrictions	661,098,670	558,796,270
	Total net assets	574,578,604
	680,404,993	574,578,604
	\$ 716,526,476	603,814,315

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, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 3,993,951	2,663,185
Accrued earnings	104,195	110,245
Prepaid assets and other receivables	1,240,378	298,154
Pledges receivable, net	3,764,152	6,970,246
Investments	147,947,893	118,205,601
Cash surrender value of life insurance	2,765,180	2,711,628
Amounts due from externally managed trusts	14,608,988	9,969,592
Property and equipment, net	1,567,480	233,501
Total assets	\$ 175,992,217	141,162,152
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,066,276	589,498
Gift annuities payable	68,929	103,222
Total liabilities	1,135,205	692,720
Net assets:		
Without donor restrictions	17,595,188	12,553,396
With donor restrictions	157,261,824	127,916,036
Total net assets	174,857,012	140,469,432
Total liabilities and net assets	\$ 175,992,217	141,162,152

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Tuition and fees:	\$ 981,575,970	987,678,748
Less scholarship allowances	(325,703,930)	(327,790,345)
Less bad debt expense	<u>(5,524,202)</u>	<u>(3,863,691)</u>
Net tuition and fees	650,347,838	656,024,712
Federal appropriations	15,519,984	15,047,436
Federal grants and contracts	340,225,921	336,284,371
State grants and contracts	35,382,512	29,260,445
Nongovernmental grants and contracts	79,782,187	81,031,507
Sales and services of educational departments	59,530,803	59,175,654
Auxiliary enterprises:		
Student housing	92,819,934	97,050,698
Food services	25,033,175	31,022,724
Bookstore	5,249,873	4,926,305
Athletics	178,140,409	146,674,118
Other auxiliary revenues	32,523,789	31,298,070
Less auxiliary enterprise scholarship allowances	<u>(30,263,337)</u>	<u>(33,347,105)</u>
Interest earned on loans to students	1,534,829	1,181,155
Patient care revenues, net	1,176,245,589	1,197,526,479
Other operating revenues, net	<u>124,867,494</u>	<u>98,937,427</u>
Total operating revenues	<u>2,786,941,000</u>	<u>2,752,093,996</u>
Operating expenses:		
Salaries and wages	1,676,015,889	1,714,592,861
Fringe benefits	631,512,198	639,544,393
Travel	16,295,965	39,220,404
Contractual services	493,488,217	497,655,634
Utilities	64,697,178	65,448,869
Scholarships and fellowships	221,826,245	222,855,969
Commodities	462,118,373	441,578,818
Depreciation	170,848,756	166,891,329
Other operating expenses	<u>7,217,371</u>	<u>4,878,945</u>
Total operating expenses	<u>3,744,020,192</u>	<u>3,792,667,222</u>
Operating loss	<u>(957,079,192)</u>	<u>(1,040,573,226)</u>
Nonoperating revenues (expenses):		
State appropriations	686,768,667	702,265,275
Gifts and grants	345,002,120	267,089,289
Investment income, net of investment expense	88,564,182	17,972,781
Interest expense on capital asset-related debt	(36,587,673)	(36,359,654)
Other nonoperating revenues	32,960,905	11,011,293
Other nonoperating expenses	<u>(34,865,973)</u>	<u>(7,028,693)</u>
Total nonoperating revenues, net	<u>1,081,842,228</u>	<u>954,950,291</u>
Income (loss) before other revenues, expenses, gains and losses	124,763,036	(85,622,935)
Other revenues, expenses, gains and losses:		
Capital grants and gifts	59,089,143	22,791,234
State appropriations restricted for capital purposes	38,379,747	84,817,400
Additions to permanent endowments	403,128	270,730
Other additions	16,421,242	24,829,283
Other deletions	<u>(5,896,802)</u>	<u>(5,121,959)</u>
Change in net position	<u>233,159,494</u>	<u>41,963,753</u>
Net position, beginning of the year	<u>2,198,979,125</u>	<u>2,157,015,372</u>
Net position, end of the year	<u>\$ 2,432,138,619</u>	<u>2,198,979,125</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, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Contributions	\$ 12,143,920	51,225,825	63,369,745
Net investment income	15,783,425	160,523,641	176,307,066
Change in value of split interest agreements	—	9,011,007	9,011,007
Other	4,980,312	328,162	5,308,474
Net assets released from restrictions	27,252,307	(27,252,307)	—
Total revenues and support	<u>60,159,964</u>	<u>193,836,328</u>	<u>253,996,292</u>
Expenditures:			
Program services:			
Contributions and support for Mississippi State University	30,907,506	—	30,907,506
Contributions and support for Bulldog Club	1,231,214	—	1,231,214
Contributions and support for MSU Alumni Association	879,639	—	879,639
Total program services	<u>33,018,359</u>	<u>—</u>	<u>33,018,359</u>
Supporting services:			
General administrative	4,646,339	—	4,646,339
Fund raising	3,956,030	—	3,956,030
Total supporting services	<u>8,602,369</u>	<u>—</u>	<u>8,602,369</u>
Total expenditures	<u>41,620,728</u>	<u>—</u>	<u>41,620,728</u>
Change in net assets before noncontrolling interests	18,539,236	193,836,328	212,375,564
Payments to noncontrolling interests	(797,562)	—	(797,562)
Total change in net assets	17,741,674	193,836,328	211,578,002
Net assets, beginning of the year	89,792,729	491,147,762	580,940,491
Net assets, end of the year	<u>\$ 107,534,403</u>	<u>684,984,090</u>	<u>792,518,493</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

	Without donor restrictions	With donor restrictions	Total
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	<u>830,001</u>	<u>(19,813,238)</u>	<u>(18,983,237)</u>
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 --
THE UNIVERSITY OF MISSISSIPPI FOUNDATION**

Statement of Activities
Year ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:			
Contributions, gifts and bequests	\$ 30,000	44,461,037	44,491,037
Investment return, net	5,068,727	129,726,862	134,795,589
Change in value of split interest agreements	—	762,405	762,405
Gift management fees	1,918,640	(1,918,640)	—
Development fees	1,533,383	(1,533,383)	—
Other income	940,584	1,019,246	1,959,830
Total revenues, gains, and other support	<u>9,491,334</u>	<u>172,517,527</u>	<u>182,008,861</u>
Net assets released from restrictions/ redesignated by donor:			
Appropriation from donor endowment	9,859,894	(9,859,894)	—
Satisfaction of program restrictions	60,355,233	(60,355,233)	—
Expenses:			
Support for University activities:			
Academic	5,841,297	—	5,841,297
Scholarship	9,419,269	—	9,419,269
Programmatic	14,491,959	—	14,491,959
University of Mississippi Medical Center	41,504,609	—	41,504,609
General and administrative expenses	3,007,437	—	3,007,437
Fund-raising expenses	1,917,901	—	1,917,901
Total expenses	<u>76,182,472</u>	<u>—</u>	<u>76,182,472</u>
Change in net assets	3,523,989	102,302,400	105,826,389
Net assets, beginning of the year	<u>15,782,334</u>	<u>558,796,270</u>	<u>574,578,604</u>
Net assets, end of the year	<u>\$ 19,306,323</u>	<u>661,098,670</u>	<u>680,404,993</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

	Without donor restrictions	With donor restrictions	Total
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 SOUTHERN MISSISSIPPI FOUNDATION**

Statement of Activities
Year ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:			
Contributions	\$ 1,906,862	15,655,441	17,562,303
Net investment gain	6,640,602	20,825,670	27,466,272
Gain or loss on externally managed trusts	—	68,371	68,371
Change in value of split interest agreements	—	880,965	880,965
Change in value - other	1,044	55,481	56,525
Other	45,902	15,885	61,787
Total revenues, gains, and other support	<u>8,594,410</u>	<u>37,501,813</u>	<u>46,096,223</u>
Changes in restrictions:			
Change in restriction by donors	17,365	(17,365)	—
Net assets released from restrictions	8,138,660	(8,138,660)	—
Expenses:			
Program services:			
Contributions and support for The University of Southern Mississippi	8,686,568	—	8,686,568
Supporting services:			
General and administrative	1,811,601	—	1,811,601
Fund-raising	1,210,474	—	1,210,474
Total expenses	<u>11,708,643</u>	<u>—</u>	<u>11,708,643</u>
Change in net assets	5,041,792	29,345,788	34,387,580
Net assets, beginning of the year	<u>12,553,396</u>	<u>127,916,036</u>	<u>140,469,432</u>
Net assets, end of the year	<u>\$ 17,595,188</u>	<u>157,261,824</u>	<u>174,857,012</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

	Without donor restrictions	With donor restrictions	Total
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

Statements of Cash Flows
Years ended June 30, 2021 and 2020

	2021	2020
Operating activities:		
Tuition and fees	\$ 642,903,873	662,678,813
Grants and contracts	482,743,277	425,765,942
Sales and services of educational departments	59,572,626	57,547,107
Payments to suppliers	(923,841,468)	(939,928,358)
Payments to employees for salaries and benefits	(2,176,809,921)	(2,220,097,311)
Payments for utilities	(64,585,663)	(66,316,858)
Payments for scholarships and fellowships	(222,527,108)	(222,888,643)
Loans issued to students	(8,405,515)	(6,421,644)
Collection of loans from students	16,778,564	15,882,509
Auxiliary enterprise charges:		
Student housing	77,557,057	85,721,033
Food services	22,771,867	27,120,251
Bookstore	4,210,124	3,613,222
Athletics	178,923,866	135,989,102
Other auxiliary enterprises	21,821,925	21,691,490
Patient care services	1,205,721,855	1,318,711,122
Interest earned on loans to students	1,439,688	1,049,716
Other receipts	148,473,827	108,295,027
Other payments	(8,370,089)	(13,970,881)
Net cash used in operating activities	(541,621,215)	(605,558,361)
Noncapital financing activities:		
State appropriations	691,724,249	691,916,472
Gifts and grants for other than capital purposes	342,232,755	272,808,053
Private gifts for endowment purposes	623,399	168,994
Federal loan program receipts	444,233,773	492,117,952
Federal loan program disbursements	(458,116,649)	(490,305,097)
Other sources	13,647,592	13,329,330
Other uses	(5,728,660)	(4,036,259)
Net cash provided by noncapital financing activities	1,028,616,459	975,999,445
Capital and related financing activities:		
Proceeds from capital debt	165,562,807	120,299,495
Cash paid for capital assets	(166,539,523)	(203,092,468)
Capital appropriations received	24,016,487	31,457,718
Capital grants and contracts received	63,005,971	77,571,177
Proceeds from sales of capital assets	3,304,832	442,843
Principal paid on capital debt and leases	(177,424,809)	(160,357,359)
Interest paid on capital debt and leases	(53,954,239)	(51,687,893)
Other sources	4,084,581	9,042,402
Other uses	(4,693,890)	(6,325,875)
Net cash used in capital and related financing activities	(142,637,783)	(182,649,960)
Investing activities:		
Proceeds from sales and maturities of investments	529,366,182	806,513,160
Interest received on investments	31,227,675	31,322,602
Purchases of investments	(792,485,124)	(770,374,274)
Net cash provided by (used in) investing activities	(231,891,267)	67,461,488
Net change in cash and cash equivalents	112,466,194	255,252,612
Cash and cash equivalents, beginning of the year	989,776,107	734,523,495
Cash and cash equivalents, end of the year	\$ 1,102,242,301	989,776,107

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Cash Flows
Years ended June 30, 2021 and 2020

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (957,079,192)	(1,040,573,226)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	170,848,756	166,891,329
Self-insured claims expense	1,359,719	8,598,453
Provision for uncollectible receivables	213,256,652	178,027,541
Other	1,550,404	1,004,542
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Receivables, Net	(166,607,310)	(175,236,134)
Inventories	(5,857,776)	1,821,275
Prepaid Expenses	78,538	2,575,322
Loans to Students	(1,244,258)	(548,024)
Deferred outflows of resources	(138,442,290)	(65,546,312)
Other Assets	(2,768,804)	(10,073,266)
Increase (Decrease) in Liabilities:		
Accounts Payables and Accrued Liabilities	65,779,059	23,288,222
Unearned Revenue	33,670,034	(6,334,555)
Deposits Refundable	1,003,282	(14,261)
Accrued Leave Liability	(4,324,282)	23,669,699
Net pension liability	279,495,275	194,196,870
Net OPEB liability	(11,496,820)	15,667,268
Deferred inflows of resources	(9,605,846)	(30,290,566)
Other Liabilities	(11,236,356)	107,317,462
Total Adjustments	415,457,977	435,014,865
Net cash used in operating activities	\$ (541,621,215)	(605,558,361)
Reconciliation of cash and cash equivalents:		
Current assets - cash and cash equivalents	\$ 961,478,728	881,111,528
Noncurrent assets - restricted cash and cash equivalents	140,763,573	108,664,579
Cash and cash equivalents, end of the year	\$ 1,102,242,301	989,776,107
Noncash capital related financing and investing activities:		
Capital assets acquired through donations and capital leases	\$ 9,398,713	9,978,531
Capital assets appropriated by the State of Mississippi	24,429,747	66,774,238

See accompanying notes to financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Note 1

Summary of Significant Accounting Policies

(a) Nature of Operations

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

(b) Reporting Entity

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

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

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

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

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

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

(i) *Mississippi State University Foundation, Inc.*

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

(ii) *University of Mississippi Foundation*

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

(iii) *University of Southern Mississippi Foundation*

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

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

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

The Mississippi State University Foundation, Inc., the University of Mississippi Foundation, and the University of Southern Mississippi Foundation each make distributions to their respective universities for support. During the years ended June 30, 2021 and 2020, support distributions were as follows:

	<u>2021</u>	<u>2020</u>
Mississippi State University Foundation, Inc.	\$ 30,907,506	55,756,772
University of Mississippi Foundation	71,257,134	38,604,761
University of Southern Mississippi Foundation	8,686,568	8,350,046

(c) Basis of Accounting

The financial statements of the IHL System have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The IHL System is reporting as a special-purpose government engaged in business-type activities. In accordance with business-type activity reporting, the IHL System presents management's discussion and analysis; statements of net position; statements of revenues, expenses and changes in net position; statements of cash flows; and notes to the financial statements. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant transactions among departments, campuses, and auxiliary units of the IHL System have been eliminated.

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

(d) New Accounting Standards

On June 30, 2021, the IHL System adopted GASB 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 adoption of this statement had no impact on the financial statements.

During fiscal year 2021, the IHL System adopted GASB 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.

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

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

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

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In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. SBITAs provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting perpetual license or title to those assets. A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The effective date of this statement is for fiscal years beginning after June 15, 2022.

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

(f) Use of Estimates

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

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

Included in other noncurrent liabilities are unpaid claims liabilities relating to the IHL System's self-insured workers' compensation, unemployment, and tort liability funds. The liabilities for these unpaid claims and loss adjustment expenses are determined using both evaluations of each claim and statistical analyses and represent the estimated ultimate net cost of all claims and expenses incurred through the end of the reporting period. The determinations of claims payable include estimates that are particularly susceptible to change in the near term. Management believes that liabilities established for these unpaid claims at June 30, 2021 and 2020 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.

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(j) Student Notes Receivable, Net

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

(k) Inventories

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

(l) Prepaid Expenses

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

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

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

(n) Endowment Investments

The IHL System's endowment investments recorded at fair value, are generally subject to the restrictions of donor gift instruments. They include donor restricted endowments, which are funds received from a donor with the restrictions that only the income is to be utilized or for which the donor has stipulated that the principal may 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

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hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

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

(q) Capital Assets

Capital assets are recorded at cost at the date of acquisition, or, if donated, at 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, 2021 and 2020.

(s) Deferred Inflows and Outflows of Resources

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

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

(t) Net Pension and OPEB Liabilities

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

(u) Accounts Payable and Accrued Liabilities

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

(v) Compensated Absences/Accrued Leave

Twelve-month employees earn annual personal leave at a rate of 12 hours per month for one month to three years of service; 14 hours per month for three to eight years of service; 16 hours per month for eight to fifteen years of service;

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and 18 hours per month for fifteen years of service and above. There is no requirement that annual leave be taken, and there is no maximum accumulation. At termination, these employees are paid for up to 240 hours of accumulated leave.

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

(w) Unearned Revenues

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

(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 programs disallowing new loans to be made, institutions may continue to collect and service existing loans. The IHL System does not have a timeline for discontinuing its participation in these programs. The portion that would be refundable if the programs were terminated has been presented as other long-term liabilities and approximated \$40.8 million and \$47.7 million as of June 30, 2021 and 2020, 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.

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

(cc) Auxiliary Enterprise Activities

Auxiliary enterprises typically exist to furnish goods or services to students, faculty or staff, and charge a fee directly related to, although not necessarily equal to, the cost of the goods or services. One distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities. Examples include residence halls, bookstore, convenience store, laundry, faculty and staff housing, food services and 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 30.9% and 25.5%, respectively, of UMMC's net patient service revenues for the year ended June 30, 2021 and approximately 30.0% and 27.7%, respectively, for the year ended June 30, 2020. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

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

(ff) Hospital Reimbursement

The University of Mississippi Medical Center – Health System (UMMC – Health System) Medicare cost reports have been audited and settled by the fiscal intermediary through the cost reports filed for the year ended June 30, 2013 for

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the Jackson Campus, for the year ended June 30, 2019 for Holmes County Hospital, and for the year ended June 30, 2018 for UMMC Grenada.

Over nine years ago, the Division of Medicaid (DOM) notified all providers in the State of Mississippi of a change in the methodology used to reimburse outpatient services. DOM had adopted a payment methodology for outpatient services at a fixed cost to charge ratio that was increased each year by an inflationary index. At that time, DOM issued letters to all providers of an updated reimbursement percentage based on current cost data. DOM also stated its intention to apply the revised methodology retroactively to October 1, 2005. At June 30, 2021 and 2020, UMMC – Health System 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, DOM went live with an at-risk model for a portion of the hospital access payments under the Mississippi Hospital Access Payments (MHAP) program. The state's responsibility under this program is to transition the MHAP to a quality-based program completely over the coming years. This new at-risk portion of MHAP, or QIPP (Quality Incentive Payment Program), puts 10% of hospitals' MHAP payments at risk. The program's current goal is to improve quality of care through the reduction of preventable hospital readmissions. Readmissions are measured quarterly against a pre-determined standard by DOM. UMMC continues to meet the standard requirement. There are no current reserves for the potential impact of underperformance; however, future performance may determine a need.

(gg) Scholarship Discounts and Allowances

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers. Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as scholarship allowances, which reduce operating revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash.

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

(hh) Net Position

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

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

Restricted, nonexpendable net position consists of endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, the principal to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, net patient service revenue, sales and services of educational activities and auxiliary enterprises. Auxiliary enterprises are

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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.

(ii) Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications had no impact on net position or changes in net position. This reclassification resulted in an increase to prior year deferred outflows of resources and offsetting increase to deferred inflows of resources.

Note 2

Cash and Investments

Cash, Cash Equivalents and Short-Term Investments

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

Custodial Credit Risk – Deposits

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent, but not held in the government's name. The IHL System had no investments exposed to custodial credit risk at June 30, 2021 and 2020.

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

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

A summary of cash and investments as of June 30, 2021 and 2020 is as follows:

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	<u>2021</u>	<u>2020</u>
Cash	\$ 961,478,728	881,111,528
Restricted cash and cash equivalents	140,763,573	108,664,579
U.S. Treasury securities	373,319,857	306,870,572
U.S. government agency securities	492,385,796	299,813,898
Commercial mortgage backed securities	2,456,899	1,610,135
Collateralized mortgage obligations	26,924,609	36,513,966
Asset backed securities	2,749,325	3,331,509
Corporate bonds and notes	8,256,546	2,042,932
Municipal bonds	17,249,901	19,730,475
Fixed income mutual funds	9,252,259	18,452,877
Other fixed income securities	2,055,805	307,157
Certificates of deposit	18,397,606	25,236,861
Money market funds	8,101,571	5,002,240
Domestic equity securities	8,024,100	6,385,295
Global equity securities	13,970,116	1,922,319
Domestic equity mutual funds	42,537,899	32,944,113
International equity mutual funds	6,750,542	3,024,464
Equity long/short hedge funds	111,633,286	92,518,849
Private capital	69,012,848	45,388,063
Endowment Pool Balanced	4,195,994	3,251,178
Mississippi State Foundation Investment Pool	49,749,774	37,113,610
Miscellaneous	37,773,185	42,852,531
Total cash and investments	<u>\$ 2,407,040,219</u>	<u>1,974,089,151</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, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. Treasury securities	\$ 365,053,613	8,266,244	—	373,319,857
Fixed income mutual funds	9,252,259	—	—	9,252,259
U.S. government securities	2,809,811	489,575,985	—	492,385,796
Mortgage obligations and asset backed securities	—	32,130,833	—	32,130,833
Corporate bonds and notes	6,315,033	1,941,513	—	8,256,546
Certificates of deposit	—	18,397,606	—	18,397,606
Municipal bonds	1,665,405	15,584,496	—	17,249,901
Other fixed income securities	1,797,915	257,890	—	2,055,805
Money market funds	7,288,022	813,549	—	8,101,571
Total fixed income investments	\$ 394,182,058	566,968,116	—	961,150,174
Equity securities:				
Domestic equity securities	6,540,588	1,483,512	—	8,024,100
Domestic equity mutual funds	41,320,986	1,216,913	—	42,537,899
Global equity securities	13,401,079	569,037	—	13,970,116
International equity mutual funds	6,750,542	—	—	6,750,542
Total equity securities	\$ 68,013,195	3,269,462	—	71,282,657
Investments measured at NAV as a practical expedient:				
Equity long/short hedge funds				\$ 111,633,286
Private capital				69,012,848
Mississippi State Foundation Investment Pool				49,749,774
Endowed Pool II Balanced				4,195,994
Other miscellaneous investments				37,773,185
Total investments measured at NAV				272,365,087
Total investments measured at fair value				\$ 1,304,797,918

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	2020			
	Level 1	Level 2	Level 3	Total
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	—	307,157	—	307,157
Money market funds	3,772,131	1,230,109	—	5,002,240
Total fixed income investments	\$ 319,990,432	398,922,190	—	718,912,622
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	1,922,319	—	—	1,922,319
International equity mutual funds	3,024,464	—	—	3,024,464
Total equity securities	\$ 41,937,737	2,338,454	—	44,276,191
Investments measured at NAV as a practical expedient:				
Equity long/short hedge funds				\$ 92,518,849
Private capital				45,388,063
Mississippi State Foundation Investment Pool				37,113,610
Endowed Pool II Balanced				3,251,178
Other miscellaneous investments				42,852,531
Total investments measured at NAV				221,124,231
Total investments measured at fair value				\$ 984,313,044

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

	2021			
	Fair Value	Unfunded Commitments	Redemption frequency (if eligible)	Redemption notice period
Equity long/short hedge funds (1)	\$ 111,633,286	1,828,279	Quarterly	45-120 Days
Private capital (2)	69,012,848	18,444,595	Various	Various
Mississippi State Foundation Investment Pool	49,749,774	—	Daily	1-3 Days
Endowed Pool II Balanced	4,195,994	—	Daily	1-3 Days
Other miscellaneous investments (3)	37,773,185	166,600	Various	Various
Total investments measured at NAV	\$ 272,365,087			

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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June 30, 2021 and 2020

	2020			
	Fair Value	Unfunded Commitments	Redemption frequency (if eligible)	Redemption notice period
Equity long/short hedge funds (1)	\$ 92,518,849	—	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)	42,852,531	166,600	Various	Various
Total investments measured at NAV	\$ 221,124,231			

- (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, 2021 and 2020.

Interest Rate Risk

Interest rate risk is defined as the risk a government may face should interest rate variances adversely affect the fair value of investments. The IHL System does not presently have a formal investment policy that addresses interest rate risk.

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June 30, 2021 and 2020

As of June 30, 2021 and 2020, the IHL System had the following investments subject to interest rate risk:

		2021				
		Years to maturity				
	Fair value	Less than 1	1 - 5	6 - 10	More than 10	
U.S. Treasury securities	\$ 373,319,857	169,622,821	189,166,796	12,658,823	1,871,417	
U.S. government agency obligations	492,385,796	91,125,549	192,685,217	183,349,656	25,225,374	
Commercial mortgage backed securities	2,456,899	—	867,062	—	1,589,837	
Collateralized mortgage obligations	26,924,609	—	2,265,429	2,409,181	22,249,999	
Asset backed securities	2,749,325	—	2,034	—	2,747,291	
Corporate bonds and notes	8,256,546	615,782	1,858,540	2,253,461	3,528,763	
Certificates of deposit	18,397,606	11,180,763	6,643,858	572,985	—	
Municipal bonds	17,249,901	5,717,260	7,370,464	2,496,772	1,665,405	
Other fixed income securities	2,055,805	—	—	—	2,055,805	
Fixed income mutual funds	9,252,259	2,000,048	2,055,033	5,189,271	7,907	
Total	<u>\$ 953,048,603</u>	<u>280,262,223</u>	<u>402,914,433</u>	<u>208,930,149</u>	<u>60,941,798</u>	

		2020				
		Years to maturity				
	Fair value	Less than 1	1 - 5	6 - 10	More than 10	
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	307,157	—	—	—	307,157	
Fixed income mutual funds	18,452,877	633,063	3,068,906	6,907,133	7,843,775	
Total	<u>\$ 713,910,382</u>	<u>248,839,248</u>	<u>308,767,375</u>	<u>88,043,180</u>	<u>68,260,579</u>	

Credit Risk

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

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June 30, 2021 and 2020

As of June 30, 2021 and 2020, the IHL System had the following investments recorded at fair value subject to credit risk:

	<u>2021</u>	<u>2020</u>
Credit rating:		
AAA	\$ 24,776,023	34,013,853
Aaa	146,665,878	69,381,980
Aa2	9,774,274	16,404,564
Aa3	589,197	598,092
AA	4,768,383	2,985,444
A1	10,296	8,722
A2	126,727	119,581
A3	85,439	74,334
A	3,872,089	820,728
AA+	290,795,104	122,293,335
BAA	128,832	101,041
B	614,933	—
BB	1,019,823	—
BBB	4,664,445	4,564,079
CCC	173,011	—
Not rated, or rating unavailable	<u>73,266,686</u>	<u>130,437,196</u>
Total investments subject to credit risk	<u>\$ 561,331,140</u>	<u>381,802,949</u>
Cash and Investments excluded from credit risk disclosure:		
Cash	\$ 961,478,728	881,111,528
Restricted cash and cash equivalents	140,763,573	108,664,579
U.S. Treasury securities	373,319,857	306,870,572
Certificates of deposit	18,397,606	25,236,861
Money market funds	8,101,571	5,002,240
Equity securities	71,282,657	44,276,191
Investments measured at NAV	<u>272,365,087</u>	<u>221,124,231</u>
Total investments excluded from credit risk disclosure	<u>1,845,709,079</u>	<u>1,592,286,202</u>
Total cash and investments	<u>\$ 2,407,040,219</u>	<u>1,974,089,151</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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June 30, 2021 and 2020

As of June 30, 2021 and 2020, the IHL System had the following issuers holding investments recorded at fair value that exceeded 5% of total investments:

Issuer	2021	
	Fair value	Percentage
U.S. Treasury securities	\$ 284,421,451	22.25%
Federal Home Loan Bank notes	178,432,739	13.96%
Federal Farm Credit Bank notes	144,538,888	11.31%

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%

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 \$45.6 million and \$25.7 million at June 30, 2021 and 2020, respectively.

Note 3

Accounts Receivable, net

Accounts receivable consisted of the following at June 30, 2021 and 2020:

	June 30, 2021	Current Portion	Non-current Portion
Student tuition	\$ 123,448,342	123,448,342	—
Auxiliary enterprises and other operating activities	38,999,209	38,999,209	—
Contributions and gifts	3,444,923	3,444,923	—
Federal, state, and private grants and contracts	133,915,346	133,915,346	—
State Appropriations	9,439,199	9,439,199	—
Accrued Interest	3,496,719	3,496,719	—
Patient Income	772,938,044	772,938,044	—
Other	36,518,937	21,097,572	15,421,365
Total accounts receivable	1,122,200,719	1,106,779,354	15,421,365
Less bad debt provision	(731,779,630)	(731,779,630)	—
Less elimination entry	(17,166,658)	(3,851,137)	(13,315,521)
Net accounts receivable	\$ 373,254,431	371,148,587	2,105,844

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Notes to Financial Statements

June 30, 2021 and 2020

	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	<u>\$ 414,254,258</u>	<u>411,116,497</u>	<u>3,137,761</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, 2021 and 2020:

	Interest Rates	June 30, 2021	Current Portion	Non-current Portion
Perkins student loans	3% to 9%	\$ 39,089,174	10,371,061	28,718,113
Institutional loans	0% to 9%	63,945,112	10,732,813	53,212,299
Nursing student loans	3% to 9%	4,266,787	712,181	3,554,606
Dental student loans	3% to 9%	288,420	148,796	139,624
Medical student loans	3% to 9%	335,512	36,069	299,443
Other federal loans	3% to 9%	2,389,713	1,950,646	439,067
Total notes receivable		110,314,718	23,951,566	86,363,152
Less allowance for doubtful accounts		(21,297,607)	(3,131,030)	(18,166,577)
Net notes receivable		<u>\$ 89,017,111</u>	<u>20,820,536</u>	<u>68,196,575</u>

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	Interest Rates	June 30, 2020	Current Portion	Non-current Portion
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>

Note 5

Capital Assets

A summary of changes in capital assets for the years ended June 30, 2021 and 2020 is presented as follows:

	Balance June 30, 2020	Additions	Deletions/ transfers	Balance June 30, 2021
Nondepreciable Capital Assets:				
Land	\$ 116,090,894	3,496,057	3,282,364	116,304,587
Construction in progress	442,849,769	119,043,612	269,411,344	292,482,037
Livestock	1,519,321	67,939	455,419	1,131,841
Total nondepreciable capital assets	<u>560,459,984</u>	<u>122,607,608</u>	<u>273,149,127</u>	<u>409,918,465</u>
Depreciable capital assets:				
Buildings	4,509,120,737	255,753,292	9,449,609	4,755,424,420
Improvements other than buildings	513,252,342	10,627,172	—	523,879,514
Equipment	929,028,179	61,621,645	21,573,322	969,076,502
Library books	451,722,303	11,133,763	652,822	462,203,244
Total depreciable assets	<u>6,403,123,561</u>	<u>339,135,872</u>	<u>31,675,753</u>	<u>6,710,583,680</u>
Total capital assets	<u>6,963,583,545</u>	<u>461,743,480</u>	<u>304,824,880</u>	<u>7,120,502,145</u>
Less accumulated depreciation for:				
Buildings	1,203,848,668	86,539,124	524,601	1,289,863,191
Improvements other than buildings	211,618,468	15,703,928	170,249	227,152,147
Equipment	699,614,809	55,923,101	18,487,652	737,050,258
Library books	394,025,682	12,860,448	649,007	406,237,123
Total accumulated depreciation	<u>2,509,107,627</u>	<u>171,026,601</u>	<u>19,831,509</u>	<u>2,660,302,719</u>
Net capital assets	<u>\$ 4,454,475,918</u>	<u>290,716,879</u>	<u>284,993,371</u>	<u>4,460,199,426</u>

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	Balance June 30, 2019	Additions	Deletions/ transfers	Balance June 30, 2020
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	<u>592,768,854</u>	<u>199,694,860</u>	<u>232,003,730</u>	<u>560,459,984</u>
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	<u>6,131,022,112</u>	<u>303,893,869</u>	<u>31,792,420</u>	<u>6,403,123,561</u>
Total capital assets	<u>6,723,790,966</u>	<u>503,588,729</u>	<u>263,796,150</u>	<u>6,963,583,545</u>
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	<u>2,374,878,385</u>	<u>168,950,851</u>	<u>34,721,609</u>	<u>2,509,107,627</u>
Net capital assets	<u>\$ 4,348,912,581</u>	<u>334,637,878</u>	<u>229,074,541</u>	<u>4,454,475,918</u>

As of June 30, 2021 and 2020, capital assets included assets under capital leases with an original cost basis of approximately \$8.9 million and \$2.7 million, respectively, with accumulated amortization of approximately \$1.7 million and \$1.5 million, respectively.

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

Capital assets	Estimated useful life	Salvage value	Capitalization threshold
Buildings	40 Years	0 – 20 %	\$ 50,000
Improvements other than buildings	20 Years	0 – 20	25,000
Equipment	3-15 Years	0 – 10	5,000
Library books	10 Years	—	—

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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, 2021 and 2020 are as follows:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension related (see note 15)	\$ 393,866,820	\$ 26,357,950
OPEB related (see note 16)	32,723,147	33,474,844
Unamortized loss/gain on refunding of debt	50,081,926	4,253,700
Beneficial interest in irrevocable trusts	—	43,991,738
Totals	\$ 476,671,893	\$ 108,078,232
	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension related (see note 15)	\$ 267,207,136	\$ 59,183,314
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	\$ 333,082,766	\$ 111,805,741

Note 7

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2021 and 2020 are as follows:

	2021	2020
Payable to vendors and contractors	\$ 167,320,760	146,253,624
Accrued salaries, wages and employee withholdings	139,467,159	102,202,758
Accrued interest	6,667,049	6,884,501
Other	6,234,734	5,425,687
Subtotal	319,689,702	260,766,570
Less elimination entry	(307,758)	(727,117)
Total accounts payable and accrued liabilities	\$ 319,381,944	260,039,453

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

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Note 8

Unearned Revenues

Unearned revenues as of June 30, 2021 and 2020 are as follows:

	2021	2020
Unearned summer school revenue	\$ 30,201,840	28,455,679
Unearned grants and contract revenue	105,368,071	84,274,331
Other principally athletic activities	28,379,493	26,471,692
Total unearned revenues	\$ 163,949,404	139,201,702

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

Note 9

Material Blended Component Units of the IHL System

In accordance with GASB Statement No. 61, the educational building corporations are deemed to be material component units of the IHL System but are presented on a blended basis in the accompanying financial statements due to the significance of their activities to respective member universities' operations. These blended component units provide services entirely, or almost entirely, to their respective universities. Condensed financial information as of June 30, 2021 and 2020 is listed in the following schedules.

2021 Condensed Financial Information for Educational Building Corporations								
	ASU	DSU	JSU	MSU	MVSU	UM	USM	UMMC
Current assets	\$ —	—	—	—	—	17,486,909	7,025,030	10,298,525
Noncurrent assets	37,755,079	12,145,000	84,969,455	297,235,000	16,015,000	220,101,219	148,106,968	337,485,405
Total assets	37,755,079	12,145,000	84,969,455	297,235,000	16,015,000	237,588,128	155,131,998	347,783,930
Deferred outflows of resources	—	—	8,506,811	—	—	—	—	13,474,446
Current liabilities	2,535,563	610,000	4,811,577	11,965,000	675,000	17,319,998	7,025,030	9,841,722
Noncurrent liabilities	44,432,110	11,535,000	88,664,689	285,270,000	15,340,000	216,014,430	148,106,968	340,542,651
Total liabilities	46,967,673	12,145,000	93,476,266	297,235,000	16,015,000	233,334,428	155,131,998	350,384,373
Deferred inflows of resources	—	—	—	—	—	4,253,700	—	—
Total net position	\$ (9,212,594)	—	—	—	—	—	—	10,874,003
Operating revenues	\$ 2,870,750	1,081,900	—	—	1,235,266	—	—	10,559,954
Operating expenses	(2,862,613)	(1,081,900)	—	—	(1,235,266)	—	—	(9,443,985)
Total operating income	8,137	—	—	—	—	—	—	1,115,969
Nonoperating revenues	—	—	4,111,706	13,258,658	—	7,068,966	12,761,256	—
Nonoperating expenses	—	—	(4,111,706)	(13,258,658)	—	(7,068,966)	(12,761,256)	—
Total nonoperating revenue (expenses)	—	—	—	—	—	—	—	—
Changes in net position	\$ 8,137	—	—	—	—	—	—	1,115,969

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2020 Condensed Financial Information for Educational Building Corporations								
	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)	—	—	—	—	—	—	—	—
Changes in net position	\$ (223,965)	—	—	—	—	—	—	5,672,863

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, 2021 and 2020.

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).

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020 is listed in the following schedules.

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Alcorn State University:								
Bonded Debt								
EBC - Series 2016	\$ 43,630,000	2.00% - 5.00%	2040	\$ 43,375,000	—	1,130,000	42,245,000	1,230,000
Unamortized Premium				3,609,624	—	192,512	3,417,112	192,512
Total Bonded Debt				46,984,624	—	1,322,512	45,662,112	1,422,512
Other Long-term Liabilities:								
Accrued leave liabilities				3,302,113		132,816	3,169,297	650,251
Net pension liability				75,787,222	5,121,847	—	80,909,069	—
Net OPEB liability				4,718,847	—	433,716	4,285,131	—
Deposits refundable				678,436	—	303	678,133	—
Total Other liabilities				84,486,618	5,121,847	566,835	89,041,630	650,251
Total				\$ 131,471,242	5,121,847	1,889,347	134,703,742	2,072,763
Due within one year							(2,072,763)	
Total noncurrent liabilities							\$ 132,630,979	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Delta State University:								
Bonded Debt								
EBC - Series 2016	\$ 15,105,000	2.00% - 5.00%	2039	\$ 12,740,000	—	595,000	12,145,000	610,000
Total Bonded Debt				12,740,000	—	595,000	12,145,000	610,000
Other Long-term Liabilities:								
Accrued leave liabilities				1,239,401	354,304	—	1,593,705	398,425
Deposits refundable				101,344	1,490	—	102,834	—
Net pension liability				48,336,405	2,769,880	—	51,106,285	—
Net OPEB liability				3,556,677	—	375,239	3,181,438	—
Federal Loan Fund Repayment Contingency				344,324	—	344,324	—	—
Total Other liabilities				53,578,151	3,125,674	719,563	55,984,262	398,425
Total				\$ 66,318,151	3,125,674	1,314,563	68,129,262	1,008,425
Due within one year							(1,008,425)	
Total noncurrent liabilities							\$ 67,120,837	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				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	\$ 175,000	—	175,000	—	—
EBC - Series 2015A	57,595,000	2.00% - 5.00%	2045	54,130,000	—	2,505,000	51,625,000	3,510,000
EBC - Series 2015B	13,065,000	0.069% - 2.60%	2021	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	1.60% - 3.70%	2034	28,960,000	—	785,000	28,175,000	875,000
Unamortized premium				7,532,415	—	305,376	7,227,039	305,376
Total Bonded Debt				97,547,415	—	4,520,376	93,027,039	4,690,376
Capital Leases - Buses	1,127,000	4.56%		565,085	—	115,858	449,227	121,201
Total Capital Leases				565,085	—	115,858	449,227	121,201
Other Long-term Liabilities:								
Accrued leave liabilities				6,259,804	—	716,982	5,542,822	399,083
Net pension liability				126,401,212	5,556,330	—	131,957,542	—
Net OPEB liability				7,374,236	—	989,168	6,385,068	—
Deposits refundable				846,567	1,110,100	1,252,852	703,815	—
Federal Loan Fund Repayment Contingency				1,912,787	—	—	1,912,787	—
Notes Payable				110,260	—	110,260	—	—
Total Other liabilities				142,904,866	6,666,430	3,069,262	146,502,034	399,083
Total				\$ 241,017,366	6,666,430	7,705,496	239,978,300	5,210,660
Due within one year							(5,210,660)	
Total noncurrent liabilities							\$ 234,767,640	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi State University:								
Bonded Debt								
Dormitory Revenue System	\$ 2,250,000	3.00%	2022	\$ 100,000	—	100,000	—	—
Student Apartments	2,038,000	3.00%	2023	175,000	—	85,000	90,000	90,000
EBC - Series 2011	54,370,000	2.00% - 5.00%	2043	2,600,000	—	1,270,000	1,330,000	1,330,000
EBC - Series 2013	60,470,000	2.00% - 5.00%	2044	9,545,000	—	585,000	8,960,000	605,000
EBC - Series 2014A	89,810,000	2.00% - 5.00%	2044	72,930,000	—	3,790,000	69,140,000	3,990,000
EBC - Series 2014B	23,435,000	0.29% - 4.813%	2044	18,275,000	—	975,000	17,300,000	1,005,000
EBC - Series 2015	56,010,000	2.00% - 5.00%	2046	51,855,000	—	1,130,000	50,725,000	1,185,000
EBC - Series 2017	63,270,000	2.00% - 5.00%	2046	61,825,000	—	3,500,000	58,325,000	3,635,000
EBC - Series 2017A	92,075,000	2.00% - 5.00%	2044	91,665,000	—	210,000	91,455,000	215,000
Unamortized premium				17,790,248	—	2,533,567	15,256,681	2,293,457
Total Bonded Debt				326,760,248	—	14,178,567	312,581,681	14,348,457
Other Long-term Liabilities:								
Accrued leave liabilities				26,134,828	—	386,963	25,747,865	2,871,568
Net pension liability				558,213,479	65,437,502	—	623,650,981	—
Net OPEB liability				33,054,895	—	2,045,797	31,009,098	—
Deposits refundable				43,053	2,295	—	45,348	—
Federal Loan Fund Repayment Contingency				9,126,822	—	2,490,066	6,636,756	—
Total Other liabilities				626,573,077	65,439,797	4,922,826	687,090,048	2,871,568
Total				\$ 953,333,325	65,439,797	19,101,393	999,671,729	17,220,025
Due within one year							(17,220,025)	
Total noncurrent liabilities							\$ 982,451,704	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Year ended June 30, 2021				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi University for Women:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 1,128,795	—	53,509	1,075,286	43,011
Net pension liability	39,373,621	4,623,026	—	43,996,647	—
Net OPEB liability	2,567,364	—	146,247	2,421,117	—
Federal Loan Fund Repayment Contingency	594,099	—	337,404	256,695	—
Total Other liabilities	<u>\$ 43,663,879</u>	<u>4,623,026</u>	<u>537,160</u>	47,749,745	<u>43,011</u>
Due within one year				(43,011)	
Total noncurrent liabilities				<u>\$ 47,706,734</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				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	\$ 355,000	—	190,000	165,000	165,000
EBC - Series 2015	17,270,000	2.00%	2037	16,335,000	—	485,000	15,850,000	560,000
Total Bonded Debt				16,690,000	—	675,000	16,015,000	725,000
Capital Leases				84,982	—	84,982	—	—
Total Capital Leases				84,982	—	84,982	—	—
Other Long-term Liabilities:								
Accrued leave liabilities				1,650,755	—	102,041	1,548,714	191,908
Net pension liability				44,196,596	3,504,185	—	47,700,781	—
Net OPEB liability				3,314,930	—	397,443	2,917,487	—
Deposits refundable				36,262	—	6,152	30,110	—
Total Other liabilities				49,198,543	3,504,185	505,636	52,197,092	191,908
Total				\$ 65,973,525	3,504,185	1,265,618	68,212,092	916,908
Due within one year							(916,908)	
Total noncurrent liabilities							\$ 67,295,184	

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June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi:								
Bonded Debt								
EBC - Series 2009B	\$ 24,165,000	3.623% - 5.00%	2021	\$ 2,600,000	—	2,600,000	—	—
EBC - Series 2011	27,995,000	3.00% - 4.00%	2032	2,460,000	—	1,165,000	1,295,000	1,295,000
EBC - Series 2013D	12,100,000	3.10%	2021	1,331,297	—	1,331,297	—	—
EBC - Series 2015A	15,660,000	2.00% - 4.00%	2040	14,745,000	—	265,000	14,480,000	295,000
EBC - Series 2015B	10,125,000	1.375% - 3.75%	2030	7,180,000	—	625,000	6,555,000	640,000
EBC - Series 2015C	31,630,000	2.00% - 5.00%	2046	29,160,000	—	655,000	28,505,000	675,000
EBC - Series 2015D	17,660,000	0.993% - 4.452%	2036	14,875,000	—	725,000	14,150,000	740,000
EBC - Series 2016A	33,245,000	2.00% - 5.00%	2034	26,990,000	—	1,970,000	25,020,000	2,030,000
EBC - Series 2017	38,995,000	2.00% - 5.00%	2035	38,400,000	—	1,510,000	36,890,000	1,555,000
EBC - Series 2019A	73,350,000	3.00% - 5.00%	2036	73,350,000	—	1,425,000	71,925,000	3,150,000
EBC - Series 2019B	3,365,000	1.94% - 2.05%	2024	3,365,000	—	885,000	2,480,000	905,000
Unamortized Premium				20,128,217	—	1,617,136	18,511,081	1,552,878
Total Bonded Debt				234,584,514	—	14,773,433	219,811,081	12,837,878
Other Long-term Liabilities:								
Accrued leave liabilities				17,350,235	667,844	—	18,018,079	2,148,000
Net pension liability				339,244,839	31,145,314	—	370,390,153	—
Net OPEB liability				22,349,145	—	1,542,491	20,806,654	—
Deposits refundable				126,116	—	2,000	124,116	—
Note Payable from direct borrowings - Hancock Bank				5,994,136	—	935,538	5,058,598	960,057
Note Payable from direct borrowings - Renasant Bank				6,454,716	—	745,487	5,709,229	766,543
Federal Loan Fund Repayment Contingency				8,647,900	—	857,200	7,790,700	—
Total Other liabilities				400,167,087	31,813,158	4,082,716	427,897,529	3,874,600
Total				\$ 634,751,601	31,813,158	18,856,149	647,708,610	16,712,478
Due within one year							(16,712,478)	
Total noncurrent liabilities							\$ 630,996,132	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Southern Mississippi:								
Bonded Debt								
SMEBC - Series 2013	\$ 51,875,000	2.00% - 5.00%	2044	\$ 7,735,000	—	470,000	7,265,000	560,000
SMEBC - Series 2015A	38,600,000	2.00% - 5.00%	2034	33,995,000	—	1,495,000	32,500,000	1,630,000
SMEBC - Series 2015B	16,690,000	0.50% - 3.25%	2034	7,475,000	—	2,300,000	5,175,000	1,945,000
SMEBC - Series 2016	58,870,000	2.00% - 5.00%	2040	57,530,000	—	1,200,000	56,330,000	1,380,000
SMEBC - Series 2017	44,005,000	2.00% - 5.00%	2044	43,075,000	—	170,000	42,905,000	175,000
Umamortized Premium				12,338,010	—	1,381,011	10,956,999	1,335,030
Total Bonded Debt				162,148,010	—	7,016,011	155,131,999	7,025,030
Other Long-term Liabilities:								
Accrued leave liabilities				10,058,872	—	64,454	9,994,418	1,199,330
Net pension liability				231,330,127	21,757,768	—	253,087,895	—
Net OPEB liability				15,274,063	—	1,292,201	13,981,862	—
Deposits refundable				3,066	20	—	3,086	—
Federal Loan Fund Repayment Contingency				23,704,170	—	2,108,842	21,595,328	—
Total Other liabilities				280,370,298	21,757,788	3,465,497	298,662,589	1,199,330
Total				\$ 442,518,308	21,757,788	10,481,508	453,794,588	8,224,360
Due within one year							(8,224,360)	
Total noncurrent liabilities							\$ 445,570,228	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				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	\$ 14,600,000	—	3,360,000	11,240,000	3,550,000
MCEBC - Series 2010B	20,000,000	6.84%	2035	20,000,000	—	20,000,000	—	—
MCEBC - Series 2012A	51,860,000	4.00% - 5.00%	2041	51,860,000	—	51,860,000	—	—
MCEBC - Series 2012B	53,390,000	4.064% - 4.822%	2038	53,390,000	—	53,390,000	—	—
MCEBC - Series 2017A	137,635,000	3.00% - 5.00%	2047	137,390,000	—	—	137,390,000	—
MCEBC - Series 2017B	12,345,000	2.45% - 3.10%	2024	9,585,000	—	2,830,000	6,755,000	2,905,000
MCEBC - Series 2019	24,380,000	5.00%	2035	23,495,000	—	450,000	23,045,000	515,000
MCEBC - Series 2020B	158,125,000	.445% - 2.917%	2041	—	158,125,000	3,345,000	154,780,000	1,735,000
Unamortized premium				18,408,964	—	2,371,312	16,037,652	1,459,717
Total Bonded Debt				328,728,964	158,125,000	137,606,312	349,247,652	10,164,717
Note Payable								
University of Mississippi		2.00%	2026	8,336,907	4,773,981	—	13,110,888	2,819,861
University of Mississippi		0.93%	2026	—	3,748,012	—	3,748,012	723,518
Total Note Payable				8,336,907	8,521,993	—	16,858,900	3,543,379
Capital Leases - Various Equipment		Various	2025	—	7,405,000	1,460,000	5,945,000	1,455,000
Other Long-term Liabilities:								
Accrued leave liabilities				77,435,135	—	3,958,136	73,476,999	10,172,843
Federal Loan Fund Repayment Contingency				3,357,965	—	724,922	2,633,043	—
Net pension liability				1,360,163,256	137,938,643	—	1,498,101,899	—
Net OPEB liability				64,529,186	—	4,175,881	60,353,305	—
Reserve for unpaid claims				32,281,000	—	931,000	31,350,000	4,254,000
Total Other liabilities				1,537,766,542	137,938,643	9,789,939	1,665,915,246	14,426,843
Total				\$ 1,874,832,413	311,990,636	148,856,251	2,037,966,798	29,589,939
Due within one year							(29,589,939)	
Total noncurrent liabilities							\$ 2,008,376,859	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Year ended June 30, 2021				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
IHL Board Office:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 777,182	22,021	—	799,203	48,258
Net pension liability	18,717,421	1,465,844	—	20,183,265	—
Net OPEB liability	759,685	—	98,637	661,048	—
Reserve for unpaid claims	34,956,609	—	3,240,250	31,716,359	6,190,120
Total Other liabilities	<u>\$ 55,210,897</u>	<u>1,487,865</u>	<u>3,338,887</u>	53,359,875	<u>6,238,378</u>
Due within one year				(6,238,378)	
Total noncurrent liabilities				<u>\$ 47,121,497</u>	

Description and Purpose	Year ended June 30, 2021				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
MCVS:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 60,867	—	5,176	55,691	10,873
Net pension liability	1,750,782	174,936	—	1,925,718	—
Total Other liabilities	<u>\$ 1,811,649</u>	<u>174,936</u>	<u>5,176</u>	1,981,409	<u>10,873</u>
Due within one year				(10,873)	
Total noncurrent liabilities				<u>\$ 1,970,536</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Year ended June 30, 2021						
	Beginning balance	Additions	Deletions	Total	Elimination Entries	Ending balance	Due within one year
State of Mississippi Institutions of Higher Learning -- Combined:							
Total bonded debt	\$ 1,226,183,775	158,125,000	180,687,210	1,203,621,565	—	1,203,621,565	51,823,969
Total capital leases	650,067	7,405,000	1,660,840	6,394,227	—	6,394,227	1,576,201
Reserves for unpaid claims	67,237,609	—	4,171,250	63,066,359	—	63,066,359	10,444,120
Other long-term liabilities and notes payable:							
Net pension liability	2,843,514,960	279,495,275	—	3,123,010,235	—	3,123,010,235	—
Net OPEB liability	157,499,028	—	11,496,820	146,002,208	—	146,002,208	—
Accrued leave liabilities	145,397,987	1,044,169	5,420,077	141,022,079	—	141,022,079	18,133,551
Deposits refundable	1,834,844	1,113,905	1,261,307	1,687,442	—	1,687,442	—
Notes payable from direct borrowings	12,559,112	8,521,993	1,791,285	19,289,820	(8,521,993)	10,767,827	1,726,600
Refundable government advances and other	47,688,067	—	6,862,758	40,825,309	—	40,825,309	—
Total other long-term liabilities and notes payable	<u>3,208,493,998</u>	<u>290,175,342</u>	<u>26,832,247</u>	<u>3,471,837,093</u>	<u>(8,521,993)</u>	<u>3,463,315,100</u>	<u>19,860,151</u>
Total	\$ <u>4,502,565,449</u>	<u>455,705,342</u>	<u>213,351,547</u>	<u>4,744,919,244</u>	<u>(8,521,993)</u>	<u>4,736,397,251</u>	<u>83,704,441</u>
Due within one year						<u>(83,704,441)</u>	
Total noncurrent liabilities						\$ <u>4,652,692,810</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020

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% - 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

Notes to Financial Statements

June 30, 2021 and 2020

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% - 2.60%	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	1.60% - 3.70%	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	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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	\$ <u>42,835,921</u>	<u>1,047,116</u>	<u>219,158</u>	43,663,879	<u>45,152</u>
Due within one year				(45,152)	
Total noncurrent liabilities				\$ <u>43,618,727</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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	—
Note Payable from direct borrowings - Hancock Bank				6,905,779	—	911,643	5,994,136	935,538
Note Payable from direct borrowings - Renasant Bank				7,179,261	—	724,545	6,454,716	745,527
Note Payable from direct borrowings - 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	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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	2.50% to 5.00%	2020	605,000	—	605,000	—	—
MCEBC - Series 2012A	51,860,000	4.00% to 5.00%	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	3.00% to 5.00%	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	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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				(8,008,004)	
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				(10,204)	
Total noncurrent liabilities				<u>\$ 1,801,445</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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 from direct borrowings	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, 2021 and 2020

The annual debt service requirements for the outstanding debt as of June 30, 2021 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:					
2022	\$ 1,422,512	—	—	1,693,550	3,116,062
2023	1,527,512	—	—	1,648,925	3,176,437
2024	1,627,512	—	—	1,600,200	3,227,712
2025	1,752,512	—	—	1,532,500	3,285,012
2026	1,887,512	—	—	1,451,125	3,338,637
2027 - 2031	11,077,560	—	—	5,836,625	16,914,185
2032 - 2036	14,336,992	—	—	3,353,750	17,690,742
2037 - 2041	12,030,000	—	—	856,025	12,886,025
Total	\$ 45,662,112	—	—	17,972,700	63,634,812
Delta State University:					
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	525,000	—	—	381,725	906,725
2027 - 2031	3,015,000	—	—	1,530,000	4,545,000
2032 - 2036	3,650,000	—	—	891,600	4,541,600
2037 - 2041	2,575,000	—	—	157,300	2,732,300
Total	\$ 12,145,000	—	—	4,733,475	16,878,475
Jackson State University:					
2022	\$ 4,690,376	121,201	—	4,029,052	8,840,629
2023	5,885,376	126,791	—	3,809,012	9,821,179
2024	6,090,376	132,639	—	3,561,857	9,784,872
2025	6,305,376	68,596	—	3,304,576	9,678,548
2026	6,535,376	—	—	3,041,289	9,576,665
2027 - 2031	33,371,880	—	—	11,163,997	44,535,877
2032 - 2036	23,361,880	—	—	4,467,064	27,828,944
2037 - 2041	3,626,880	—	—	2,236,880	5,863,760
2042 - 2046	3,159,519	—	—	1,632,895	4,792,414
Total	\$ 93,027,039	449,227	—	37,246,622	130,722,888
Mississippi State University:					
2022	\$ 14,348,456	—	—	12,756,523	27,104,979
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	13,403,753	—	—	10,471,991	23,875,744
2027 - 2031	64,216,439	—	—	43,824,427	108,040,866
2032 - 2036	68,139,535	—	—	29,581,817	97,721,352
2037 - 2041	66,090,530	—	—	15,846,452	81,936,982
2042 - 2046	43,884,965	—	—	3,302,332	47,187,297
Total	\$ 312,581,682	—	—	150,706,976	463,288,658

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

University - fiscal year(s)	Bonded Debt	Capital Leases	Notes Payable	Interest	Total
Mississippi Valley State University:					
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	725,000	—	—	464,756	1,189,756
2027 - 2031	4,570,000	—	—	1,949,388	6,519,388
2032 - 2036	6,525,000	—	—	1,041,088	7,566,088
2037 - 2041	1,595,000	—	—	59,813	1,654,813
Total	\$ 16,015,000	—	—	5,546,344	21,561,344
University of Mississippi:					
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	7,678,855	23,111,446
2025	14,256,458	—	1,870,745	7,054,825	23,182,028
2026	14,917,220	—	1,921,427	6,383,792	23,222,439
2027 - 2031	76,331,144	—	1,654,551	21,619,765	99,605,460
2032 - 2036	54,303,445	—	—	8,238,922	62,542,367
2037 - 2041	12,007,094	—	—	3,103,225	15,110,319
2042 - 2046	8,489,926	—	—	1,064,250	9,554,176
Total	\$ 219,811,081	—	10,767,827	72,055,833	302,634,741
University of Southern Mississippi:					
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	7,304,230	—	—	5,278,009	12,582,239
2027 - 2031	42,747,162	—	—	21,701,000	64,448,162
2032 - 2036	46,336,352	—	—	11,633,150	57,969,502
2037 - 2041	23,460,764	—	—	3,908,788	27,369,552
2042 - 2046	8,708,458	—	—	485,350	9,193,808
Total	\$ 155,131,999	—	—	66,537,639	221,669,638
University of Mississippi Medical Center:					
2022	\$ 10,164,717	1,455,000	3,543,379	12,614,455	27,777,551
2023	10,479,739	1,480,000	3,842,276	11,981,166	27,783,181
2024	10,810,144	1,490,000	3,911,737	11,554,880	27,766,761
2025	10,270,543	1,520,000	3,982,524	11,178,110	26,951,177
2026	10,511,308	—	1,578,984	10,759,147	22,849,439
2027 - 2031	56,646,475	—	—	47,799,162	104,445,637
2032 - 2036	69,574,183	—	—	37,657,454	107,231,637
2037 - 2041	83,654,542	—	—	26,917,461	110,572,003
2042 - 2046	71,145,330	—	—	13,353,250	84,498,580
2047 - 2051	15,990,671	—	—	717,000	16,707,671
Total	\$ 349,247,652	5,945,000	16,858,900	184,532,085	556,583,637

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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<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):					
2022	\$ 51,823,969	1,576,201	5,269,979	47,015,793	105,685,942
2023	52,787,135	1,606,791	5,615,647	44,858,189	104,867,762
2024	54,828,970	1,622,639	5,732,870	42,748,995	104,933,474
2025	53,750,366	1,588,596	5,853,269	40,546,633	101,738,864
2026	55,809,399	—	3,500,411	38,231,834	97,541,644
2027 - 2031	291,975,660	—	1,654,551	155,424,364	449,054,575
2032 - 2036	286,227,387	—	—	96,864,845	383,092,232
2037 - 2041	205,039,810	—	—	53,085,944	258,125,754
2042 - 2046	135,388,198	—	—	19,838,077	155,226,275
2047 - 2051	15,990,671	—	—	717,000	16,707,671
Total	<u>\$ 1,203,621,565</u>	<u>6,394,227</u>	<u>27,626,727</u>	<u>539,331,674</u>	<u>1,776,974,193</u>

The educational building corporations have pledged future designated revenues to repay \$1.2 billion in EBC bonds. Proceeds from bonds provided financing for the construction of various improvements and other capital expenditures. The bonds are payable solely from appropriate designated revenues and are payable through 2047. Annual principal and interest payments on the bonds are expected to require less than 4% of designated revenues. The total principal and interest remaining to be paid on the bonds is \$1.74 billion. Principal and interest paid for the current year and total designated revenues were \$177.4 million and \$2.96 billion, respectively.

University of Mississippi Medical Center

On October 29, 2020, the Medical Center Educational Building Corporation issued \$158,125,000 of Series 2020B revenue bonds. The purpose of these bonds is to finance capital expenditures and to refund the Series 2010B bonds, Series 2012A bonds, and Series 2012B bonds issued in the original principal amount of \$125,250,000. The refunding of Series 2010B, Series 2012A, and Series 2012B bonds will result in an economic gain of approximately \$20,592,694.

The Series 2020B revenue refunding bonds bear an interest rate of 0.445% to 2.917% with interest due June 1 and December 1 of each year beginning December 2020. Principal matures beginning June 1, 2020 through June 1, 2041. Repayment of the bonds is secured by a pledge of rental payments pursuant to a lease agreement between the Corporation and the Medical Center.

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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, 2021 and 2020:

2021										
Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 484,671,310	173,492,961	1,123,377	32,944,797	338,016	1,022,691	14,426,219	—	257,431	708,276,802
Research	174,578,933	70,414,216	1,046,940	61,033,489	3,753,742	1,290,452	27,340,954	—	542,311	340,001,037
Public service	85,434,381	33,227,875	1,105,395	36,921,619	1,111,505	59,885	13,836,364	—	69,247	171,766,271
Academic support	82,608,820	29,040,664	234,788	32,917,809	472,678	262,801	22,409,869	—	57,237	168,004,666
Student services	48,430,090	17,403,664	2,222,701	14,798,511	210,009	814,941	6,357,818	—	319,157	90,556,891
Institutional support	140,884,098	68,453,014	385,588	114,263,520	557,316	476,238	32,296,222	—	4,297,092	361,613,088
Operation of plant	49,504,802	21,154,223	40,767	47,778,617	44,672,417	—	20,216,158	—	96,534	183,463,518
Student aid	2,305,237	6,335,675	27,010	300,076	—	226,639,095	699,313	—	148,118	236,454,524
Auxiliary enterprises	84,912,094	27,172,828	9,914,896	77,752,585	12,533,867	25,317,139	15,201,455	—	152,839	252,957,703
Depreciation	—	—	—	—	—	—	—	170,848,756	—	170,848,756
Hospital	522,686,124	184,817,078	194,503	127,304,456	1,047,628	—	309,334,001	—	—	1,145,383,790
Loan fund expense	—	—	—	324,728	—	—	—	—	1,277,405	1,602,133
	<u>1,676,015,889</u>	<u>631,512,198</u>	<u>16,295,965</u>	<u>546,340,207</u>	<u>64,697,178</u>	<u>255,883,242</u>	<u>462,118,373</u>	<u>170,848,756</u>	<u>7,217,371</u>	<u>3,830,929,179</u>
Elimination entries	—	—	—	(52,851,990)	—	(34,056,997)	—	—	—	(86,908,987)
Total operating expenses	<u>\$ 1,676,015,889</u>	<u>631,512,198</u>	<u>16,295,965</u>	<u>493,488,217</u>	<u>64,697,178</u>	<u>221,826,245</u>	<u>462,118,373</u>	<u>170,848,756</u>	<u>7,217,371</u>	<u>3,744,020,192</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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2020

Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	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

Notes to Financial Statements

June 30, 2021 and 2020

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:

	Amount
Year ending June 30,	
2022	\$ 31,208,461
2023	26,409,094
2024	21,038,276
2025	19,215,415
2026	19,224,608
2027 - 2031	56,621,885
2032 - 2036	11,384,116
2037 - 2041	370,290
Total minimum payments required	\$ 185,472,146

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, 2021 and 2020 approximated \$34.8 million and \$27.8 million, respectively.

Note 13

Construction Commitments and Financing

The IHL System has contracted for various construction projects as of June 30, 2021. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

	Remaining estimated cost to complete	Source of Funding			
		Federal	State	Institutional	Other
Alcorn State University	\$ 25,996,835	—	25,996,835	—	—
Delta State University	5,713,746	—	5,713,746	—	—
Jackson State University	20,962,401	—	20,962,401	—	—
Mississippi State University	136,795,725	9,861,893	43,668,707	55,889,502	27,375,623
Mississippi University for Women	15,215,900	—	15,215,900	—	—
Mississippi Valley State University	4,947,530	456,393	4,491,137	—	—
University of Mississippi	208,274,000	—	71,627,000	85,147,000	51,500,000
University of Southern Mississippi	27,867,506	7,000,000	15,807,619	5,059,887	—
University of Mississippi Medical Center	20,970,971	834,698	13,963,742	6,172,531	—
Totals	\$ 466,744,614	18,152,984	217,447,087	152,268,920	78,875,623

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Note 14

Donor Restricted Endowments

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated \$78.3 million and \$32.8 million as of June 30, 2021 and 2020, 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 \$403.6 million and \$320.3 million at June 30, 2021 and 2020, 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, 2020 for fiscal year 2021 and June 30, 2019 for fiscal year 2020.

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

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

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

Disclosures under GASB Statement No. 68

The pension disclosures that follow for fiscal years 2021 and 2020 include all disclosures for GASB Statement No. 68 using the latest valuation report available (June 30, 2019). For fiscal year 2021, the measurement date for the PERS defined benefit plan is June 30, 2020. For fiscal year 2020, the measurement date for the PERS defined benefit plan is June 30, 2019. The IHL System is presenting net pension liability as of June 30, 2020 and 2019 for the fiscal years 2021 and 2020 financials, respectively.

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(a) PERS Defined Benefit Plan

Plan Description

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

Membership and Benefits Provided

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

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

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

Contributions

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

Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. PERS members were required to contribute 9.00% of their annual pay. The institution's contractually required contribution rate for the years ended June 30, 2021 and 2020 was 17.40% for each year of annual payroll. Contributions from the IHL System are recognized when legally due based on statutory requirements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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Employer Contributions

The IHL System's contributions to PERS for the years ended June 30, 2021 and 2020 were \$183.3 million and \$186.9 million, respectively. The IHL System's proportionate share was calculated on the basis of historical contributions. Employer allocation percentages are based on the ratio of each employer's actual contribution to the Plan's total actual contributions.

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

	Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount	Change in proportionate share of collective pension amount
PERS defined benefit plan:			
2021	\$ 186,911,786	16.13%	-0.03%
2020	165,800,374	16.16%	0.24%

Net Pension Liability

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

	Proportionate share of net pension liability	Proportion of net pension liability
PERS defined benefit plan:		
2021	\$ 3,123,010,235	16.13%
2020	2,843,514,960	16.16%

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

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. For the years ended June 30, 2021 and 2020, the remaining service life was 3.66 and 3.76 years, respectively. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources. The deferred outflow of resources reported by an employer includes contributions made by the employer during its fiscal year that will be reflected in the net pension liability in the next measurement period.

The IHL System's proportionate share of the collective pension expense for the years ended June 30, 2021 and 2020 is equal to the collective pension expense multiplied by the employer's allocation percentage, or \$296.6 million and \$274.5 million, respectively. Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled deferred inflows. If they will increase pension expense they are labeled deferred outflows. After amortization of these deferred amounts, the IHL System's net pension expense at June 30, 2021 and 2020, was \$120.0 million and \$108.0 million, respectively.

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

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June 30, 2021 and 2020

2021

	Deferred outflows					Deferred inflows		
	Differences between expected and actual experience	Changes of assumptions	Changes in proportion and differences between employer contributions and proportionate share of contributions	Contributions subsequent to the measurement date	Net difference between projected and actual earnings on pension plan investment	Total deferred outflows of resources	Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred inflows of resources
Alcorn State University	\$ 702,300	452,608	—	4,286,010	3,323,435	8,764,353	3,504,657	3,504,657
Delta State University	443,609	285,890	—	3,051,947	2,099,251	5,880,697	868,039	868,039
Jackson State University	1,145,407	738,175	—	7,674,848	5,420,311	14,978,741	14,479,761	14,479,761
Mississippi State University	5,413,364	3,488,725	9,071,948	37,491,151	25,617,196	81,082,384	—	—
Mississippi University for Women	381,896	246,119	—	2,593,446	1,807,214	5,028,675	362,911	362,911
Mississippi Valley State University	414,048	266,840	—	2,595,820	1,959,366	5,236,074	801,013	801,013
University of Mississippi	3,215,030	2,071,975	—	21,641,091	15,214,210	42,142,306	2,748,937	2,748,937
University of Southern Mississippi	2,196,833	1,415,782	—	14,836,009	10,395,882	28,844,506	3,198,517	3,198,517
University of Mississippi Medical Center	13,003,701	8,380,433	30,735,253	85,783,197	61,536,294	199,438,878	—	—
Executive Office	175,193	112,906	—	1,138,221	829,051	2,255,371	394,115	394,115
MCVS	16,716	10,773	1,121	107,124	79,101	214,835	—	—
Total	\$ 27,108,097	17,470,226	39,808,322	181,198,864	128,281,311	393,866,820	26,357,950	26,357,950

Contributions subsequent to the measurement date of \$181.2 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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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	Differences between expected and actual experience	Changes in proportion and differences between employer contributions and proportionate share of contributions	Net difference between projected and actual investment earnings on pension plan investment	Total deferred inflows of resources
Alcorn State University	\$ 44,834	743,024	—	4,789,190	5,577,048	81,577	3,071,170	829,150	3,981,897
Delta State University	28,595	473,894	903,340	2,970,686	4,376,515	52,029	—	528,824	580,853
Jackson State University	74,776	1,239,247	—	7,808,898	9,122,921	136,058	17,408,929	1,382,893	18,927,880
Mississippi State University	330,226	5,472,766	2,484,622	36,670,189	44,957,803	600,861	—	6,107,135	6,707,996
Mississippi University for Women	23,293	386,022	—	2,605,550	3,014,865	42,382	1,294,472	430,767	1,767,621
Mississippi Valley State University	26,146	433,307	—	2,823,856	3,283,309	47,573	213,231	483,533	744,337
University of Mississippi	200,689	3,325,982	348,291	21,929,628	25,804,590	365,163	—	3,711,509	4,076,672
University of Southern Mississippi	136,849	2,267,978	—	13,777,396	16,182,223	249,004	2,747,453	2,530,868	5,527,325
University of Mississippi Medical Center	804,641	13,335,141	50,499,628	88,706,272	153,345,682	1,464,080	—	14,880,868	16,344,948
Executive Office	11,073	183,507	—	1,194,824	1,389,404	20,147	277,821	204,778	502,746
M CVS	1,036	17,165	20,551	114,024	152,776	1,885	—	19,154	21,039
Total	\$ 1,682,158	27,878,033	54,256,432	183,390,513	267,207,136	3,060,759	25,013,076	31,109,479	59,183,314

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

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

	Deferred outflows of resources, Year Ended June 30				
	2022	2023	2024	2025	Total
Alcorn State University	\$ 285,984	1,545,699	1,575,740	1,070,920	4,478,343
Delta State University	180,642	976,342	995,318	676,448	2,828,750
Jackson State University	466,422	2,520,937	2,569,932	1,746,602	7,303,893
Mississippi State University	5,382,552	16,269,685	13,684,297	8,254,699	43,591,233
Mississippi University for Women	155,512	840,519	856,854	582,344	2,435,229
Mississippi Valley State University	168,605	911,283	928,994	631,372	2,640,254
University of Mississippi	1,309,196	7,075,989	7,213,515	4,902,515	20,501,215
University of Southern Mississippi	894,575	4,835,029	4,929,001	3,349,892	14,008,497
University of Mississippi Medical Center	24,423,688	40,008,567	29,394,421	19,829,005	113,655,681
Executive Office	71,341	385,584	393,078	267,147	1,117,150
MCVS	7,780	37,085	37,356	25,490	107,711
Total	<u>\$ 33,346,297</u>	<u>75,406,719</u>	<u>62,578,506</u>	<u>41,336,434</u>	<u>212,667,956</u>

	Deferred inflows of resources, Year Ended June 30			
	2022	2023	2024	Total
Alcorn State University	\$ 1,755,234	1,340,742	408,681	3,504,657
Delta State University	178,228	347,618	342,193	868,039
Jackson State University	9,605,753	3,702,266	1,171,742	14,479,761
Mississippi State University	—	—	—	—
Mississippi University for Women	362,881	109,754	(109,724)	362,911
Mississippi Valley State University	308,810	338,779	153,424	801,013
University of Mississippi	601,058	1,667,439	480,440	2,748,937
University of Southern Mississippi	1,407,328	1,548,914	242,275	3,198,517
University of Mississippi Medical Center	—	—	—	—
Executive Office	198,047	128,107	67,961	394,115
MCVS	—	—	—	—
Total	<u>\$ 14,417,339</u>	<u>9,183,619</u>	<u>2,756,992</u>	<u>26,357,950</u>

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Actuarial Methods and Assumptions

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

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the years ended June 30, 2021 and 2020:

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

Mortality

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 and 2020 are summarized in the following table:

	Year ended June 30, 2021		Year ended June 30, 2020	
Asset class	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 %	4.90 %
International equity	22.00	4.75	22.00	4.75
Global Equity	12.00	5.00	12.00	5.00
Debt Securities	20.00	0.50	20.00	1.50
Real Estate	10.00	4.00	10.00	4.00
Private equity	8.00	6.25	8.00	6.25
Cash Equivalents	1.00	—	1.00	0.25
	100.00		100.00	

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Discount Rate

For the years ended June 30, 2021 and 2020, the discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%) for the years ended June 30, 2021 and 2020. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following table presents the IHL System's proportionate share of the net pension liability of the cost-sharing plan for 2021 and 2020, calculated using the discount rate of 7.75%, as well as what the 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			
2021	\$ 4,042,352,998	\$ 3,123,010,235	\$ 2,364,183,057
2020	3,737,899,008	2,843,514,960	2,105,281,331

(b) PERS Defined Contribution Plan, the Optional Retirement Plan

The Optional Retirement Plan (ORP) was established by the Mississippi Legislature in 1990 to help attract qualified and talented institutions of higher learning teaching and administrative faculty in Mississippi. This alternative plan is structured to be portable and transferable to accommodate teaching and administrative faculty who move from one state to another throughout their careers. The membership of the ORP is composed of teachers and administrators appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. The ORP provides funds at retirement for employees, and in the event of death, the ORP provides funds for their beneficiaries through an arrangement by which contributions are made to this plan. The current contribution rate of both the employee and the IHL System are identical to that of the PERS defined benefit plan. An employee is automatically a member of PERS unless the employee elects ORP within 30 days of initial employment in an ORP-eligible position. Once made, the decision is irrevocable.

The ORP uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices. Employees immediately vest in plan contributions upon entering the plan. The IHL System's contributions to the ORP for the years ended June 30, 2021 and 2020 were \$74.9 million and \$78.6 million, respectively, which equaled its required contribution for the period.

Note 16

Postemployment Health Care and Life Insurance Benefits

Plan Description

In addition to providing pension benefits, the 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

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Ann. (1972) and may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan.

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

Membership and Benefits Provided

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

Contributions

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

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

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

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

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

At June 30, 2020 and 2019, the Plan provided health coverage to 320 and 321 employer units, respectively.

Disclosures under GASB Statement No. 75

The disclosures that follow for fiscal years 2021 and 2020 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2020). For fiscal year 2021, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2020. For fiscal year 2020, the measurement date for

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the State and School Employees' Life and Health Insurance Plan was June 30, 2019. The IHL System is presenting net OPEB liability as of June 30, 2020 and 2019 for the fiscal years 2021 and 2020 financials, respectively.

Proportionate Share Allocation Methodology

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

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

At June 30, 2021 and 2020, the IHL System reported a liability of \$146.0 million and \$157.5 million, respectively, for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2021, the NOL was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2021 and 2020, the IHL System's proportion was 18.76% and 18.56%, respectively.

For the years ended June 30, 2021 and 2020, the IHL System recognized OPEB expense of \$2.9 million and \$8.7 million, respectively.

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

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2021										
	Deferred outflows					Deferred inflows				
	Differences between expected and actual experience	Net difference between projected and actual investment earnings on OPEB Plan investments	Changes of assumptions	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Implicit rate subsidy	Total deferred outflows of resources	Changes of assumptions	Differences between expected and actual experience	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Total deferred inflows of resources
Alcorn State University	\$ 5,462	138	665,306	18,811	127,820	817,537	181,084	745,727	165,465	1,092,276
Delta State University	4,055	102	493,948	79,211	106,990	684,306	134,443	553,655	91,418	779,516
Jackson State University	8,139	205	991,341	—	211,140	1,210,825	269,824	1,111,172	1,077,342	2,458,338
Mississippi State University	39,528	996	4,814,450	916,867	1,074,873	6,846,714	1,310,402	5,396,412	163,778	6,870,592
Mississippi University for Women	3,086	78	375,901	99,906	81,900	560,871	102,313	421,339	17,360	541,012
Mississippi Valley State University	3,719	94	452,967	10,347	90,184	557,311	123,289	507,721	181,722	812,732
University of Mississippi	26,523	668	3,230,426	1,038,293	685,968	4,981,878	879,261	3,620,914	—	4,500,175
University of Southern Mississippi	17,823	449	2,170,814	249,246	464,176	2,902,508	590,854	2,433,218	111,931	3,136,003
University of Mississippi Medical Center	76,932	1,941	9,370,414	2,650,189	1,928,916	14,028,392	2,550,447	10,503,083	34,761	13,088,291
Executive Office	842	21	102,633	7,296	22,013	132,805	27,935	115,040	52,934	195,909
Total	\$ 186,109	4,692	22,668,200	5,070,166	4,793,980	32,723,147	6,169,852	25,408,281	1,896,711	33,474,844

\$4.8 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, 2022.

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		2020									
		Deferred outflows					Deferred inflows				
		Net difference between projected and actual investment earnings on OPEB Plan investments	Changes of assumptions	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments		Implicit rate subsidy	Total deferred outflows of resources	Changes of assumptions	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments		Total deferred inflows of resources
Differences between expected and actual experience	Differences between expected and actual experience			proportionate share of OPEB benefit payments	proportionate share of OPEB benefit payments				Differences between expected and actual experience	Differences between expected and actual experience	
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
Total	\$	<u>238,136</u>	<u>2,985</u>	<u>11,741,970</u>	<u>3,865,881</u>	<u>5,822,545</u>	<u>21,671,517</u>	<u>8,167,092</u>	<u>2,254,444</u>	<u>1,629,371</u>	<u>12,050,907</u>

\$5.8 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, 2021.

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Deferred outflows of resources and deferred inflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. Changes in employer proportion, an employer specific deferral, is amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. The average remaining service life determined as of the beginning of the June 30, 2020 and 2019 measurement periods was 6.0 years and 6.4 years, respectively. Employers are required to recognize pension expense based on their proportionate share of collective OPEB expense plus amortization of employer specific deferrals.

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

Deferred outflows (inflows) of resources year ended June 30						
	2022	2023	2024	2025	2026	Total
Alcorn State University	\$ (101,404)	(101,404)	(91,923)	(50,800)	(57,028)	(402,559)
Delta State University	(45,325)	(45,325)	(39,204)	(25,627)	(46,719)	(202,200)
Jackson State University	(368,833)	(368,833)	(346,862)	(214,055)	(160,070)	(1,458,653)
Mississippi State University	(367,807)	(367,807)	(271,115)	53,966	(145,988)	(1,098,751)
Mississippi University for Women	(18,708)	(18,708)	(13,177)	1,380	(12,828)	(62,041)
Mississippi Valley State University	(83,612)	(83,612)	(76,881)	(47,556)	(53,944)	(345,605)
University of Mississippi	(44,206)	(44,206)	(16,745)	36,336	(135,444)	(204,265)
University of Southern Mississippi	(167,715)	(167,715)	(144,773)	(70,600)	(146,868)	(697,671)
University of Mississippi Medical Center	(399,933)	(399,933)	(247,780)	290,675	(231,844)	(988,815)
Executive Office	(21,749)	(21,749)	(19,086)	(9,829)	(12,704)	(85,117)
Total	<u>\$ (1,619,292)</u>	<u>(1,619,292)</u>	<u>(1,267,546)</u>	<u>(36,110)</u>	<u>(1,003,437)</u>	<u>(5,545,677)</u>

Actuarial Methods and Assumptions

The following table provides a summary of the actuarial methods and assumptions used to determine the discount rate reported for OPEB for the years ended June 30, 2021 and 2020:

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

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

Mortality

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

Discount Rate

For the years ended June 30, 2021 and 2020 the discount rates used to measure the total OPEB liability were 2.19% and 3.50%, respectively. The discount rate is based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

Long-term Expected Rate of Return

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following table presents the IHL System's proportionate share of the NOL for 2021 and 2020, calculated using the discount rate of 2.19% and 3.50%, respectively, as well as what the IHL System's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount Rate Sensitivity		
	1% Decrease (1.19%)	Current discount rate (2.19%)	1% Increase (3.19%)
	IHL System proportionate share of net OPEB liability 2021	\$ 161,342,421	\$ 146,002,208

	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

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:

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	Health Care Cost Trend Rates Sensitivity		
	1% Decrease	Current discount rate	1% Increase
IHL System proportionate share of net OPEB liability			
2021	\$ 134,810,703	\$ 146,002,208	\$ 158,681,689
2020	145,947,120	157,499,028	170,585,386

Non-cash Impact on Fringe Benefits Expense

For the years ended June 30, 2021 and 2020, the non-cash impact of GASB Statement No. 68 on fringe benefits expense was \$120 million and \$108 million, respectively. For the years ended June 30, 2021 and 2020, the non-cash impact of GASB Statement No. 75 on fringe benefits expense was \$(1,124,513) and \$3,374,644, respectively.

	Year ended June 30, 2021			
	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	\$ 11,594,797	(1,457,302)	74,000	10,211,495
Delta State University	10,459,803	(1,552,884)	37,071	8,943,990
Jackson State University	15,247,273	4,747,609	348,680	20,343,562
Mississippi State University	151,678,487	(22,604,925)	319,406	129,392,968
Mississippi University for Women	8,299,614	(1,204,506)	12,905	7,108,013
Mississippi Valley State University	8,449,045	(1,608,096)	68,113	6,909,062
University of Mississippi	83,229,115	(13,479,863)	(23,526)	69,725,726
University of Southern Mississippi	58,146,533	(6,766,677)	125,412	51,505,268
University of Mississippi Medical Center	281,459,857	(75,500,499)	142,638	206,101,996
Executive Office	2,662,056	(491,246)	19,814	2,190,624
M CVS	285,618	(91,838)	—	193,780
Totals	\$ 631,512,198	(120,010,227)	1,124,513	512,626,484

	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
M CVS	317,565	(117,270)	—	200,295
Totals	\$ 639,544,393	(108,024,347)	(3,374,644)	528,145,402

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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 \$31.8 million and \$17.4 million at June 30, 2021, respectively, and \$29.3 million and \$20.3 million at June 30, 2020, 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 for the years ended June 30, 2021 and 2020 were approximately \$360,000 and \$345,000, 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, 2021, 2020, and 2019 (in thousands):

	2021	2020	2019
Unpaid claim liability at beginning of year	\$ 20,067	21,700	20,992
Incurred claims:			
Insured events of the current	5,100	7,801	8,304
Decrease in provisions for insured events of prior years	(3,250)	(4,057)	(2,403)
Total incurred claims	1,850	3,744	5,901
Payments:			
Attributable to insured events of the current year	1,063	1,420	1,579
Attributable to insured events of the prior year	3,577	3,957	3,614
Total payments	4,640	5,377	5,193
Unpaid claim liability at end of year	\$ 17,277	20,067	21,700

Total accrued claims, included in long-term liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$2.0 million and \$2.2 million as of June 30, 2021 and 2020, respectively.

Note 18

Unemployment Trust Fund

The IHL System participates in a self-funded Unemployment Trust Fund (the Unemployment Fund). The Unemployment Fund exists to provide a mechanism for the IHL System to fund and budget for the costs of providing unemployment benefits to eligible former employees. The Unemployment Fund does not pay benefits directly to former employees. Rather, it reimburses the Mississippi Department of Employment Security Commission for benefits it pays directly to former IHL System employees. Total assets and liabilities of the Unemployment Fund approximated \$10.4 million and \$4.3 million at June 30, 2021, respectively, and \$10.1 million and \$4.2 million at June 30, 2020, respectively, and are included in the statements of net position.

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A professionally licensed actuarial firm was contracted to perform an actuarial analysis of the Unemployment Fund as of June 30, 2021. The actuaries concluded that the fund's actual assets at June 30, 2021 exceeded the recommended minimum fund balance. The recommended fund balance at June 30, 2021 is \$4.4 million. Actual fund assets equaled \$10.4 million at June 30, 2021. The fiscal year 2022 assessment level was set at \$1.5 million. Future assessments are recommended to be set at \$1.5 million for fiscal years 2023 through 2025. These facts will be considered by the IHL System when determining future funding rates.

Note 19

Tort Liability Fund and Other Contingencies

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

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

A professionally licensed actuarial firm was contracted to perform an actuarial analysis of the IHL Tort Fund as of June 30, 2021. Total assets and liabilities related to this activity approximated \$18.5 million and \$10.1 million at June 30, 2021, respectively, and \$17.9 million and \$10.7 million at June 30, 2020, 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, 2021, 2020, and 2019 (in thousands):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Unpaid claim liability at beginning of year	\$ 10,560	10,912	9,694
Incurred claims:			
Insured events of the current	4,307	3,354	3,628
Decrease in provisions for insured events of prior years	<u>(3,440)</u>	<u>(1,495)</u>	<u>(668)</u>
Total incurred claims	<u>867</u>	<u>1,859</u>	<u>2,960</u>
Payments:			
Attributable to insured events of the current year	296	65	205
Attributable to insured events of the prior year	<u>1,131</u>	<u>2,146</u>	<u>1,537</u>
Total payments	<u>1,427</u>	<u>2,211</u>	<u>1,742</u>
Unpaid claim liability at end of year	<u>\$ 10,000</u>	<u>10,560</u>	<u>10,912</u>

Total accrued claims, included in long-term liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$862,000 and \$932,000 as of June 30, 2021 and 2020, 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.

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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 \$49.5 million and \$31.4 million at June 30, 2021, respectively, and approximated \$48.1 million and \$31.2 million at June 30, 2020, respectively, and are included in the statements of net position.

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

The following represents changes in the unpaid claims liabilities for the UMMC Tort Claims Fund for the years ended June 30, 2021, 2020 and 2019 (in thousands):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Unpaid claim liability at beginning of year	\$ 31,198	35,491	35,888
Incurred claims:			
Insured events of the current	6,845	5,567	8,970
Decrease in provisions for			
insured events of prior years	<u>(4,112)</u>	<u>(6,925)</u>	<u>(5,975)</u>
Total incurred claims	<u>2,733</u>	<u>(1,358)</u>	<u>2,995</u>
Payments:			
Attributable to insured events of the current year	22	16	504
Attributable to insured events of the prior year	<u>2,559</u>	<u>2,919</u>	<u>2,888</u>
Total payments	<u>2,581</u>	<u>2,935</u>	<u>3,392</u>
Unpaid claim liability at end of year	\$ <u>31,350</u>	<u>31,198</u>	<u>35,491</u>

At June 30, 2021 and 2020, unpaid claims of \$34.5 million and \$34.4 million, respectively, are presented at their net present value of \$31.4 million and \$31.2 million, respectively, using a discount rate of 4%.

Note 21

Subsequent Events

In December 2021, the Jackson State University Educational Building Corporation (JSU EBC) issued \$42,380,000 of Series 2021A taxable convertible revenue refunding bonds and \$6,295,000 of Series 2021B taxable revenue refunding bonds to refund a portion of the outstanding maturities of the \$57,595,000 Series 2015A revenue bonds and \$6,000,000 Series 2017 revenue refunding bonds.

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Note 22

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

(a) Nature of Organization

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

(b) Significant Accounting Policies

Basis of Accounting

The MSUF consolidated financial statements include the foundation; Maroon Air, LLC; 107 Muldrow Properties, LLC; 111 Muldrow Properties, LLC; 800-804 University Drive Properties, LLC; 806 University Drive Apartments, LLC; 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.

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

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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, 2021 and 2020, 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 92% and 91% as of June 30, 2021 and 2020, 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, 2021 and 2020:

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	2021	2020
Unconditional promises expected to be collected in:		
One year	\$ 12,246,742	11,188,945
two to five years	20,757,283	21,805,847
More than five years	14,003,510	5,888,251
	47,007,535	38,883,043
Present value discounts (rates ranging from 0.3% to 5.0%)	(5,358,965)	(5,031,064)
	41,648,570	33,851,979
Allowances for uncollectible pledges	(886,603)	(965,036)
	\$ 40,761,967	32,886,943

(d) Investments

Investments are summarized as follows as of June 30, 2021 and 2020:

	2021	2020
Short-term investments	\$ 4,237,024	8,685,646
Agility Comprehensive Solutions Fund	578,730,452	400,156,048
Global fixed income	4,597,936	4,020,077
Global equities	9,375,047	7,874,380
Real assets	24,558,967	23,686,055
Absolute return strategies	145,128	138,669
Private capital	34,932,165	21,856,293
Contributed properties held for investment	30,531,907	29,613,054
Cash-surrender value of life insurance	3,231,056	3,225,348
	\$ 690,339,682	499,255,570

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, 2021 and 2020:

	2021	2020
Global equities	70 %	65 %
Global fixed income	5	8
Absolute return strategies	13	15
Real assets	5	7
Private capital	7	5

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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, 2021 and 2020 with a fair value of \$14.2 million and \$12.0 million, respectively.

The following schedule summarizes net investment income in the consolidated statements of activities for the years ended June 30, 2021 and 2020:

	2021	2020
Dividends and interest, net of expenses	\$ 3,088,958	2,802,490
Net realized and unrealized gains (losses)	173,218,108	(1,294,827)
	\$ 176,307,066	1,507,663

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, 2021 and 2020:

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	2021				
	Level 1	Level 2	Level 3	Investments at NAV	Total
Short-term investments	\$ 4,237,024	—	—	—	4,237,024
Agility-Comprehensive Solutions Fund (1)	—	—	—	578,730,452	578,730,452
Global fixed income:					
Interest-rate sensitive	4,597,936	—	—	—	4,597,936
Global equities:					
Domestic	9,375,047	—	—	—	9,375,047
Real assets:					
Real estate funds (2)	—	—	—	11,516,176	11,516,176
Natural resources (3)	—	—	—	13,042,791	13,042,791
Total real assets	—	—	—	24,558,967	24,558,967
Absolute return strategies (4)	—	—	—	145,128	145,128
Private capital (2)	—	—	—	34,932,165	34,932,165
Contributed properties held for investment (5)	—	—	30,531,907	—	30,531,907
Cash surrender value of life insurance (6)	—	3,231,056	—	—	3,231,056
Total investments	\$ 18,210,007	3,231,056	30,531,907	638,366,712	690,339,682
Present value of amounts due from externally managed trusts	\$ —	—	59,215,668	—	59,215,668

	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

- (1) The master fund's terms allow for 5-day notice withdrawals at any month-end totaling up to 10% of its account balance at the fund's previous fiscal yearend, (plus any capital contributions to the fund during the current year). In addition, the MSIP may make withdrawals from its capital account, of up to 100% of its Agility Global Equities, Agility Fixed Income, and Agility Real Asset holdings, as well as 25% of its Agility Absolute Return holdings, as of any fiscal quarter end, with at least one quarter's prior written notice to the general partner. Further, approximately \$43.1 million and \$19.0 million of MSIP's investment in the Fund is considered illiquid at June 30, 2021 and 2020, respectively, with up to a 10-year lockup period and 1 to 3-year extensions.

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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 \$8,771,000 and \$11,274,000 at June 30, 2021 and 2020, 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 natural resource investments at June 30, 2021 and 2020, respectively, which have terms ending in 2023, 2026 and 2027. Investments with lockup periods are subject to one or more one to two-year extensions. Future commitments to these funds approximate \$5,435,000 and \$7,113,500 at June 30, 2021 and 2020, 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, 2021 and 2020, the MSUF had no absolute return strategy investments for which an otherwise redeemable investment was not redeemable.
- (5) Bulldog Forest properties totaling approximately \$27,877,708 and \$27,414,855 at June 30, 2021 and 2020, 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, 2021 and 2020 for contributed properties held for investments classified in Level 3:

	2021	2020
Balance, beginning of year	\$ 29,613,054	34,594,669
Acquisitions	2,254,000	1,976,062
Dispositions	(2,111,745)	(6,597,267)
Net realized and unrealized gains (losses)	776,598	(360,410)
Balance, end of year	\$ 30,531,907	29,613,054

For the years ended June 30, 2021 and 2020, the changes in present value of amounts due from externally managed trusts classified as Level 3 are as follows:

	2021	2020
Balance, beginning of year	\$ 49,559,753	50,787,293
Change in valuation	9,655,915	(1,227,540)
Balance, end of year	\$ 59,215,668	49,559,753

(e) Net Assets Without Donor Restrictions

Net assets attributable to the foundation without donor restrictions as of June 30, 2021 and 2020 are as follows:

	2021	2020
Spendable funds	\$ 21,929,064	17,389,112
Quasi-endowment funds	23,294,756	23,550,070
Net investment in land, buildings and equipment	10,216,461	9,978,892
	\$ 55,440,281	50,918,074

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

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(f) Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
General college support	\$ 31,252,606	10,358,473
Student financial aid	30,987,454	12,407,071
Research	456,627	148,719
Faculty and staff support	839,585	281,457
Facilities	(1,088,865)	(782,342)
Other	2,283,817	453,797
	<u>64,731,224</u>	<u>22,867,175</u>
Subject to the passage of time and specified purpose:		
Charitable remainder trusts, cash surrender value of life insurance, gift annuities and other	13,386,255	11,485,256
Pledges receivable restricted by donors	22,574,911	14,559,624
	<u>35,961,166</u>	<u>26,044,880</u>
Donor restricted endowments subject to spending policy and appropriation to support the following purposes (including net accumulated earnings of approximately \$136,476,000 and \$37,065,000 at June 30, 2021 and 2020, respectively):		
Subject to endowment spending policy and appropriation:		
General college support	130,426,561	99,832,564
Student financial aid	275,154,714	191,775,536
Research	18,809,455	15,892,611
Faculty and staff support	68,899,121	54,966,929
Facilities	8,749,995	7,558,576
Other	8,543,437	7,704,922
	<u>510,583,283</u>	<u>377,731,138</u>
Charitable remainder trusts, gift annuities and other	55,521,361	46,177,250
Pledges receivable restricted to endowment by donors	18,187,056	18,327,319
	<u>684,984,090</u>	<u>491,147,762</u>
	\$	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

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(g) Endowment Funds

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

Endowment net asset composition by type of fund as of June 30, 2021 and 2020 is as follows:

	2021		
	Without donor restrictions	With donor restrictions	Total
Donor restricted endowment funds	\$ —	510,583,283	510,583,283
Board-designated funds	23,294,756	—	23,294,756
Total	<u>\$ 23,294,756</u>	<u>510,583,283</u>	<u>533,878,039</u>
	2020		
	Without donor restrictions	With donor restrictions	Total
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>

Changes in endowment net assets for the fiscal years ended June 30, 2021 and 2020 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2019	\$ 19,658,949	375,776,324	395,435,273
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>
Investment returns, net	(47,368)	109,963,412	109,916,044
Contributions	57,697	31,889,190	31,946,887
Appropriation of endowment assets for expenditure	(987,485)	(11,343,060)	(12,330,545)
Other	721,842	2,342,603	3,064,445
Endowment net assets, June 30, 2021	<u>\$ 23,294,756</u>	<u>510,583,283</u>	<u>533,878,039</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

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(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 \$225,008 and \$1,903,505 at June 30, 2021 and 2020, respectively. These endowments had an original gift value of approximately \$5.0 million and \$55.4 million at June 30, 2021 and 2020, respectively.

Note 23

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

(a) Nature of Organization

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

(b) Significant Accounting Policies

Basis of Accounting

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

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

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

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

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

Use of Estimates

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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

Investments

Investments are recorded at fair value. The fair values of all investments other than real estate and partnership and membership interests (which includes pooled investment funds) are based on quoted market prices and other observable inputs such as quoted prices for similar assets, quoted prices in inactive markets or inputs corroborated by observable market data. UMF's partnership and member interests are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the foundation's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2021 and 2020, 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, 2021 and 2020 is as follows:

	2021	2020
Unconditional promises expected to be collected in:		
One year	\$ 12,946,355	16,221,488
Two to five years	31,298,654	38,510,914
More than five years	43,079,466	41,795,150
	87,324,475	96,527,552
Present value discounts (rates ranging from 0.73% to 3.2%)	(10,765,116)	(13,004,229)
	76,559,359	83,523,323
Allowances for uncollectible pledges	(2,940,129)	(2,681,798)
	\$ 73,619,230	80,841,525

(d) Investments

Investments, aggregated by investment strategy, consist of the following at June 30, 2021 and 2020:

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Notes to Financial Statements

June 30, 2021 and 2020

	2021	2020
Investment strategy:		
Fixed income:		
U.S. government securities	\$ 3,294,335	3,446,113
Corporate bonds	28,591,118	25,136,691
Certificates of deposit	544,497	533,464
Other fixed income securities	27,911,175	28,451,332
Total fixed income	60,341,125	57,567,600
Equities:		
Common stocks	29,197,641	28,407,477
International common stock funds	928,262	537,216
Mutual funds	24,376,052	3,421,496
Total equities	54,501,955	32,366,189
Real estate owned	2,395,131	3,539,381
Other short-term investments	17,515,505	64,144,129
Pooled investment funds, at NAV	481,676,471	338,737,208
Total investments	\$ 616,430,187	496,354,507

The following schedule summarizes net investment income in the statements of activities for the years ended June 30, 2021 and 2020:

	2021	2020
Dividends and interest, net of expenses	\$ 5,483,107	9,281,378
Net realized and unrealized gains (losses)	129,312,482	(33,767,311)
	\$ 134,795,589	(24,485,933)

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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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, 2021 and 2020:

	2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment strategy:				
Fixed income:	\$			
U.S. Government securities	—	3,294,335	—	3,294,335
Corporate bonds	—	28,591,118	—	28,591,118
Certificates of deposit	—	544,497	—	544,497
Other fixed income securities	23,822,756	4,088,419	—	27,911,175
Total fixed income	<u>23,822,756</u>	<u>36,518,369</u>	<u>—</u>	<u>60,341,125</u>
Equities:				
Common stock	29,197,641	—	—	29,197,641
International common stock funds:	928,262	—	—	928,262
Mutual funds	24,376,052	—	—	24,376,052
Total equities	54,501,955	—	—	54,501,955
Real estate owned	—	—	2,395,131	2,395,131
Other short-term investments	17,515,505	—	—	17,515,505
	<u>\$ 95,840,216</u>	<u>36,518,369</u>	<u>2,395,131</u>	134,753,716
Pooled investment funds, at NAV				481,676,471
Total investments			\$	<u>616,430,187</u>
Beneficial interest in trusts	\$ 3,922,205	7,621,439	—	11,543,644

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June 30, 2021 and 2020

	2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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	<u>32,366,189</u>	<u>—</u>	<u>—</u>	<u>32,366,189</u>
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>	<u>157,617,299</u>
Pooled investment funds, at NAV				<u>338,737,208</u>
Total investments				<u>\$ 496,354,507</u>
Beneficial interest in trusts	\$	3,936,261	6,293,165	—
				10,229,426

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, 2021:

<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	\$ 19,411,496	—	Semiannually	60 days	Indefinite
Energy MLP	290,656	—	Quarterly	60 days	Indefinite
Event driven	77,849	—	Quarterly	60 days	Indefinite
Fixed income	34,164,781	—	Daily	5 days	Indefinite
Global equity	116,072,361	—	No redemption feature	None	Indefinite
Global equity-long only	58,749,552	—	Quarterly	90 days	Indefinite
Long/short equity fund	13,659,376	—	Quarterly	60 days	Indefinite
Natural resource private fund	8,493,876	13,801	No redemption feature	None	10 years
Private credit	7,765,426	—	No redemption feature	None	Indefinite
Relative value	16,296,877	—	Quarterly	65 days	Indefinite
Timber fund	7,386,760	—	No redemption feature	None	12 years
Other	36,871	—	No redemption feature	None	Indefinite
Venture capital and private equity	<u>199,270,590</u>	39,242,847	No redemption feature	None	7 years to indefinite
	<u>\$ 481,676,471</u>				
Real estate:					
Real estate owned	\$ 2,395,131		No redemption feature	None	Indefinite

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Notes to Financial Statements

June 30, 2021 and 2020

(e) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 were restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Spendable:		
Academic and program support	\$ 214,237,174	198,110,337
Scholarship support	101,935,356	56,335,571
Faculty support	50,037,880	25,893,939
Library support	11,125,115	6,628,894
Total	<u>\$ 377,335,525</u>	<u>286,968,741</u>
Endowment:		
Academic and program support	\$ 66,541,534	59,528,388
Scholarship support	128,436,338	122,075,173
Faculty support	74,824,783	76,217,594
Library support	13,960,490	14,006,374
Total	<u>283,763,145</u>	<u>271,827,529</u>
Total net assets with donor restrictions	<u>\$ 661,098,670</u>	<u>558,796,270</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, 2021 and 2020 is as follows:

	<u>2021</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	\$ —	283,763,145	283,763,145
Portion subject to appropriation	—	181,845,430	181,845,430
Board-designated quasi endowment	18,027,414	—	18,027,414
Total endowment funds	<u>\$ 18,027,414</u>	<u>465,608,575</u>	<u>483,635,989</u>

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	2020		
	Without donor restrictions	With donor restrictions	Total
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	<u>14,294,049</u>	<u>—</u>	<u>14,294,049</u>
Total endowment funds	<u>\$ 14,294,049</u>	<u>355,420,466</u>	<u>369,714,515</u>

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	Without donor restrictions	With donor restrictions	Total
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 realized and unrealized losses	<u>(496,554)</u>	<u>(43,042,684)</u>	<u>(43,539,238)</u>
Endowment net assets, June 30, 2020	14,294,049	355,420,466	369,714,515
Contributions and transfers to endowment	—	11,458,036	11,458,036
Appropriation of expenditures	(152,148)	(13,311,917)	(13,464,065)
Investment return:			
Investment income	740,251	12,887,213	13,627,464
Net realized and unrealized gains	<u>3,145,262</u>	<u>99,154,777</u>	<u>102,300,039</u>
Endowment net assets, June 30, 2021	<u>\$ 18,027,414</u>	<u>465,608,575</u>	<u>483,635,989</u>

(g) Funds with Deficiencies

When unfavorable market fluctuations cause the fair value of certain donor-restricted endowments to be less than the historical cost (original gift/book value) of such funds, the fund is considered to be underwater, and this deficiency is recorded in net assets with donor restrictions. As of June 30, 2021, there were no endowments with deficiencies. As of 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.

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Notes to Financial Statements

June 30, 2021 and 2020

Note 24

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

(a) Nature of Organization

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

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

(b) Significant Accounting Policies

Basis of Accounting

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

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

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

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June 30, 2021 and 2020

Use of Estimates

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

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

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Hedge funds, real estate investment funds and private equity funds are reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the foundation's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. At June 30, 2021 and 2020, 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, 2021 and 2020:

	2021	2020
Unconditional promises expected to be collected in:		
Less than one year	\$ 2,766,135	3,963,125
One year to five years	1,445,988	3,502,335
More than five years	221,258	6,700
	4,433,381	7,472,160
Present value discounts (rates ranging from 0.29% to 3.50%)	(59,279)	(154,314)
	4,374,102	7,317,846
Allowances for uncollectible pledges	(609,950)	(347,600)
	\$ 3,764,152	6,970,246

(d) Investments

Investments, aggregated by investment strategy, consist of the following at June 30, 2021 and 2020:

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	2021	2020
Fixed income:		
U.S. government securities	\$ 1,809,211	1,292,935
Corporate bonds	3,742,063	3,052,100
Mutual funds	45,351,647	44,191,350
Other fixed income securities	1,042,414	1,856,205
Total fixed income	51,945,335	50,392,590
Equities:		
Mutual and common stock funds	66,296,104	49,257,498
Alternative investments:		
Hedge funds	21,807,408	12,553,972
Real estate investment funds	4,699,935	4,236,575
Private equity funds	2,964,964	1,492,076
Total alternative investments	29,472,307	18,282,623
Cash and cash equivalents	182,615	199,358
Investments held at cost	51,532	73,532
Total investments	\$ 147,947,893	118,205,601

The following schedule summarizes net investment income in the consolidated statements of activities for the years ended June 30, 2021 and 2020:

	2021	2020
Dividends and interest, net of expenses	\$ 1,569,283	2,179,961
Net realized and unrealized gains (losses)	25,896,989	(374,663)
	\$ 27,466,272	1,805,298

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.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

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The following tables present USMF's financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2021 and 2020:

	2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income:				
U.S. Government securities	\$ —	1,809,211	—	1,809,211
Corporate bonds	—	3,742,063	—	3,742,063
Mutual funds	45,351,647	—	—	45,351,647
Other fixed income securities	—	1,042,414	—	1,042,414
Equities:				
Mutual and common stock	66,296,104	—	—	66,296,104
Total investments at fair value	<u>\$ 111,647,751</u>	<u>6,593,688</u>	<u>—</u>	118,241,439
Investments measured at NAV or equivalent				29,472,307
Cash and cash equivalents				182,615
Other investments held at cost				<u>51,532</u>
Total investments				<u>\$ 147,947,893</u>
Amounts due from externally managed trusts	\$ —	—	14,608,988	14,608,988

	2020			
	<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>	99,650,088
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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

The following table includes a rollforward of the amounts for the years ended June 30, 2021 and 2020 for investments classified within Level 3:

	Amounts due from Externally Managed Trusts
Balance as of June 30, 2019	\$ 7,944,900
Change in value	2,024,692
Balance as of June 30, 2020	9,969,592
Change in value	916,014
Contributions	3,723,382
Balance as of June 30, 2021	\$ 14,608,988

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, 2021 and 2020:

Investment	2021			
	Net Asset Value	Unfunded Commitments	Redemption frequency	Redemption notice
Hedge funds	\$ 21,807,408	—	Various	Various
Real estate investment funds	4,699,935	—	Quarterly	95 days
Private equity	2,964,964	5,903,196	None	None
Total	\$ 29,472,307			
Investment	2020			
	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	\$ 18,282,623			

(e) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Student financial aid	\$ 3,329,268	5,192,612
Academic divisions	2,653,422	2,328,157
Research	367,788	365,189
Operations and maintenance of plant	4,166,347	3,680,027
Library	273,632	184,471
Athletics	450,288	447,900
Faculty and staff support	87,602	67,422
Other restricted purposes	5,824,309	5,983,740
	17,152,656	18,249,518

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Endowments:

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

Student financial aid	52,940,881	48,425,484
Academic divisions	4,709,080	4,446,809
Research	546,411	517,517
Operations and maintenance of plant	5,652,402	5,607,880
Library	3,042,899	3,038,987
Faculty and staff support	10,025,648	9,993,271
Other restricted purposes	5,550,283	5,312,562
Total	82,467,604	77,342,510

Subject to foundation endowment spending
policy and appropriation:

Student financial aid	24,421,921	11,666,046
Academic divisions	2,266,766	1,182,429
Research	183,368	68,170
Operations and maintenance of plant	1,831,985	733,749
Library	1,210,587	587,389
Faculty and staff support	4,579,178	2,278,420
Other restricted purposes	3,798,230	2,423,754
Total	38,292,035	18,939,957
Sub-Total endowments	120,759,639	96,282,467

Endowment not subject to spending policy or appropriations
externally managed perpetual trust

Total endowments	124,551,392	96,282,467
------------------	-------------	------------

Not subject to spending policy or appropriation -

Restricted to endowment:

Pledges and other receivables, net	2,553,725	1,074,700
Amounts due from externally managed trusts	10,817,235	9,969,592
Gift annuities	32,887	237,911
Cash surrender value of life insurance	2,153,929	2,101,848
Total	15,557,776	13,384,051
Total net assets with donor restrictions	\$ 157,261,824	127,916,036

(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, 2021 and 2020 is as follows:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

	2021		
	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$ 6,391,835	—	6,391,835
Donor-restricted funds functioning as endowments	5,241,665	7,859,322	13,100,987
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	82,467,604	82,467,604
Accumulated investment gains	—	30,432,713	30,432,713
Sub-total	\$ 11,633,500	120,759,639	132,393,139
Externally managed perpetual trust	—	3,791,753	3,791,753
Total	\$ 11,633,500	124,551,392	136,184,892

	2020		
	Without donor restrictions	With donor restrictions	Total
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	\$ 7,235,401	96,282,467	103,517,868

During the years ended June 30, 2021 and 2020, the foundation had the following endowment related activities:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

	Without donor restrictions	With donor restrictions	Total
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	7,235,401	96,282,467	103,517,868
Net investment gain	3,146,221	20,880,368	24,026,589
Contributions	6,000	7,079,328	7,085,328
Change in restrictions by donors	(10,135)	1,139	(8,996)
Other	1,256,012	308,091	1,564,103
Endowment net assets, June 30, 2021	\$ <u>11,633,499</u>	<u>124,551,393</u>	<u>136,184,892</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, 2021, there were no underwater funds. 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.

COMBINING SUPPLEMENTAL INFORMATION

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Position

June 30, 2021

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Assets													
Current assets:													
Cash and cash equivalents	\$ 43,679,461	7,895,991	39,181,846	298,970,968	9,977,616	19,485,385	10,348,510	120,371,082	399,363,333	12,135,361	69,175	—	961,478,728
Short-term investments	4,305,510	380,819	—	16,566,518	—	3,481,768	109,159,141	6,345,393	118,897,107	16,297,956	175,065	—	275,609,277
Accounts receivable, net	14,981,863	5,148,979	18,074,489	65,588,040	4,652,083	11,725,919	40,021,032	37,269,439	174,930,704	2,111,315	495,861	(3,851,137)	371,148,587
Student notes receivable, net	728,316	318,592	—	3,685,085	10,132	—	8,627,605	4,965,900	1,450,030	1,034,876	—	—	20,820,536
Inventories	236,928	486,402	94,126	3,437,542	—	437,907	1,130,367	198,827	35,156,004	892,522	—	—	42,070,625
Prepaid expenses	—	—	11,539	8,502,241	14,296	250,512	1,875,893	4,979,606	10,618,224	33,928	—	—	26,286,239
Other current assets	—	—	—	1,134,377	—	—	—	—	9,924,735	—	—	—	11,059,112
Total current assets	63,932,078	14,230,783	57,362,000	397,884,771	14,654,127	35,381,491	171,162,548	174,130,247	750,340,137	32,505,958	740,101	(3,851,137)	1,708,473,104
Noncurrent assets:													
Restricted cash and cash equivalents	4,938,449	554,476	2,917,479	3,435,060	(915,390)	—	39,742,613	11,260,364	78,830,522	—	—	—	140,763,573
Restricted short-term investments	1,055,342	—	—	—	—	355,772	—	—	—	—	—	—	1,411,114
Endowments investments	21,283,437	—	57,569,465	52,591,932	4,209,107	3,649,695	124,760,155	10,863,512	107,264,481	21,376,845	—	—	403,568,629
Other long-term investments	—	—	—	82,347,831	10,000,862	1,230,993	366,181,202	20,757,000	96,460,998	46,705,459	524,553	—	624,208,898
Student notes receivable, net	—	368,279	1,292,796	12,818,888	116,534	—	24,734,833	10,531,949	4,150,868	14,182,428	—	—	68,196,575
Beneficial interest in irrevocable trust	—	—	—	—	—	—	—	—	43,991,738	—	—	—	43,991,738
Capital assets, net	155,565,901	122,726,414	252,554,222	1,135,763,582	110,458,597	111,352,933	1,129,839,783	585,213,707	852,725,428	3,995,391	3,468	—	4,460,199,426
Other noncurrent assets	—	116,376	84,841	—	—	142,378	13,485,421	—	2,105,844	—	—	(13,315,521)	2,619,339
Total noncurrent assets	182,843,129	123,765,545	314,418,803	1,286,957,293	123,869,710	116,731,771	1,698,744,007	638,626,532	1,185,529,879	86,260,123	528,021	(13,315,521)	5,744,959,292
Total assets	246,775,207	137,996,328	371,780,803	1,684,842,064	138,523,837	152,113,262	1,869,906,555	812,756,779	1,935,870,016	118,766,081	1,268,122	(17,166,658)	7,453,432,396
Deferred outflows of resources	14,143,321	6,565,003	24,696,377	100,867,989	5,589,546	5,793,385	47,124,184	42,347,361	226,941,716	2,388,176	214,835	—	476,671,893
Total assets and deferred outflows of resources	\$ 260,918,528	144,561,331	396,477,180	1,785,710,053	144,113,383	157,906,647	1,917,030,739	855,104,140	2,162,811,732	121,154,257	1,482,957	(17,166,658)	7,930,104,289

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Position

June 30, 2021

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
Current liabilities:													
Accounts payable and accrued liabilities	\$ 7,185,633	3,780,707	19,935,870	59,512,304	1,869,597	1,484,170	26,947,240	22,206,350	175,219,391	1,303,200	245,240	(307,758)	319,381,944
Unearned revenues	2,412,367	1,011,358	3,770,000	38,335,280	1,628,141	441,689	90,293,535	13,110,332	12,946,702	—	—	—	163,949,404
Accrued leave liabilities – current portion	650,251	398,425	399,083	2,871,569	43,011	191,908	2,148,000	1,199,330	10,172,843	48,258	10,873	—	18,133,551
Long-term liabilities – current portion	1,422,512	610,000	4,811,577	14,348,456	—	725,000	14,564,478	7,025,030	19,417,096	6,190,120	—	(3,543,379)	65,570,890
Other current liabilities	—	—	—	—	278,512	86,119	304,300	128,187	168,927,397	434,324	—	—	170,158,839
Total current liabilities	11,670,763	5,800,490	28,916,530	115,067,609	3,819,261	2,928,886	134,257,553	43,669,229	386,683,429	7,975,902	256,113	(3,851,137)	737,194,628
Noncurrent liabilities:													
Accrued leave liabilities	2,519,046	1,195,280	5,143,739	22,876,296	1,032,275	1,356,806	15,870,079	8,795,088	63,304,156	750,945	44,818	—	122,888,528
Deposits refundable	678,133	102,834	703,815	45,348	—	30,110	124,116	3,086	—	—	—	—	1,687,442
Long-term liabilities	44,239,600	11,535,000	88,664,689	298,233,226	—	15,290,000	216,014,430	148,106,969	383,984,456	25,526,239	—	(13,315,521)	1,218,279,088
Net pension liability	80,909,069	51,106,285	131,957,542	623,650,981	43,996,647	47,700,781	370,390,153	253,087,895	1,498,101,899	20,183,265	1,925,718	—	3,123,010,235
Net OPEB liability	4,285,131	3,181,438	6,385,068	31,009,098	2,421,117	2,917,487	20,806,654	13,981,862	60,353,305	661,048	—	—	146,002,208
Other long-term liabilities	—	—	1,912,787	6,636,756	256,695	—	7,790,700	21,595,328	2,633,043	—	—	—	40,825,309
Total noncurrent liabilities	132,630,979	67,120,837	234,767,640	982,451,705	47,706,734	67,295,184	630,996,132	445,570,228	2,008,376,859	47,121,497	1,970,536	(13,315,521)	4,652,692,810
Total liabilities	144,301,742	72,921,327	263,684,170	1,097,519,314	51,525,995	70,224,070	765,253,685	489,239,457	2,395,060,288	55,097,399	2,226,649	(17,166,658)	5,389,887,438
Deferred inflows of resources	4,596,933	1,647,555	16,938,099	6,870,592	903,923	1,613,745	11,502,812	6,334,520	57,080,029	590,024	—	—	108,078,232
Total liabilities and deferred inflows of resources	\$ 148,898,675	74,568,882	280,622,269	1,104,389,906	52,429,918	71,837,815	776,756,497	495,573,977	2,452,140,317	55,687,423	2,226,649	(17,166,658)	5,497,965,670
Net Position													
Net investment in capital assets	\$ 113,159,660	110,581,414	176,232,647	836,921,485	110,458,596	95,539,861	917,771,958	417,778,609	480,673,876	3,995,391	3,468	—	3,263,116,965
Restricted for:													
Nonexpendable:													
Scholarship and fellowships	—	—	9,167,355	3,076,532	879,393	1,341,645	9,622,005	5,569,090	—	978,480	—	—	30,634,500
Research	—	—	—	5,680,110	—	—	184,605	—	—	—	—	—	5,864,715
Other purposes	17,468,403	—	39,586,025	9,471,058	286,659	—	44,351,606	—	28,680,271	21,039,378	—	—	160,883,400
Expendable:													
Scholarships and fellowships	—	—	8,719,526	2,187,262	357,898	1,167,625	11,327,476	5,868,986	9,776,220	17,440,144	—	—	56,845,137
Research	—	—	—	14,258,051	—	—	5,997,880	—	36,040,516	—	—	—	56,296,447
Capital projects	—	49,874	767,983	5,340,819	2,105,260	766,858	8,274,665	—	—	—	—	—	17,305,459
Debt service	—	74,623	16,929	(4,596,223)	—	355,772	—	24,459,699	1,025,967	—	—	—	21,336,767
Loans	553,699	—	337,551	12,975,614	239,890	—	30,225,485	5,162,340	7,161,626	—	—	—	56,656,205
Other purposes	—	—	8,233	1,455,132	—	579,742	30,108,809	9,998,990	93,424,071	29,376,529	1,005,572	—	165,957,078
Unrestricted	(19,161,909)	(40,713,462)	(118,981,338)	(205,449,693)	(22,644,231)	(13,682,671)	82,409,753	(109,307,551)	(946,111,132)	(7,363,088)	(1,752,732)	—	(1,402,758,054)
Total net position	\$ 112,019,853	69,992,449	115,854,911	681,320,147	91,683,465	86,068,832	1,140,274,242	359,530,163	(289,328,585)	65,466,834	(743,692)	—	2,432,138,619

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, 2021

	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	\$ 23,354,097	23,919,304	62,205,451	319,085,911	20,464,452	12,523,370	334,765,273	142,386,209	42,871,903	—	—	—	981,575,970
Scholarship allowances	(10,845,346)	(5,466,695)	(16,117,627)	(111,828,077)	(6,525,814)	(8,581,860)	(113,219,793)	(47,432,521)	(5,686,197)	—	—	—	(325,703,930)
Bad debt expense	(362,585)	—	(3,012,577)	(1,578,299)	(246,255)	—	783,347	(1,048,259)	(59,574)	—	—	—	(5,524,202)
Net tuition and fees	12,146,166	18,452,609	43,075,247	205,679,535	13,692,383	3,941,510	222,328,827	93,905,429	37,126,132	—	—	—	650,347,838
Federal appropriations	—	—	—	15,519,984	—	—	—	—	—	—	—	—	15,519,984
Federal grants and contracts	20,091,744	8,552,399	30,438,863	146,621,004	1,122,505	6,709,864	46,961,532	53,222,100	59,629,077	1,178,482	2,943,777	(37,245,426)	340,225,921
State grants and contracts	483,511	3,639,076	1,944,008	24,466,905	7,183,936	1,153,321	14,015,429	10,506,861	5,708,971	337,491	—	(34,056,997)	35,382,512
Nongovernmental grants and contracts	407,183	2,903,948	1,231,106	11,703,492	2,706,417	—	31,850,561	11,482,212	16,901,489	595,779	—	—	79,782,187
Sales and services of educational departments	128,546	758,874	1,112,102	47,257,629	918,645	620,064	5,710,789	892,832	1,251,696	3,429,248	—	(2,549,622)	59,530,803
Auxiliary enterprises:													
Student housing	10,393,326	2,528,069	8,566,806	29,635,640	1,390,282	2,445,578	22,306,777	15,553,456	—	—	—	—	92,819,934
Food services	5,165,782	1,896,429	8,113,249	2,145,131	1,266,133	1,894,136	2,165,092	2,387,223	—	—	—	—	25,033,175
Bookstore	256,085	136,229	—	1,255,703	90,872	368,890	446,071	761,628	1,934,395	—	—	—	5,249,873
Athletics	—	—	—	81,352,390	—	—	90,323,971	6,464,048	—	—	—	—	178,140,409
Other auxiliary revenues	635,056	90,313	1,371,462	12,080,955	204,314	1,101,211	9,992,105	3,923,075	563,556	2,561,742	—	—	32,523,789
Less auxiliary enterprise scholarship allowances	(2,882,940)	—	(3,683,855)	(11,861,865)	(868,167)	—	(7,226,795)	(3,739,715)	—	—	—	—	(30,263,337)
Interest earned on loans to students	—	30,380	—	298,849	—	—	681,935	—	523,665	—	—	—	1,534,829
Patient care revenues	—	—	—	—	—	—	—	—	1,176,245,589	—	—	—	1,176,245,589
Other operating revenues	4,275,679	372,769	6,184,855	6,397,167	212,288	1,903,368	13,390,709	6,187,608	83,197,556	15,776,088	26,349	(13,056,942)	124,867,494
Total operating revenues	51,100,138	39,361,095	98,353,843	572,552,519	27,919,608	20,137,942	452,947,003	201,546,757	1,383,082,126	23,878,830	2,970,126	(86,908,987)	2,786,941,000
Operating expenses:													
Salaries and wages	31,014,360	27,891,193	62,873,715	358,596,963	21,341,712	18,921,259	241,647,287	143,338,493	762,658,699	7,109,016	623,192	—	1,676,015,889
Fringe benefits	11,594,797	10,459,803	15,247,273	151,678,487	8,299,614	8,449,045	83,229,115	58,146,533	281,459,857	2,662,056	285,618	—	631,512,198
Travel	517,037	542,568	897,430	4,191,401	345,833	303,781	6,781,275	2,368,138	315,464	16,428	16,610	—	16,295,965
Contractual services	20,863,979	10,781,648	40,840,961	123,258,032	8,362,457	8,662,318	66,995,102	57,191,635	192,855,362	13,837,842	2,690,871	(52,851,990)	493,488,217
Utilities	3,442,556	1,469,796	3,675,310	16,152,012	2,603,644	1,867,226	12,383,435	9,152,571	13,369,346	581,282	—	—	64,697,178
Scholarships and fellowships	12,575,609	5,886,771	14,733,006	61,316,933	6,507,279	3,471,488	71,353,715	27,474,435	6,885,285	45,678,721	—	(34,056,997)	221,826,245
Commodities	5,667,644	5,241,477	2,407,654	51,997,576	2,299,284	3,546,143	28,667,600	18,938,925	342,906,222	393,711	52,137	—	462,118,373
Depreciation	4,445,439	4,584,963	8,307,493	40,045,027	2,500,866	2,758,645	38,723,198	19,011,604	50,355,965	111,251	4,305	—	170,848,756
Other operating expenses	602,302	335,910	5,027,017	—	—	—	1,196,391	—	43,605	—	12,146	—	7,217,371
Total operating expenses	90,723,723	67,194,129	154,009,859	807,236,431	52,260,689	47,979,905	550,977,118	335,622,334	1,650,849,805	70,390,307	3,684,879	(86,908,987)	3,744,020,192
Operating loss	(39,623,585)	(27,833,034)	(55,656,016)	(234,683,912)	(24,341,081)	(27,841,963)	(98,030,115)	(134,075,577)	(267,767,679)	(46,511,477)	(714,753)	—	(957,079,192)

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
Combining Statement of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2021

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Nonoperating revenue (expenses):													
State appropriations	\$ 26,686,770	19,980,043	40,022,780	170,976,311	14,967,211	14,511,007	87,002,836	91,374,285	167,469,574	53,094,382	683,468	—	686,768,667
Gifts and grants	12,240,677	5,248,591	18,003,799	100,080,540	5,978,791	18,348,485	51,764,781	64,605,200	68,731,256	—	—	—	345,002,120
Investment income, net of investment expense	1,038,242	16,818	12,671,604	14,979,916	42,123	701,865	28,958,540	3,538,704	25,135,355	1,789,117	(344)	(307,758)	88,564,182
Interest expense on capital assets-related debt	(1,788,270)	(482,900)	(4,111,706)	(8,802,950)	—	(569,343)	(7,037,711)	(5,787,149)	(8,315,402)	—	—	307,758	(36,587,673)
Other nonoperating revenues	—	—	31,898,160	—	200,425	—	857,200	—	—	—	5,120	—	32,960,905
Other nonoperating expenses	(1,299)	(557,689)	(25,055,942)	(1,556,560)	(609,118)	—	(31,255)	—	(6,187,240)	(866,870)	—	—	(34,865,973)
Total net nonoperating revenue	38,176,120	24,204,863	73,428,695	275,677,257	20,579,432	32,992,014	161,514,391	153,731,040	246,833,543	54,016,629	688,244	—	1,081,842,228
Income (loss) before other revenues, expenses, gains and losses	(1,447,465)	(3,628,171)	17,772,679	40,993,345	(3,761,649)	5,150,051	63,484,276	19,655,463	(20,934,136)	7,505,152	(26,509)	—	124,763,036
Capital grants and gifts	—	—	—	15,233,400	—	—	2,712,606	1,849,486	39,293,651	—	—	—	59,089,143
State appropriations restricted for capital purposes	1,331,923	3,119,810	3,621,596	3,437,515	3,378,859	1,377,715	485,246	6,407,653	14,286,005	933,425	—	—	38,379,747
Additions to permanent endowments	—	—	—	—	23,792	161,672	33,491	—	184,173	—	—	—	403,128
Other additions	13,901,438	582,484	—	—	—	—	600,941	1,336,379	—	—	—	—	16,421,242
Other deletions	(116,941)	(38,158)	—	(809,935)	(789)	—	(1,189,140)	(201,115)	(3,140,883)	(396,090)	(3,751)	—	(5,896,802)
Change in net position	13,668,955	35,965	21,394,275	58,854,325	(359,787)	6,689,438	66,127,420	29,047,866	29,688,810	8,042,487	(30,260)	—	233,159,494
Net position, beginning 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
Net position, end of the year	<u>112,019,853</u>	<u>69,992,449</u>	<u>115,854,911</u>	<u>681,320,147</u>	<u>91,683,465</u>	<u>86,068,832</u>	<u>1,140,274,242</u>	<u>359,530,163</u>	<u>(289,328,585)</u>	<u>65,466,834</u>	<u>(743,692)</u>	<u>—</u>	<u>2,432,138,619</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows
Year ended June 30, 2021

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Operating activities:													
Tuition and fees	\$ 10,103,074	18,198,493	47,948,350	207,943,853	13,636,220	2,483,974	220,945,751	84,955,504	36,688,654	—	—	—	642,903,873
Grants and contracts	22,740,247	14,970,448	33,463,827	202,472,513	11,012,858	2,718,136	100,043,878	75,211,173	86,288,802	2,111,752	3,012,066	(71,302,423)	482,743,277
Sales and services of educational departments	128,546	758,874	1,529,665	46,686,300	918,645	620,064	5,860,803	892,832	1,251,696	3,474,823	—	(2,549,622)	59,572,626
Payments to suppliers	(24,821,871)	(15,938,265)	(41,620,614)	(169,854,115)	(11,516,156)	(12,602,364)	(92,089,323)	(80,898,255)	(507,994,236)	(17,305,394)	(2,720,352)	53,519,477	(923,841,468)
Payments to employees for salaries and benefits	(40,941,568)	(36,066,207)	(83,782,794)	(477,659,941)	(28,503,234)	(25,850,395)	(310,497,332)	(194,100,593)	(969,308,090)	(9,277,619)	(822,148)	—	(2,176,809,921)
Payments for utilities	(3,442,556)	(1,469,796)	(3,675,310)	(16,152,013)	(2,603,644)	(1,867,226)	(12,271,919)	(9,152,571)	(13,369,346)	(581,282)	—	—	(64,585,663)
Payment for scholarships and fellowships	(12,575,609)	(5,886,771)	(14,731,386)	(61,316,933)	(6,507,279)	(3,471,488)	(71,371,612)	(27,474,435)	(7,296,414)	(45,952,178)	—	34,056,997	(222,527,108)
Loans issued to students	7,300	—	—	(2,469,267)	—	—	(4,295,968)	115,752	(650,288)	(1,113,044)	—	—	(8,405,515)
Collections of loans from students	—	151,559	—	3,185,489	155,523	—	2,313,825	5,475,722	2,942,993	2,553,453	—	—	16,778,564
Auxiliary enterprise charges:													
Student housing	6,087,570	1,919,559	6,393,332	28,818,927	935,911	2,445,578	14,945,204	16,010,976	—	—	—	—	77,557,057
Food services	5,165,782	1,948,454	6,602,868	2,173,409	852,337	1,894,136	2,049,866	2,085,015	—	—	—	—	22,771,867
Bookstore	256,085	136,229	—	1,280,842	90,872	368,890	446,071	682,556	948,579	—	—	—	4,210,124
Athletics	—	—	—	82,231,154	—	—	94,000,398	2,692,314	—	—	—	—	178,923,866
Other auxiliary enterprises	635,056	90,313	1,371,461	1,313,820	205,412	1,101,211	10,198,831	3,923,075	563,556	2,419,190	—	—	21,821,925
Patient care services	—	—	—	—	—	—	—	—	1,205,721,855	—	—	—	1,205,721,855
Interest earned on loans to students	—	—	—	—	27,186	—	681,935	—	523,665	206,902	—	—	1,439,688
Other receipts	10,085,514	281,934	4,980,053	20,363,793	212,288	1,948,238	15,577,957	6,187,608	86,090,947	15,776,088	26,349	(13,056,942)	148,473,827
Other payments	—	(3,633,894)	—	—	—	—	(6,828,046)	2,805,183	(29,948)	—	(15,897)	(667,487)	(8,370,089)
Net cash used in operating activities	(26,572,430)	(24,539,070)	(41,520,548)	(130,982,169)	(21,083,061)	(30,211,246)	(30,289,681)	(110,588,144)	(77,627,575)	(47,687,309)	(519,982)	—	(541,621,215)
Noncapital financing activities:													
State appropriations	26,686,770	19,980,043	39,602,193	174,897,030	15,462,102	14,379,316	88,398,099	91,374,285	167,469,574	52,791,369	683,468	—	691,724,249
Gifts and grants for other than capital purposes	12,240,677	5,248,591	18,003,799	100,111,712	6,294,672	18,100,399	56,927,620	64,605,200	60,700,085	—	—	—	342,232,755
Private gifts for endowment purposes	—	—	—	—	—	405,735	33,491	—	184,173	—	—	—	623,399
Federal loan program receipts	12,435,970	14,463,104	65,721,726	129,473,709	11,019,741	12,425,136	87,651,347	74,498,647	36,544,393	—	—	—	444,233,773
Federal loan program disbursements	(18,908,938)	(12,331,023)	(65,721,726)	(129,291,546)	(11,357,145)	(12,425,136)	(87,651,347)	(76,607,489)	(43,822,299)	—	—	—	(458,116,649)
Other sources	—	—	7,305,456	—	3,641,658	—	430,674	1,336,379	—	933,425	—	—	13,647,592
Other uses	(116,939)	(538,662)	—	(1,508,008)	(609,907)	—	(787,872)	(201,115)	(703,197)	(1,262,960)	—	—	(5,728,660)
Net cash provided by noncapital financing activities	32,337,540	26,822,053	64,911,448	273,682,897	24,451,121	32,885,450	145,002,012	155,005,907	220,372,729	52,461,834	683,468	—	1,028,616,459

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows
Year ended June 30, 2021

	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	\$ 26,217	6,590	—	—	—	—	—	—	174,051,993	—	—	(8,521,993)	165,562,807
Cash Paid for Capital Assets	(13,814,776)	(3,248,503)	—	(50,855,406)	(330,763)	(516,846)	(11,900,713)	(15,157,984)	(70,703,724)	(10,808)	—	—	(166,539,523)
Capital Appropriations Received	1,331,923	3,119,810	—	1,202,287	(3,378,859)	—	485,246	6,407,653	14,848,427	—	—	—	24,016,487
Capital Grants and Contracts Received	13,901,438	—	—	6,925,823	—	—	(4,794,165)	1,849,486	36,293,638	—	—	8,829,751	63,005,971
Proceeds from Sales of Capital Assets	—	—	—	429,203	—	—	165,892	—	2,704,617	—	5,120	—	3,304,832
Principal Paid on Capital Debt and Leases	(1,130,000)	(595,000)	(4,746,494)	(11,645,000)	—	(759,982)	(14,837,322)	(7,016,011)	(136,695,000)	—	—	—	(177,424,809)
Interest Paid on Capital Debt and Leases	(1,788,270)	(482,900)	(4,111,706)	(13,264,133)	—	(559,764)	(7,161,240)	(5,787,149)	(20,799,077)	—	—	—	(53,954,239)
Other Source	1,322,514	1,196,511	487,730	915,324	153,127	—	9,375	—	—	—	—	—	4,084,581
Other Uses	(192,514)	(19,027)	—	(892,511)	—	—	(2,033,149)	—	(1,556,689)	—	—	—	(4,693,890)
Net cash provided by (used in) capital and related financing activities	(343,468)	(22,519)	(8,370,470)	(67,184,413)	(3,556,495)	(1,836,592)	(40,066,076)	(19,704,005)	(1,855,815)	(10,808)	5,120	307,758	(142,637,783)
Investing activities:													
Proceeds from Sales and Maturities of Investments	—	2,505	—	68,816,686	14,347,643	724,504	180,399,583	23,225,158	172,701,815	68,304,794	843,494	—	529,366,182
Interest Received on Investments	1,618,269	16,245	12,671,604	3,550,456	111,028	841,472	6,520,729	2,614,435	1,682,318	1,907,344	1,533	(307,758)	31,227,675
Purchases of Investments	(1,089,760)	—	(11,410,463)	(70,312,735)	(15,088,385)	(2,185,264)	(336,981,275)	(11,820,345)	(266,504,259)	(76,192,371)	(900,267)	—	(792,485,124)
Net cash provided by (used in) investing activities	528,509	18,750	1,261,141	2,054,407	(629,714)	(619,288)	(150,060,963)	14,019,248	(92,120,126)	(5,980,233)	(55,240)	(307,758)	(231,891,267)
Net increase (decrease) in cash and cash equivalents	5,950,151	2,279,214	16,281,571	77,570,722	(818,149)	218,324	(75,414,708)	38,733,006	48,769,213	(1,216,516)	113,366	—	112,466,194
Cash and cash equivalents - beginning 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
Cash and cash equivalents - end of year	48,617,910	8,450,467	42,099,325	302,406,028	9,062,226	19,485,385	50,091,123	131,631,446	478,193,855	12,135,361	69,175	—	1,102,242,301

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows
Year ended June 30, 2021

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Reconciliation of operating loss to net cash used in operating activities:													
Operating loss	\$ (39,623,585)	(27,833,034)	(55,656,016)	(234,683,912)	(24,341,081)	(27,841,963)	(98,030,115)	(134,075,577)	(267,767,679)	(46,511,477)	(714,753)	—	(957,079,192)
Adjustment to reconcile operating loss to net cash used in operating activities:													
Depreciation expense	4,445,439	4,584,963	8,307,493	40,045,027	2,500,866	2,758,645	38,723,198	19,011,604	50,355,965	111,251	4,305	—	170,848,756
Self-insurance claims expense	—	—	—	—	—	—	—	—	(1,357,084)	2,716,803	—	—	1,359,719
Provision for uncollectible accounts receivable	362,585	298,501	(3,792,970)	1,578,299	608,420	—	(743,226)	1,254,434	213,757,164	(66,555)	—	—	213,256,652
Other	—	—	—	—	—	1,554,155	—	—	—	—	(3,751)	—	1,550,404
Changes in assets and liabilities:													
(Increase) decrease in assets:													
Receivables, net	(1,088,289)	(241,185)	9,444,799	(5,374,868)	(481,874)	(6,877,905)	9,969,743	(4,728,637)	(168,640,815)	1,343,432	68,289	—	(166,607,310)
Inventories	(37,371)	(101,524)	40,982	(359,379)	—	25,889	17,397	45,488	(5,412,390)	(76,868)	—	—	(5,857,776)
Prepaid expenses	—	—	—	918,927	(41,946)	(21,230)	(141,047)	(134,774)	(496,048)	(5,344)	—	—	78,538
Loans to students	7,300	121,179	—	—	—	—	(1,994,536)	—	621,799	—	—	—	(1,244,258)
Deferred outflows of resources	(6,263,334)	(818,764)	(9,180,119)	(38,860,752)	(2,230,296)	(1,539,554)	(15,044,120)	(12,704,745)	(50,833,433)	(905,114)	(62,059)	—	(138,442,290)
Other assets	—	(116,376)	—	—	—	(9,579)	—	—	(2,642,849)	—	—	—	(2,768,804)
Increase (decrease) in liabilities:													
Accounts payable and accrued liabilities	2,566,648	176,945	6,408,125	19,359,383	(463,035)	(17,215)	3,916,855	(2,404,997)	35,360,848	168,749	39,266	667,487	65,779,059
Unearned revenue	137,223	(228,741)	(511,314)	25,635,798	1,098	326,342	2,145,100	2,965,136	3,199,392	—	—	—	33,670,034
Deposits refundable	(303)	1,490	—	—	—	(6,152)	1,675,714	20	—	—	—	(667,487)	1,003,282
Accrued leave liability	(132,816)	354,304	(665,359)	(386,963)	(53,509)	(102,041)	667,847	(64,454)	(3,958,136)	22,021	(5,176)	—	(4,324,282)
Net pension liability	5,121,847	2,769,880	5,556,330	65,437,502	4,623,026	3,504,185	31,145,314	21,757,768	137,938,643	1,465,844	174,936	—	279,495,275
Net OPEB liability	(433,716)	(375,239)	(989,168)	(2,045,797)	(146,247)	(397,443)	(1,542,491)	(1,292,201)	(4,175,881)	(98,637)	—	—	(11,496,820)
Deferred inflows of resources	3,215,487	(60,064)	(483,331)	(2,245,434)	(1,054,882)	(27,205)	(1,055,314)	(311,935)	(7,571,468)	9,339	(21,039)	—	(9,605,846)
Other liabilities	5,150,455	(3,071,405)	—	—	(3,601)	(1,540,175)	—	94,726	(6,005,603)	(5,860,753)	—	—	(11,236,356)
Total adjustments	13,051,155	3,293,964	14,135,468	103,701,743	3,258,020	(2,369,283)	67,740,434	23,487,433	190,140,104	(1,175,832)	194,771	—	415,457,977
Net cash used in operating activities	\$ (26,572,430)	(24,539,070)	(41,520,548)	(130,982,169)	(21,083,061)	(30,211,246)	(30,289,681)	(110,588,144)	(77,627,575)	(47,687,309)	(519,982)	—	(541,621,215)
Noncash capital related financing and investing activities:													
Capital assets acquired through donations and capital lease obligations	\$ —	—	—	8,388,880	—	—	971,073	—	38,760	—	—	—	9,398,713
Capital appropriations from the State of Mississippi	1,331,923	3,119,810	3,621,596	3,437,515	3,378,859	1,377,715	485,246	6,407,653	336,005	933,425	—	—	24,429,747

See accompanying independent auditors' report.

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, 2021

Employer	Proportionate share of the net pension liability (%)	Proportionate share of the net pension liability (\$)	Estimated Covered-employee payroll provided by PERS	Proportionate share of the net pension liability as a percentage of its covered- employee payroll	PERS fiduciary net position as a percentage of the total pension liability
Alcorn State University:					
2015	0.47 %	\$ 56,758,259	\$ 28,572,870	199.00 %	67.00 %
2016	0.46	71,034,832	28,709,073	247.43	61.70
2017	0.46	82,196,659	29,437,759	279.22	57.47
2018	0.46	75,934,194	29,303,410	259.13	61.49
2019	0.45	75,156,617	28,855,149	260.46	62.54
2020	0.43	75,787,222	28,057,270	270.12	61.59
2021	0.42	80,909,069	27,829,874	290.73	58.97
Delta State University:					
2015	0.28	33,537,396	16,883,175	199.00	67.00
2016	0.27	42,181,402	17,047,771	247.43	61.70
2017	0.26	47,229,076	16,914,533	279.22	57.47
2018	0.27	44,338,880	17,110,610	259.13	61.49
2019	0.27	44,872,460	17,228,044	260.46	62.54
2020	0.27	48,336,405	17,894,673	270.12	61.59
2021	0.26	51,106,285	17,578,764	290.73	58.97
Jackson State University:					
2015	0.83	100,387,620	50,536,476	199.00	67.00
2016	0.85	130,840,285	52,898,190	247.43	61.70
2017	0.87	155,284,587	55,613,333	279.22	57.47
2018	0.91	152,074,130	58,686,216	259.13	61.49
2019	0.77	128,859,771	49,473,594	260.46	62.54
2020	0.72	126,401,212	46,795,130	270.12	61.59
2021	0.68	131,957,542	45,388,753	290.73	58.97
Mississippi State University:					
2015	3.11	377,668,592	190,123,441	199.00	67.00
2016	3.15	487,619,653	197,073,543	247.43	61.70
2017	3.22	575,770,041	206,205,213	279.22	57.47
2018	3.16	525,651,937	202,851,879	259.13	61.49
2019	3.11	517,960,848	198,862,565	260.46	62.54
2020	3.17	558,213,479	206,656,819	270.12	61.59
2021	3.22	623,650,981	214,514,000	290.73	58.97
Mississippi University for Women:					
2015	0.22	27,087,951	13,636,438	199.00	67.00
2016	0.23	35,499,410	14,347,232	247.43	61.70
2017	0.23	41,584,769	14,893,092	279.22	57.47
2018	0.24	39,274,129	15,156,095	259.13	61.49

State of Mississippi Institutions of Higher Learning
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability of the
Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(b)
June 30, 2021

Employer	Proportionate share of the net pension liability (%)	Proportionate share of the net pension liability (\$)	Estimated Covered-employee payroll provided by PERS	Proportionate share of the net pension liability as a percentage of its covered- employee payroll	PERS fiduciary net position as a percentage of the total pension liability
2019	0.23 %	\$ 38,566,359	\$ 14,806,921	260.46 %	62.54 %
2020	0.22	39,373,621	14,576,551	270.12	61.59
2021	0.23	43,996,647	15,133,299	290.73	58.97
Mississippi Valley State University:					
2015	0.26	31,120,964	15,666,711	199.00	67.00
2016	0.24	37,755,185	15,258,908	247.43	61.70
2017	0.25	44,719,677	16,015,822	279.22	57.47
2018	0.25	41,999,298	16,207,752	259.13	61.49
2019	0.25	42,303,133	16,241,594	260.46	62.54
2020	0.25	44,196,596	16,362,070	270.12	61.59
2021	0.25	47,700,781	16,407,391	290.73	58.97
University of Mississippi:					
2015	1.85	224,435,474	112,983,803	199.00	67.00
2016	1.86	287,872,551	116,344,946	247.43	61.70
2017	1.87	333,566,560	119,462,908	279.22	57.47
2018	1.92	319,127,442	123,152,978	259.13	61.49
2019	1.96	325,309,886	124,897,390	260.46	62.54
2020	1.93	339,244,839	125,592,222	270.12	61.59
2021	1.91	370,390,153	127,401,184	290.73	58.97
University of Southern Mississippi:					
2015	1.35	163,430,215	82,272,965	199.00	67.00
2016	1.32	204,738,145	82,745,841	247.43	61.70
2017	1.31	233,764,776	83,720,083	279.22	57.47
2018	1.34	222,060,208	85,694,216	259.13	61.49
2019	1.35	224,453,669	86,175,302	260.46	62.54
2020	1.31	231,330,127	85,640,978	270.12	61.59
2021	1.31	253,087,895	87,053,333	290.73	58.97
University of Mississippi Medical Center:					
2015	6.76	821,435,313	413,521,568	199.00	67.00
2016	7.04	1,087,561,173	439,542,508	247.43	61.70
2017	7.22	1,288,831,062	461,579,562	279.22	57.47
2018	7.30	1,212,970,916	468,091,930	259.13	61.49
2019	7.41	1,232,363,510	473,145,740	260.46	62.54
2020	7.73	1,360,163,256	503,547,517	270.12	61.59
2021	7.74	1,498,101,899	515,294,356	290.73	58.97

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, 2021

Employer	Proportionate share of the net pension liability (%)	Proportionate share of the net pension liability (\$)	Estimated Covered-employee payroll provided by PERS	Proportionate share of the net pension liability as a percentage of its covered- employee payroll	PERS fiduciary net position as a percentage of the total pension liability
Executive Office:					
2015	0.10 %	\$ 13,082,977	\$ 6,586,146	199.00 %	67.00 %
2016	0.11	16,593,427	6,706,305	247.43	61.70
2017	0.11	20,018,666	7,169,448	279.22	57.47
2018	0.10	18,081,464	6,977,734	259.13	61.49
2019	0.11	17,819,021	6,841,321	260.46	62.54
2020	0.11	18,717,421	6,929,397	270.12	61.59
2021	0.10	20,183,265	6,942,333	290.73	58.97
Mississippi Commission for Volunteer Service:					
2015	0.01	1,092,239	549,848	199.00	67.00
2016	0.01	1,231,115	503,886	247.43	61.70
2017	0.01	1,586,388	568,146	279.22	57.47
2018	0.01	1,649,603	636,590	259.13	61.49
2019	0.01	1,652,816	634,570	260.46	62.54
2020	0.01	1,750,782	648,159	270.12	61.59
2021	0.01	1,925,718	662,379	290.73	58.97
2015 Totals	<u>15.24 %</u>	<u>\$ 1,850,037,000</u>	<u>\$ 931,333,441</u>	<u>199.00 %</u>	<u>67.00 %</u>
2016 Totals	<u>15.54 %</u>	<u>\$ 2,402,927,178</u>	<u>\$ 971,178,203</u>	<u>247.43 %</u>	<u>61.70 %</u>
2017 Totals	<u>15.81 %</u>	<u>\$ 2,824,552,261</u>	<u>\$ 1,011,579,899</u>	<u>279.22 %</u>	<u>57.47 %</u>
2018 Totals	<u>15.96 %</u>	<u>\$ 2,653,162,201</u>	<u>\$ 1,023,869,410</u>	<u>259.13 %</u>	<u>61.49 %</u>
2019 Totals	<u>15.93 %</u>	<u>\$ 2,649,318,090</u>	<u>\$ 1,017,162,190</u>	<u>260.46 %</u>	<u>62.54 %</u>
2020 Totals	<u>16.16 %</u>	<u>\$ 2,843,514,960</u>	<u>\$ 1,052,700,786</u>	<u>270.12 %</u>	<u>61.59 %</u>
2021 Totals	<u>16.13 %</u>	<u>\$ 3,123,010,235</u>	<u>\$ 1,074,205,666</u>	<u>290.73 %</u>	<u>58.97 %</u>

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, 2021

Employer	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered-employee payroll	Contribution as a percentage of covered- employee payroll
Alcorn State University:					
2015	\$ 4,487,694	4,487,694	—	28,493,295	15.75 %
2016	4,578,969	4,578,969	—	29,072,819	15.75
2017	4,612,758	4,612,758	—	29,287,352	15.75
2018	4,445,215	4,445,215	—	28,223,587	15.75
2019	4,363,103	4,363,103	—	27,702,241	15.75
2020	4,789,190	4,789,190	—	27,524,080	17.40
2021	4,286,010	4,286,010	—	24,632,241	17.40
Delta State University:					
2015	2,664,943	2,664,943	—	16,920,273	15.75
2016	2,629,908	2,629,908	—	16,697,829	15.75
2017	2,650,434	2,650,434	—	16,828,152	15.75
2018	2,379,412	2,379,412	—	15,107,378	15.75
2019	2,725,784	2,725,784	—	17,306,565	15.75
2020	2,970,686	2,970,686	—	17,072,908	17.40
2021	3,051,947	3,051,947	—	17,539,925	17.40
Jackson State University:					
2015	8,271,356	8,271,356	—	52,516,546	15.75
2016	8,653,220	8,653,220	—	54,941,079	15.75
2017	8,714,352	8,714,352	—	55,329,219	15.75
2018	8,294,334	8,294,334	—	52,662,438	15.75
2019	7,274,360	7,274,360	—	46,186,413	15.75
2020	7,808,898	7,808,898	—	44,878,724	17.40
2021	7,674,848	7,674,848	—	44,108,322	17.40
Mississippi State University:					
2015	30,812,946	30,812,946	—	195,637,752	15.75
2016	32,082,720	32,082,720	—	203,699,810	15.75
2017	32,311,407	32,311,407	—	205,151,790	15.75
2018	31,045,339	31,045,339	—	197,113,263	15.75
2019	32,163,084	32,163,084	—	204,210,057	15.75
2020	36,670,189	36,670,189	—	210,748,213	17.40
2021	37,491,151	37,491,151	—	215,466,385	17.40
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
2021	2,593,446	2,593,446	—	14,904,862	17.40

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, 2021

Employer	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered-employee payroll	Contribution as a percentage of covered- employee payroll
Mississippi Valley State University:					
2015	\$ 2,384,644	2,384,644	—	15,140,597	15.75 %
2016	2,491,943	2,491,943	—	15,821,860	15.75
2017	2,509,604	2,509,604	—	15,933,994	15.75
2018	2,536,037	2,536,037	—	16,101,822	15.75
2019	2,545,552	2,545,552	—	16,162,235	15.75
2020	2,823,856	2,823,856	—	16,229,057	17.40
2021	2,595,820	2,595,820	—	14,918,506	17.40
University of Mississippi:					
2015	18,189,943	18,189,943	—	115,491,702	15.75
2016	18,587,600	18,587,600	—	118,016,508	15.75
2017	18,719,288	18,719,288	—	118,852,622	15.75
2018	19,505,230	19,505,230	—	123,842,730	15.75
2019	19,541,619	19,541,619	—	124,073,771	15.75
2020	21,929,628	21,929,628	—	126,032,345	17.40
2021	21,641,091	21,641,091	—	124,374,086	17.40
University of Southern Mississippi:					
2015	12,934,612	12,934,612	—	82,124,521	15.75
2016	13,009,957	13,009,957	—	82,602,902	15.75
2017	13,118,547	13,118,547	—	83,292,362	15.75
2018	13,456,220	13,456,220	—	85,436,317	15.75
2019	13,321,459	13,321,459	—	84,580,692	15.75
2020	13,777,396	13,777,396	—	79,180,437	17.40
2021	14,836,009	14,836,009	—	85,264,420	17.40
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
2021	85,783,197	85,783,197	—	493,006,879	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

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, 2021

Employer	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered-employee payroll	Contribution as a percentage of covered- employee payroll
2020	\$ 1,194,824	1,194,824	—	6,866,805	17.40 %
2021	1,138,221	1,138,221	—	6,541,500	17.40
Mississippi Commission for Volunteer Service:					
2015	78,708	78,708	—	499,733	15.75
2016	88,482	88,482	—	561,790	15.75
2017	89,025	89,025	—	565,238	15.75
2018	99,080	99,080	—	629,080	15.75
2019	100,856	100,856	—	640,356	15.75
2020	114,024	114,024	—	655,310	17.40
2021	107,124	107,124	—	615,655	17.40
2015 Totals	<u>\$ 151,852,867</u>	<u>151,852,867</u>	<u>—</u>	<u>964,145,187</u>	<u>15.75 %</u>
2016 Totals	<u>\$ 157,218,362</u>	<u>157,218,362</u>	<u>—</u>	<u>998,211,822</u>	<u>15.75 %</u>
2017 Totals	<u>\$ 158,509,906</u>	<u>158,509,906</u>	<u>—</u>	<u>1,006,412,102</u>	<u>15.75 %</u>
2018 Totals	<u>\$ 159,067,970</u>	<u>159,067,970</u>	<u>—</u>	<u>1,009,955,364</u>	<u>15.75 %</u>
2019 Totals	<u>\$ 163,772,905</u>	<u>163,772,905</u>	<u>—</u>	<u>1,039,827,967</u>	<u>15.75 %</u>
2020 Totals	<u>\$ 183,390,513</u>	<u>183,390,513</u>	<u>—</u>	<u>1,053,968,466</u>	<u>17.40 %</u>
2021 Totals	<u>\$ 181,198,864</u>	<u>181,198,864</u>	<u>—</u>	<u>1,041,372,782</u>	<u>17.40 %</u>

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, 2021

Employer	Proportionate share of the net OPEB liability (%)	Proportionate share of the net pension OPEB (\$)	Covered- employee payroll	Proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
Alcorn State University:					
2018	0.58 %	\$ 4,553,690	\$ 26,074,744	17.46 %	0.00 %
2019	0.57	4,425,422	25,875,362	17.10	0.00
2020	0.56	4,718,847	25,466,787	18.53	0.00
2021	0.55	4,285,131	26,537,344	16.15	0.00
Delta State University:					
2018	0.41	3,212,943	18,397,530	17.46	0.00
2019	0.42	3,268,272	19,109,522	17.10	0.00
2020	0.42	3,556,677	19,194,756	18.53	0.00
2021	0.41	3,181,438	19,702,296	16.15	0.00
Jackson State University:					
2018	1.01	7,923,756	45,371,973	17.46	0.00
2019	0.93	7,183,715	42,003,040	17.10	0.00
2020	0.87	7,374,236	39,797,448	18.53	0.00
2021	0.82	6,385,068	39,542,017	16.15	0.00
Mississippi State University:					
2018	3.85	30,245,677	173,188,825	17.46	0.00
2019	3.84	29,735,714	173,864,154	17.10	0.00
2020	3.90	33,054,895	178,391,432	18.53	0.00
2021	3.98	31,009,098	192,035,910	16.15	0.00
Mississippi University for Women:					
2018	0.30	2,342,410	13,412,798	17.46	0.00
2019	0.31	2,364,085	13,822,757	17.10	0.00
2020	0.30	2,567,364	13,855,612	18.53	0.00
2021	0.31	2,421,117	14,993,708	16.15	0.00
Mississippi Valley State University:					
2018	0.40	3,175,395	18,182,528	17.46	0.00
2019	0.40	3,080,141	18,009,522	17.10	0.00
2020	0.39	3,314,930	17,890,090	18.53	0.00
2021	0.37	2,917,487	18,067,671	16.15	0.00
University of Mississippi:					
2018	2.52	19,806,214	113,411,739	17.46	0.00
2019	2.62	20,248,697	118,393,742	17.10	0.00
2020	2.63	22,349,145	120,614,392	18.53	0.00
2021	2.67	20,806,654	128,853,307	16.15	0.00
University of Southern Mississippi:					
2018	1.79	14,037,705	80,380,864	17.46	0.00

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of the Net OPEB Liability of the
 Mississippi State and School Employees' Life and Health Insurance Plan
GASB 74 Paragraph 36(a)
 June 30, 2021

Employer	Proportionate share of the net OPEB liability (%)	Proportionate share of the net pension OPEB (\$)	Covered- employee payroll	Proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	1.82 %	\$ 14,044,422	\$ 82,117,466	17.10 %	0.00 %
2020	1.80	15,274,063	82,431,424	18.53	0.00
2021	1.80	13,981,862	86,588,121	16.15	0.00
University of Mississippi					
Medical Center:					
2018	7.35	57,663,711	330,186,370	17.46	0.00
2019	7.34	56,789,549	332,047,403	17.10	0.00
2020	7.60	64,529,186	348,252,627	18.53	0.00
2021	7.76	60,353,305	373,761,386	16.15	0.00
Executive Office:					
2018	0.09	712,832	4,081,723	17.46	0.00
2019	0.09	691,744	4,044,610	17.10	0.00
2020	0.09	759,685	4,099,885	18.53	0.00
2021	0.08	661,048	4,093,796	16.15	0.00
2018 Totals	<u>18.31 %</u>	<u>\$ 143,674,333</u>	<u>\$ 822,689,094</u>	<u>17.46 %</u>	<u>0.00 %</u>
2019 Totals	<u>18.34 %</u>	<u>\$ 141,831,761</u>	<u>\$ 829,287,578</u>	<u>17.10 %</u>	<u>0.00 %</u>
2020 Totals	<u>18.56 %</u>	<u>\$ 157,499,028</u>	<u>\$ 849,994,451</u>	<u>18.53 %</u>	<u>0.00 %</u>
2021 Totals	<u>18.76 %</u>	<u>\$ 146,002,208</u>	<u>\$ 904,175,557</u>	<u>16.15 %</u>	<u>0.00 %</u>

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, 2021

Employer	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
Alcorn State University:					
2018	\$ 253,468	179,174	74,294	26,074,744	0.69 %
2019	269,284	197,080	72,204	25,875,362	0.76
2020	258,131	189,145	68,986	25,466,787	0.74
2021	274,109	170,891	103,218	26,537,344	0.64
Delta State University:					
2018	178,839	126,420	52,420	18,397,530	0.69
2019	198,872	145,548	53,324	19,109,522	0.76
2020	194,558	142,562	51,996	19,194,756	0.74
2021	203,509	126,876	76,633	19,702,296	0.64
Jackson State University:					
2018	441,053	311,776	129,277	45,371,973	0.69
2019	437,124	319,917	117,207	42,003,040	0.76
2020	403,386	295,581	107,806	39,797,448	0.74
2021	408,437	254,637	153,800	39,542,017	0.64
Mississippi State University:					
2018	1,683,539	1,190,076	493,462	173,188,825	0.69
2019	1,809,398	1,324,240	485,159	173,864,154	0.76
2020	1,808,173	1,324,937	483,236	178,391,432	0.74
2021	1,983,574	1,236,645	746,928	192,035,910	0.64
Mississippi University for Women:					
2018	130,383	92,167	38,217	13,412,798	0.69
2019	143,853	105,281	38,572	13,822,757	0.76
2020	140,440	102,907	37,533	13,855,612	0.74
2021	154,873	96,554	58,318	14,993,708	0.64
Mississippi Valley State University:					
2018	176,749	124,942	51,807	18,182,528	0.69
2019	187,424	137,170	50,255	18,009,522	0.76
2020	181,334	132,872	48,462	17,890,090	0.74
2021	186,624	116,350	70,275	18,067,671	0.64
University of Mississippi:					
2018	1,102,456	779,315	323,141	113,411,739	0.69
2019	1,232,120	901,748	330,371	118,393,742	0.76
2020	1,222,546	895,819	326,727	120,614,392	0.74
2021	1,330,949	829,771	501,178	128,853,307	0.64
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

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, 2021

Employer	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2020	\$ 835,524	612,229	223,295	82,431,424	0.74 %
2021	894,384	557,598	336,787	86,588,121	0.64
University of Mississippi Medical Center:					
2018	3,209,684	2,268,893	940,791	330,186,370	0.69
2019	3,455,606	2,529,046	926,561	332,047,403	0.76
2020	3,529,884	2,586,518	943,366	348,252,627	0.74
2021	3,860,649	2,406,895	1,453,754	373,761,386	0.64
Executive Office:					
2018	39,678	28,048	11,630	4,081,724	0.69
2019	42,092	30,806	11,286	4,044,612	0.76
2020	41,556	30,450	11,106	4,099,885	0.74
2021	42,286	26,363	15,923	4,093,796	0.64
2018 Totals	<u>\$ 7,997,218</u>	<u>5,653,152</u>	<u>2,344,066</u>	<u>822,689,094</u>	<u>0.69 %</u>
2019 Totals	<u>\$ 8,630,368</u>	<u>6,316,285</u>	<u>2,314,083</u>	<u>829,287,578</u>	<u>0.76 %</u>
2020 Totals	<u>\$ 8,615,532</u>	<u>6,313,021</u>	<u>2,302,512</u>	<u>849,994,451</u>	<u>0.74 %</u>
2021 Totals	<u>\$ 9,339,393</u>	<u>5,822,581</u>	<u>3,516,812</u>	<u>904,175,557</u>	<u>0.64 %</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2021 and 2020

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, 2021 and 2020

- 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:

2021

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

2020

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

2019

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

Changes to benefit terms:

2021

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

REPORT ON INTERNAL CONTROL AND COMPLIANCE



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the State of Mississippi Institutions of Higher Learning (the IHL System), as of and for the year ended June 30, 2021, 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 20, 2021. 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IHL System's internal control. Accordingly, we do not express an opinion on the effectiveness of the IHL System's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CliftonLarsonAllen LLP

Baltimore, Maryland
December 20, 2021

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**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, 2021

	IHL System only	DFA reclass entry	MSU Foundation	UM Foundation	USM Foundation	Foundation eliminations	Total
Assets							
Current Assets:							
Cash and cash equivalents	\$ 961,478,728	—	3,009,958	11,411,775	3,993,951	—	979,894,412
Short term investments	275,609,277	—	4,237,024	17,515,505	—	—	297,361,806
Accounts receivable, net	371,148,587	(7,839,407)	—	—	—	—	363,309,180
Notes and pledges receivable, net	20,820,536	—	10,190,492	11,042,885	2,258,491	—	44,312,403
Due from other governments	—	7,839,407	—	—	—	—	7,839,407
Inventories	42,070,625	—	—	—	—	—	42,070,625
Prepaid expenses	26,286,239	—	—	—	—	—	26,286,239
Other current assets	11,059,112	—	300,604	—	1,344,573	—	12,704,289
Total current assets	1,708,473,104	—	17,738,078	39,970,165	7,597,015	—	1,773,778,361
Non-Current Assets:							
Investments	624,208,898	—	175,519,375	133,306,107	29,953,434	—	962,987,814
Notes and pledges receivable, net	68,196,575	—	30,571,475	62,576,346	1,505,661	—	162,850,057
Restricted assets:							
Cash and cash equivalents	140,763,573	—	3,301,191	—	—	—	144,064,764
Short term investments	1,411,114	—	4,000,000	—	—	—	5,411,114
Investments	403,568,629	—	510,583,283	465,608,575	120,759,639	(49,749,774)	1,450,770,352
Beneficial interest in irrevocable trust	43,991,738	—	—	—	—	—	43,991,738
Capital assets, net	4,460,199,426	—	13,157,746	1,971,997	1,567,480	—	4,476,896,649
Other noncurrent assets	2,619,339	—	59,215,668	13,093,287	14,608,988	—	89,537,282
Total noncurrent assets	5,744,959,292	—	796,348,738	676,556,312	168,395,202	(49,749,774)	7,336,509,770
Total assets	7,453,432,396	—	814,086,816	716,526,476	175,992,217	(49,749,774)	9,110,288,131
Deferred outflows of resources:							
Deferred loss on refunding of debt	50,081,926	—	—	—	—	—	50,081,926
Pension related deferred outflows	393,866,820	—	—	—	—	—	393,866,820
OPEB related deferred outflows	32,723,147	—	—	—	—	—	32,723,147
Total deferred outflows of resources	476,671,893	—	—	—	—	—	476,671,893
Total assets and deferred outflows of resources	\$ 7,930,104,289	—	814,086,816	716,526,476	175,992,217	(49,749,774)	9,586,960,024

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

State of Mississippi Component Unit Additional Information

Combining Schedule of Net Position

June 30, 2021

	<u>IHL System only</u>	<u>DFA reclass entry</u>	<u>MSU Foundation</u>	<u>UM Foundation</u>	<u>USM Foundation</u>	<u>Foundation eliminations</u>	<u>Total</u>
Liabilities and Net Position							
Liabilities:							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 319,381,944	(3,183,852)	9,917,767	—	1,066,276	—	327,182,135
Due to primary government	—	3,183,852	—	—	—	—	3,183,852
Unearned revenues	163,949,404	—	—	—	—	—	163,949,404
Bonds and notes payable	53,550,569	—	—	—	—	—	53,550,569
Lease obligations payable	1,576,201	—	—	—	—	—	1,576,201
Current portion of noncurrent liabilities	28,577,671	—	—	254,598	24,934	—	28,857,203
Other current liabilities	170,158,839	—	—	5,282,838	—	—	175,441,677
Total current liabilities	<u>737,194,628</u>	<u>—</u>	<u>9,917,767</u>	<u>5,537,436</u>	<u>1,091,210</u>	<u>—</u>	<u>753,741,041</u>
Noncurrent liabilities:							
Bonds and notes payable	1,160,838,823	—	2,941,285	—	—	—	1,163,780,108
Lease obligations payable	4,818,026	—	—	—	—	—	4,818,026
Net pension liability	3,123,010,235	—	—	—	—	—	3,123,010,235
Net OPEB liability	146,002,208	—	—	—	—	—	146,002,208
Other noncurrent liabilities	218,023,518	—	8,709,271	30,584,047	43,995	—	257,360,831
Total noncurrent liabilities	<u>4,652,692,810</u>	<u>—</u>	<u>11,650,556</u>	<u>30,584,047</u>	<u>43,995</u>	<u>—</u>	<u>4,694,971,408</u>
Total liabilities	5,389,887,438	—	21,568,323	36,121,483	1,135,205	—	5,448,712,449
Deferred inflows of resources:							
Deferred inflows related to pension	26,357,950	—	—	—	—	—	26,357,950
Deferred inflows related to refundings	4,253,700	—	—	—	—	—	4,253,700
Deferred inflows related to OPEB	33,474,844	—	—	—	—	—	33,474,844
Beneficial interest in irrevocable trusts	43,991,738	—	—	—	—	—	43,991,738
Total deferred inflows of resources	<u>108,078,232</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>108,078,232</u>
Total liabilities and deferred inflows of resources	<u>\$ 5,497,965,670</u>	<u>—</u>	<u>21,568,323</u>	<u>36,121,483</u>	<u>1,135,205</u>	<u>—</u>	<u>5,556,790,681</u>
Net Position:							
Net investment in capital assets	\$ 3,263,116,965	—	13,157,746	1,971,997	1,567,480	—	3,279,814,188
Restricted for:							
Other purposes	374,397,093	—	310,876,807	377,335,525	74,794,220	—	1,137,403,645
Permanent endowments:							
Nonexpendable	197,382,615	—	374,107,283	283,763,145	82,467,604	—	937,720,647
Unrestricted	(1,402,758,054)	—	94,376,657	17,334,326	16,027,708	(49,749,774)	(1,324,769,137)
Total net position	<u>\$ 2,432,138,619</u>	<u>—</u>	<u>792,518,493</u>	<u>680,404,993</u>	<u>174,857,012</u>	<u>(49,749,774)</u>	<u>4,030,169,343</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, 2021

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	\$ 3,826,894,842	2,321,554,598	470,910,604	59,089,143	\$ (975,340,497)	—	—	—	—	(975,340,497)
MSU Foundation	42,418,290	—	36,789,029	—	—	(5,629,261)	—	—	—	(5,629,261)
UM Foundation	76,182,472	—	34,992,831	—	—	—	(41,189,641)	—	—	(41,189,641)
USM Foundation	11,708,643	—	10,601,287	—	—	—	—	(1,107,356)	—	(1,107,356)
Total universities	\$ 3,957,204,247	2,321,554,598	553,293,751	59,089,143	(975,340,497)	(5,629,261)	(41,189,641)	(1,107,356)	—	(1,023,266,755)
General revenues:										
Interest and investment income					88,564,182	185,318,073	135,557,994	28,415,608	(9,384,986)	428,470,871
Other					394,384,267	—	—	—	—	394,384,267
Payment from State of Mississippi					725,148,414	—	—	—	—	725,148,414
Contributions to permanent endowments					403,128	31,889,190	11,458,036	7,079,328	—	50,829,682
Total general revenues and contributions					1,208,499,991	217,207,263	147,016,030	35,494,936	(9,384,986)	1,598,833,234
Change in net position					\$ 233,159,494	211,578,002	105,826,389	34,387,580	(9,384,986)	\$ 575,566,479
Net position - beginning of the year										3,454,602,864
Net position - end of the year										\$ 4,030,169,343

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, 2021

	IHL System only	DFA reclass entry	Total
Student tuition	\$ 123,448,342	—	123,448,342
Auxiliary enterprises and other operating activities	38,999,209	—	38,999,209
Contributions and gifts	3,444,923	—	3,444,923
Federal, state, and private grants and contracts	133,915,346	1,599,792	135,515,138
State appropriations	9,439,199	(9,439,199)	—
Accrued interest	3,496,719	—	3,496,719
Patient income	772,938,044	—	772,938,044
Other	19,352,279	—	19,352,279
Total accounts receivable	<u>1,105,034,061</u>	<u>(7,839,407)</u>	<u>1,097,194,654</u>
Less bad debt provision	(731,779,630)	—	(731,779,630)
	<u>373,254,431</u>	<u>(7,839,407)</u>	<u>365,415,024</u>
Less noncurrent portion	(2,105,844)	—	(2,105,844)
Net accounts receivable	<u>\$ 371,148,587</u>	<u>(7,839,407)</u>	<u>363,309,180</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, 2021

	<u>Interest rates</u>		<u>Total</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>
From students:					
Perkins student loans	3% to 9%	\$	39,089,174	10,371,061	28,718,113
Nursing student loans	3% to 9%		4,266,787	712,181	3,554,606
Other federal loans	3% to 9%		2,389,713	1,950,646	439,067
Institutional student loans	0% to 9%		63,945,112	10,732,813	53,212,299
Medical student loans	3% to 9%		335,512	36,069	299,443
Dental student loans	3% to 9%		288,420	148,796	139,624
Notes and pledges:					
Foundations			122,582,031	24,520,508	98,061,523
Total notes and pledges receivable			232,896,749	48,472,074	184,424,675
Less allowance for doubtful accounts			25,734,289	4,159,670	21,574,619
Net notes and pledges receivable		\$	<u>207,162,460</u>	<u>44,312,403</u>	<u>162,850,057</u>
Foundation notes and pledges, before allowance for doubtful accounts:					
MSU Foundation		\$	41,648,570	10,412,143	31,236,428
UM Foundation			76,559,359	11,483,904	65,075,455
USM Foundation			4,374,102	2,624,461	1,749,641
		\$	<u>122,582,031</u>	<u>24,520,508</u>	<u>98,061,523</u>
Summary of allowance for doubtful accounts:					
IHL Universities		\$	21,297,607	3,131,030	18,166,577
MSU Foundation			886,603	221,651	664,952
UM Foundation			2,940,129	441,019	2,499,110
USM Foundation			609,950	365,970	243,980
		\$	<u>25,734,289</u>	<u>4,159,670</u>	<u>21,574,619</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, 2021

	Cost basis	Accumulated depreciation	Net book value
Jackson State University	\$ 1,590,638	580,258	1,010,380
University of Mississippi Medical Center	7,291,349	1,105,573	6,185,776
	<u>\$ 8,881,987</u>	<u>1,685,831</u>	<u>7,196,156</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, 2021

	Balance June 30, 2020	Additions	Deletions/ transfers	Balance June 30, 2021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Nondepreciable Capital Assets:				
Land	\$ 116,590,669	3,496,057	(3,282,364)	116,804,362
Construction in progress	439,447,205	120,433,053	(269,411,344)	290,468,914
Livestock	1,519,321	67,939	(455,419)	1,131,841
Total nondepreciable capital assets	<u>557,557,195</u>	<u>123,997,049</u>	<u>(273,149,127)</u>	<u>408,405,117</u>
Depreciable capital assets:				
Improvements other than buildings	513,252,402	10,627,172	—	523,879,574
Buildings	4,524,478,488	259,599,002	(9,449,609)	4,774,627,881
Equipment	939,573,010	61,649,417	(21,573,322)	979,649,105
Library books	451,722,303	11,133,763	(652,822)	462,203,244
Total depreciable capital assets	<u>6,429,026,203</u>	<u>343,009,354</u>	<u>(31,675,753)</u>	<u>6,740,359,804</u>
Total capital assets	<u>6,986,583,398</u>	<u>467,006,403</u>	<u>(304,824,880)</u>	<u>7,148,764,921</u>
Less accumulated depreciation for:				
Improvements other than buildings	211,618,468	15,703,928	(170,249)	227,152,147
Buildings	1,211,863,279	87,205,980	(524,601)	1,298,544,658
Equipment	702,381,551	56,126,061	(18,487,652)	740,019,960
Library books	393,940,066	12,860,448	(649,007)	406,151,507
Total accumulated depreciation	<u>2,519,803,364</u>	<u>171,896,417</u>	<u>(19,831,509)</u>	<u>2,671,868,272</u>
Net capital assets	\$ <u>4,466,780,034</u>	<u>295,109,986</u>	<u>(284,993,371)</u>	<u>4,476,896,649</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, 2021

	Cost to complete	Funded by			
		Federal sources	State sources	Institutional funds	Other
Alcorn State University	\$ 25,996,835	—	25,996,835	—	—
Delta State University	5,713,746	—	5,713,746	—	—
Jackson State University	20,962,401	—	20,962,401	—	—
Mississippi State University	136,795,725	9,861,893	43,668,707	55,889,502	27,375,623
Mississippi University for Women	15,215,900	—	15,215,900	—	—
Mississippi Valley State University	4,947,530	456,393	4,491,137	—	—
University of Mississippi	208,274,000	—	71,627,000	85,147,000	51,500,000
University of Southern Mississippi	27,867,506	7,000,000	15,807,619	5,059,887	—
University of Mississippi Medical Center	20,970,971	834,698	13,963,742	6,172,531	—
Totals	\$ 466,744,614	18,152,984	217,447,087	152,268,920	78,875,623

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, 2021

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due within one year
Bonded debt	\$ 1,226,183,775	158,125,000	180,687,210	1,203,621,565	51,823,969
Notes payable	12,559,112	2,941,285	1,791,285	13,709,112	1,726,600
	<u>1,238,742,887</u>	<u>161,066,285</u>	<u>182,478,495</u>	<u>1,217,330,677</u>	<u>53,550,569</u>
Capital lease obligations	650,067	7,405,000	1,660,840	6,394,227	1,576,201
Other long-term liabilities:					
Net pension liability	2,843,514,960	279,495,275	—	3,123,010,235	—
Net OPEB liability	157,499,028	—	11,496,820	146,002,208	—
Accrued leave liability	145,397,987	1,044,169	5,420,077	141,022,079	18,133,551
Deposits refundable	1,834,844	1,113,905	1,261,307	1,687,442	—
Funds held in trust for others	22,156,192	4,629,792	—	26,785,984	254,598
Other noncurrent liabilities	127,259,447	1,963,538	12,500,456	116,722,529	10,469,054
Total other long-term liabilities	<u>3,297,662,458</u>	<u>288,246,679</u>	<u>30,678,660</u>	<u>3,555,230,477</u>	<u>28,857,203</u>
Total	<u>\$ 4,537,055,412</u>	<u>456,717,964</u>	<u>214,817,995</u>	<u>\$ 4,778,955,381</u>	<u>83,983,973</u>
Due within one year				<u>(83,983,973)</u>	
Total long-term liabilities				<u>\$ 4,694,971,408</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, 2021

	<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:								
2022	\$ 105,685,943	51,823,970	46,147,823	5,269,979	782,398	1,576,201	85,572	47,015,793
2023	104,867,762	52,787,135	44,358,884	5,615,647	436,730	1,606,791	62,575	44,858,189
2024	104,933,474	54,828,970	42,390,398	5,732,870	319,508	1,622,639	39,089	42,748,995
2025	101,738,864	53,750,366	40,332,383	5,853,269	199,108	1,588,596	15,142	40,546,633
2026	97,541,644	55,809,399	38,145,795	3,500,411	86,039	—	—	38,231,834
2027 - 2031	449,054,575	291,975,660	155,379,278	1,654,551	45,086	—	—	155,424,364
2032 - 2036	383,092,232	286,227,387	96,864,845	—	—	—	—	96,864,845
2037 - 2041	258,125,754	205,039,810	53,085,944	—	—	—	—	53,085,944
2042 - 2046	155,226,274	135,388,197	19,838,077	—	—	—	—	19,838,077
2047 - 2051	16,707,671	15,990,671	717,000	—	—	—	—	717,000
	<u>\$ 1,776,974,193</u>	<u>1,203,621,565</u>	<u>537,260,427</u>	<u>27,626,727</u>	<u>1,868,869</u>	<u>6,394,227</u>	<u>202,378</u>	<u>539,331,674</u>
Alcorn State University:								
2022	\$ 3,116,062	1,422,512	1,693,550	—	—	—	—	1,693,550
2023	3,176,437	1,527,512	1,648,925	—	—	—	—	1,648,925
2024	3,227,712	1,627,512	1,600,200	—	—	—	—	1,600,200
2025	3,285,012	1,752,512	1,532,500	—	—	—	—	1,532,500
2026	3,338,637	1,887,512	1,451,125	—	—	—	—	1,451,125
2027 - 2031	16,914,185	11,077,560	5,836,625	—	—	—	—	5,836,625
2032 - 2036	17,690,742	14,336,992	3,353,750	—	—	—	—	3,353,750
2037 - 2041	12,886,025	12,030,000	856,025	—	—	—	—	856,025
	<u>\$ 63,634,812</u>	<u>45,662,112</u>	<u>17,972,700</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17,972,700</u>
Delta State University:								
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	906,725	525,000	381,725	—	—	—	—	381,725
2027 - 2031	4,545,000	3,015,000	1,530,000	—	—	—	—	1,530,000
2032 - 2036	4,541,600	3,650,000	891,600	—	—	—	—	891,600
2037 - 2041	2,732,300	2,575,000	157,300	—	—	—	—	157,300
	<u>\$ 16,878,475</u>	<u>12,145,000</u>	<u>4,733,475</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,733,475</u>
Jackson State University:								
2022	\$ 8,840,629	4,690,376	4,009,934	—	—	121,201	19,118	4,029,052
2023	9,821,179	5,885,376	3,795,483	—	—	126,791	13,529	3,809,012
2024	9,784,872	6,090,376	3,554,176	—	—	132,639	7,681	3,561,857
2025	9,678,548	6,305,376	3,303,012	—	—	68,596	1,564	3,304,576
2026	9,576,665	6,535,376	3,041,289	—	—	—	—	3,041,289
2027 - 2031	44,535,877	33,371,880	11,163,997	—	—	—	—	11,163,997
2032 - 2036	27,828,944	23,361,880	4,467,064	—	—	—	—	4,467,064
2037 - 2041	5,863,760	3,626,880	2,236,880	—	—	—	—	2,236,880
2042 - 2046	4,792,414	3,159,519	1,632,895	—	—	—	—	1,632,895
	<u>\$ 130,722,888</u>	<u>93,027,039</u>	<u>37,204,730</u>	<u>—</u>	<u>—</u>	<u>449,227</u>	<u>41,892</u>	<u>37,246,622</u>
Mississippi State University:								
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	23,875,744	13,403,753	10,471,991	—	—	—	—	10,471,991
2027 - 2031	108,040,866	64,216,439	43,824,427	—	—	—	—	43,824,427
2032 - 2036	97,721,352	68,139,535	29,581,817	—	—	—	—	29,581,817
2037 - 2041	81,936,982	66,090,530	15,846,452	—	—	—	—	15,846,452
2042 - 2046	47,187,296	43,884,964	3,302,332	—	—	—	—	3,302,332
	<u>\$ 463,288,658</u>	<u>312,581,682</u>	<u>150,706,976</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>150,706,976</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, 2021

	<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:								
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	1,189,756	725,000	464,756	—	—	—	—	464,756
2027 - 2031	6,519,388	4,570,000	1,949,388	—	—	—	—	1,949,388
2032 - 2036	7,566,088	6,525,000	1,041,088	—	—	—	—	1,041,088
2037 - 2041	1,654,813	1,595,000	59,813	—	—	—	—	59,813
	<u>\$ 21,561,344</u>	<u>16,015,000</u>	<u>5,546,344</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,546,344</u>
University of Mississippi:								
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	23,111,446	13,611,458	7,504,530	1,821,133	174,325	—	—	7,678,855
2025	23,182,028	14,256,458	6,930,113	1,870,745	124,712	—	—	7,054,825
2026	23,222,439	14,917,220	6,309,761	1,921,427	74,031	—	—	6,383,792
2027 - 2031	99,605,460	76,331,144	21,574,679	1,654,551	45,086	—	—	21,619,765
2032 - 2036	62,542,367	54,303,445	8,238,922	—	—	—	—	8,238,922
2037 - 2041	15,110,319	12,007,094	3,103,225	—	—	—	—	3,103,225
2042 - 2046	9,554,176	8,489,926	1,064,250	—	—	—	—	1,064,250
	<u>\$ 302,634,741</u>	<u>219,811,081</u>	<u>71,146,736</u>	<u>10,767,827</u>	<u>909,097</u>	<u>—</u>	<u>—</u>	<u>72,055,833</u>
University of Southern Mississippi:								
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	12,582,239	7,304,230	5,278,009	—	—	—	—	5,278,009
2027 - 2031	64,448,162	42,747,162	21,701,000	—	—	—	—	21,701,000
2032 - 2036	57,969,502	46,336,352	11,633,150	—	—	—	—	11,633,150
2037 - 2041	27,369,552	23,460,764	3,908,788	—	—	—	—	3,908,788
2042 - 2046	9,193,808	8,708,458	485,350	—	—	—	—	485,350
	<u>\$ 221,669,638</u>	<u>155,131,999</u>	<u>66,537,639</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>66,537,639</u>
University of Mississippi Medical Center:								
2022	\$ 27,777,551	10,164,717	12,034,460	3,543,379	513,541	1,455,000	66,454	12,614,455
2023	27,783,181	10,479,739	11,717,476	3,842,276	214,644	1,480,000	49,046	11,981,166
2024	27,766,761	10,810,144	11,378,289	3,911,737	145,183	1,490,000	31,408	11,554,880
2025	26,951,177	10,270,543	11,090,136	3,982,524	74,396	1,520,000	13,578	11,178,110
2026	22,849,439	10,511,308	10,747,139	1,578,984	12,008	—	—	10,759,147
2027 - 2031	104,445,637	56,646,475	47,799,162	—	—	—	—	47,799,162
2032 - 2036	107,231,637	69,574,183	37,657,454	—	—	—	—	37,657,454
2037 - 2041	110,572,003	83,654,542	26,917,461	—	—	—	—	26,917,461
2042 - 2046	84,498,580	71,145,330	13,353,250	—	—	—	—	13,353,250
2047 - 2051	16,707,671	15,990,671	717,000	—	—	—	—	717,000
	<u>\$ 556,583,637</u>	<u>349,247,652</u>	<u>183,411,827</u>	<u>16,858,900</u>	<u>959,772</u>	<u>5,945,000</u>	<u>160,486</u>	<u>184,532,085</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, 2021

	<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:								
2022	\$ 105,685,943	51,823,970	46,147,823	5,269,979	782,398	1,576,201	85,572	47,015,793
2023	104,867,762	52,787,135	44,358,884	5,615,647	436,730	1,606,791	62,575	44,858,189
2024	104,933,474	54,828,970	42,390,398	5,732,870	319,508	1,622,639	39,089	42,748,995
2025	101,738,864	53,750,366	40,332,383	5,853,269	199,108	1,588,596	15,142	40,546,633
2026	97,541,644	55,809,399	38,145,795	3,500,411	86,039	—	—	38,231,834
2027 - 2031	449,054,575	291,975,660	155,379,278	1,654,551	45,086	—	—	155,424,364
2032 - 2036	383,092,232	286,227,387	96,864,845	—	—	—	—	96,864,845
2037 - 2041	258,125,754	205,039,810	53,085,944	—	—	—	—	53,085,944
2042 - 2046	155,226,274	135,388,197	19,838,077	—	—	—	—	19,838,077
2047 - 2051	16,707,671	15,990,671	717,000	—	—	—	—	717,000
	<u>\$ 1,776,974,193</u>	<u>1,203,621,565</u>	<u>537,260,427</u>	<u>27,626,727</u>	<u>1,868,869</u>	<u>6,394,227</u>	<u>202,378</u>	<u>539,331,674</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, 2021

	Original issue	Balance Outstanding June 30, 2021	Interest rate	Maturity date
Alcorn State University:				
Bonds:				
EBC - Series 2016	\$ 43,630,000	45,662,112	2.00% – 5.00%	09/2039
	<u>43,630,000</u>	<u>45,662,112</u>		
Delta State University:				
Bonds:				
EBC - Series 2016	15,105,000	12,145,000	2.00% – 5.00%	12/2038
	<u>15,105,000</u>	<u>12,145,000</u>		
Jackson State University:				
Bonds:				
EBC - Series 1982	4,000,000	—	1.00% – 3.00%	12/2020
EBC - Series 2015A	57,595,000	58,852,039	2.00% – 5.00%	03/2045
EBC - Series 2015B	13,065,000	—	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	28,175,000	1.60% – 3.70%	03/2034
	<u>110,405,000</u>	<u>93,027,039</u>		
Notes:				
Housing project	2,222,000	—	3.00 %	12/2021
Mississippi State University:				
Bonds:				
Dormitory bonds	2,250,000	—	3.00 %	12/2021
Student apartments	2,038,000	90,000	3.00 %	12/2022
EBC - Series 2011	54,370,000	1,337,415	2.00% – 5.00%	12/2042
EBC - Series 2013	60,470,000	8,927,032	2.00% – 5.00%	08/2043
EBC - Series 2014A	89,810,000	71,457,702	2.00% – 5.00%	08/2043
EBC - Series 2014B	23,435,000	17,300,000	0.29% – 4.81%	08/2043
EBC - Series 2015	56,010,000	53,653,816	2.00% – 5.00%	08/2045
EBC - Series 2017	63,270,000	62,837,486	2.00% – 5.00%	08/2045
EBC - Series 2017A	92,075,000	96,978,231	2.00% – 5.00%	08/2043
	<u>443,728,000</u>	<u>312,581,682</u>		
Mississippi Valley State University:				
Bonds:				
EBC - Series 2007	19,015,000	165,000	4.00 %	03/2022
EBC - Series 2015	17,270,000	15,850,000	2.00 %	03/2037
	<u>36,285,000</u>	<u>16,015,000</u>		

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

State of Mississippi Component Unit Additional Information

Schedule of Bonds and Notes Payable Disclosure

June 30, 2021

	Original issue	Balance Outstanding June 30, 2021	Interest rate	Maturity date
University of Mississippi:				
Bonds:				
EBC - Series 2009B	24,165,000	—	3.623% – 5.00%	10/2020
EBC - Series 2011	27,995,000	2,289,808	3.00% – 5.00%	10/2031
EBC - Series 2013D	12,100,000	—	3.10%	11/2020
EBC - Series 2015A	15,660,000	14,739,785	2.00% – 4.00%	11/2039
EBC - Series 2015B	10,125,000	6,555,000	1.375% – 3.75%	11/2029
EBC - Series 2015C	31,630,000	30,189,191	2.00% – 5.00%	11/2045
EBC - Series 2015D	17,660,000	14,150,000	0.993% – 4.452%	11/2035
EBC - Series 2016A	33,245,000	26,599,360	2.00% – 5.00%	10/2033
EBC - Series 2017	38,995,000	39,294,059	2.00% – 5.00%	10/2034
EBC - Series 2019A	73,350,000	83,513,878	3.00% – 5.00%	10/2035
EBC - Series 2019B	3,365,000	2,480,000	1.94% – 2.05%	10/2023
	<u>288,290,000</u>	<u>219,811,081</u>		
Notes:				
Hancock Bank	9,500,000	5,058,598	2.59 %	06/2026
Renasant Bank	8,000,000	5,709,229	2.745 %	06/2028
Trustmark Bank	17,783,300	—	LIBOR + 1.39	06/2033
	<u>35,283,300</u>	<u>10,767,827</u>		
University of Southern Mississippi:				
Bonds:				
SMEBC - Series 2013	51,875,000	7,255,347	2.00% – 5.00%	09/2043
SMEBC - Series 2015A	38,600,000	34,449,289	2.00% – 5.00%	03/2034
SMEBC - Series 2015B	16,690,000	5,175,000	0.50% – 3.25%	03/2034
SMEBC - Series 2016	58,870,000	64,091,737	2.00% – 5.00%	09/2039
SMEBC - Series 2017	44,005,000	44,160,626	2.00% – 5.00%	09/2043
	<u>210,040,000</u>	<u>155,131,999</u>		
University Medical Center:				
Bonds:				
MCEBC - Series 1998B	41,075,000	11,240,000	3.88% – 5.90%	12/2023
MCEBC - Series 2010B	20,000,000	—	6.843%	06/2035
MCEBC - Series 2012A	51,860,000	—	4.00% – 5.00%	06/2041
MCEBC - Series 2012B	53,390,000	—	4.064% – 4.822%	06/2038
MCEBC - Series 2017A	137,635,000	148,467,653	3.00% – 5.00%	06/2047
MCEBC - Series 2017B	12,345,000	6,755,000	2.45% – 3.10%	06/2024
MCEBC - Series 2019	24,380,000	28,004,999	5.00%	06/2035
MCEBC - Series 2020B	158,125,000	154,780,000	0.445% – 2.917%	06/2041
	<u>498,810,000</u>	<u>349,247,652</u>		
Notes:				
University of Mississippi	8,336,907	13,110,888	2.00%	06/2026
University of Mississippi	3,748,012	3,748,012	0.93%	06/2026
	<u>12,084,919</u>	<u>16,858,900</u>		
Total	\$ <u>1,695,883,219</u>	<u>1,231,248,292</u>		

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

State of Mississippi Component Unit Additional Information

Schedule of Functional Expenses Disclosure

Year ended June 30, 2021

Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 484,671,310	173,492,961	1,123,377	32,944,797	338,016	1,022,691	14,426,219	—	257,431	708,276,802
Research	174,578,933	70,414,216	1,046,940	61,033,489	3,753,742	1,290,452	27,340,954	—	542,311	340,001,037
Public Service	85,434,381	33,227,875	1,105,395	36,921,619	1,111,505	59,885	13,836,364	—	69,247	171,766,271
Academic Support	82,608,820	29,040,664	234,788	32,917,809	472,678	262,801	22,409,869	—	57,237	168,004,666
Student Services	48,430,090	17,403,664	2,222,701	14,798,511	210,009	814,941	6,357,818	—	319,157	90,556,891
Institutional Support	140,884,098	68,453,014	385,588	129,849,408	557,316	476,238	32,296,222	—	4,297,092	377,198,976
Operation of Plant	49,504,802	21,154,223	40,767	47,778,617	44,672,417	—	20,216,158	—	96,534	183,463,518
Student Aid	2,305,237	6,335,675	27,010	300,076	—	226,639,095	699,313	—	148,118	236,454,524
Auxiliary Enterprises	84,912,094	27,172,828	9,914,896	77,752,585	12,533,867	25,317,139	15,201,455	—	152,839	252,957,703
Depreciation	—	—	—	—	—	—	—	171,812,650	—	171,812,650
Hospital	522,686,124	184,817,078	194,503	127,304,456	1,047,628	—	309,334,001	—	—	1,145,383,790
Loan Fund expenses	—	—	—	324,728	—	—	—	—	1,277,405	1,602,133
Interest	—	—	—	—	—	—	—	—	(36,587,673)	(36,587,673)
Inter-campus eliminations	—	—	—	(52,851,990)	—	(34,056,997)	—	—	—	(86,908,987)
Total operating expenses \$	1,676,015,889	631,512,198	16,295,965	509,074,105	64,697,178	221,826,245	462,118,373	171,812,650	(29,370,302)	3,723,982,301