



GASB 2022-2023

MISSISSIPPI VALLEY STATE
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MISSISSIPPI VALLEY STATE
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September 29, 2023

Dr. Jerryl Briggs, Sr.
President
Mississippi Valley State University
Itta Bena, MS 38941

Dear Dr. Briggs:

We are submitting the Annual GASB Financial Report of Mississippi Valley State University for the year ending June 30, 2023 for your review.

We will gladly supply any additional or supplemental information which you may desire.

Respectfully,

Joyce A. Dixon
Vice President/CFO

**OFFICE OF
BUSINESS AND FINANCE**



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Overview of Management Discussion and Analysis

Mississippi Valley State University (henceforth referred to as the University) presents its financial statements for the fiscal year ended June 30, 2023 and 2022 in accordance with GASB Statements Nos. 34 and 35.

The financial report of the University includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These financial statements are prepared in accordance with Government Accounting Standards Board (GASB) principles which establish standards for external financial reporting for public colleges and universities and require that financial statements be prepared on a consolidated basis to focus on the University as a whole. Previously, financial statements focused on the accountability of fund groups, rather than on the University as a consolidated entity.

The following discussion and analyses provide an overview of the financial position and activities of Mississippi Valley State University for the year ended June 30, 2023, with selected comparative information for the year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University. The net assets amount is one indicator of the current financial condition of the University, while the change in net assets is indicative of whether the overall financial condition has improved or diminished during the year.

Assets and revenues are recognized when the services are provided. Liabilities and expenses are recognized when services are provided. Assets and liabilities are generally measured using current values. One notable exception, however, is capital assets, which are stated at historical cost less an allowance for depreciation.

Net position is divided into three major categories; invested in capital assets net of debt, restricted and unrestricted.

Invested in capital assets, net of related debt, represents the equity in property, plant and equipment of the University.

Restricted net position is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position is composed of donor restricted endowment funds. Expendable restricted net position is available for expenditure, but only for purposes intended by the donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The expendable restricted net position of the University consists of funds utilized for scholarships and fellowships, capital projects, debt service, other purposes.

Unrestricted net position can be used for any lawful purpose deemed necessary to manage the operations of the University. A portion of the unrestricted net position of the University has been reserved for inventories, prepayments, auxiliary enterprises, designated, pension and OPEB and other purposes. Unrestricted net position reflects the effect adoption of GASB 68, Accounting and Reporting of Pension and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).



**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

The condensed Statement of Net Position for the years ended June 30, 2023 and 2022 is as follows:

Summary of Net Position (Condensed)				
	FY 2023	FY 2022	Difference	%I(D)
Assets:				
Current assets	\$ 47,511,054	\$ 44,871,083	\$ 2,639,971	6%
Non-current assets	113,560,630	114,793,779	(1,233,149)	-1%
Deferred outflows of resources	7,613,958	6,182,157	1,431,801	23%
Total assets and deferred outflows of resources	<u>\$ 168,685,642</u>	<u>\$ 165,847,019</u>	<u>\$ 2,838,623</u>	2%
Liabilities:				
Current liabilities	\$ 7,751,413	\$ 6,411,227	\$ 1,340,186	21%
Non-current liabilities	62,343,234	51,834,818	10,508,416	20%
Deferred inflows of resources	3,916,696	14,276,922	(10,360,226)	-73%
Total liabilities and deferred inflow of resources	<u>\$ 74,011,343</u>	<u>\$ 72,522,967</u>	<u>\$ 1,488,376</u>	2%
Net Position:				
Invested in capital assets, net of debt	\$ 93,372,835	\$ 94,671,560	\$ (1,298,725)	-1%
Restricted - Nonexpendable	1,788,736	1,511,788	276,948	18%
Restricted - Expendable	3,556,133	3,496,490	59,643	2%
Unrestricted - Operating	(4,043,405)	(6,355,786)	2,312,381	-36%
Total net position	<u>\$ 94,674,299</u>	<u>\$ 93,324,052</u>	<u>\$ 1,350,247</u>	1%

The University continues to maintain and protect its financial position with cost controls, conservative investments, strategic use of debt and adherence to its long-range capital plan for the maintenance and replacement of the physical plant.

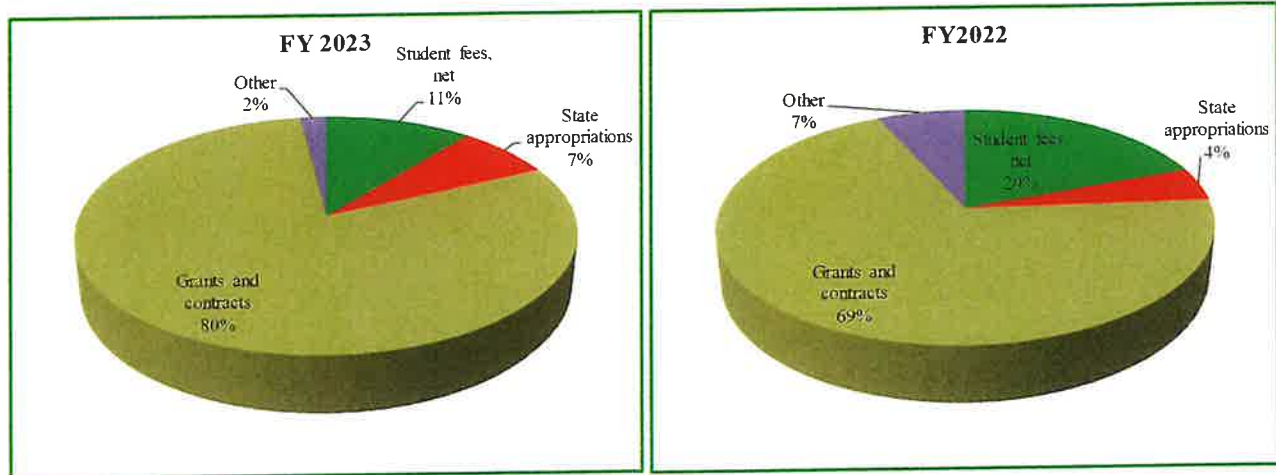
- Current assets increased primarily from funds received from Higher Education Emergency Funds (HEERF) to pay student balances and auxiliary enterprise revenues.
- Current liabilities increased primarily due to a timing difference of bills received and funded by HEERF and spending of an anonymous donor gift.
- Non-current liabilities increase reflects the change in actuarial calculation of pension liabilities.
- Changes in deferred outflows and inflows of resources and non-current liabilities related to pension and other post employee retirement benefits (OPEB) liabilities are the results of actuarial calculations in accordance with GASB 68 and GASB 75, respectively.
- Non-current liabilities include accrued leave liability, long-term debt, pension liability (GASB 68) and OPEB liability (GASB 75). The decrease is primarily attributed to a \$14 million decline in pension liabilities.



**Management’s Discussion and Analysis
For the Year Ended June 30, 2023**

Accounts Receivables, net

Accounts receivables compilation for the years ended June 30, 2023 and 2022 are as follows.



Accounts receivable at June 30, 2023 and 2022 are as follows:

Type of Receivable	FY 2023	FY 2022	Difference	%I(D)
Student fees	\$ 11,030,729	\$ 11,968,423	\$ (937,694)	-8%
State appropriations	748,018	502,796	245,222	49%
Grants and contracts	8,047,956	7,717,403	330,553	4%
Other	194,312	738,643	(544,331)	-74%
Total accounts receivable	20,021,015	20,927,265	(906,250)	-4%
Less: bad debt provision	(9,902,408)	(9,764,417)	(137,991)	1%
Net accounts receivable	\$ 10,118,607	\$ 11,162,848	\$ (1,044,241)	-9%

- Student fees receivable and bad debt provision changes reflect the receipt of HEERF funds used to pay student balances.
- State appropriations reflect increased state support.
- Other receivables reflect amounts due from various sources not classified elsewhere.



**Management’s Discussion and Analysis
For the Year Ended June 30, 2023**

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results of the University’s operations. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or non-operating. Operating revenues are received for providing goods and services to students and constituencies of the University. Non-operating revenues, including state appropriations, are revenues without the delivery of goods and services. The State Legislature allocates funds to state Institutions of Higher Learning for the education of its citizens. Other revenues, expenses, gains and losses are almost entirely State appropriation for major capital acquisitions and renovations.

The condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2023 and 2022 is as follows:

Summary of Revenues, Expenses, and Changes in Net Position (Condensed)				
	<u>FY 2023</u>	<u>FY 2022</u>	<u>Difference</u>	<u>%I(D)</u>
Operating revenues	\$ 24,483,135	\$ 23,943,140	\$ 539,995	2%
Operating expenses	61,739,328	55,791,994	5,947,334	11%
Operating loss	(37,256,193)	(31,848,854)	(5,407,339)	17%
Non-operating revenues and expenses	37,496,446	37,701,247	(204,801)	-1%
Income (loss) before other revenues, expenses, gains, or losses	240,253	5,852,393	(5,612,140)	-96%
Other revenues, expenses, gains or losses	1,109,994	1,402,827	(292,833)	-21%
Increase in net position	1,350,247	7,255,220	(5,904,973)	-81%
Net position - beginning of the year	93,324,052	86,068,832	7,255,220	8%
Net position - end of the year	\$ 94,674,299	\$ 93,324,052	\$ 1,350,247	1%

- Operating revenues reflected a stable revenue base.
- Operating expenses increased primarily due to the flow-through of funds to students and projects funded by HEERF.
- Non-operating revenues were relatively unchanged.
- Other revenues, expenses, gains or losses reflect a decrease in completion of state-funded capital projects.

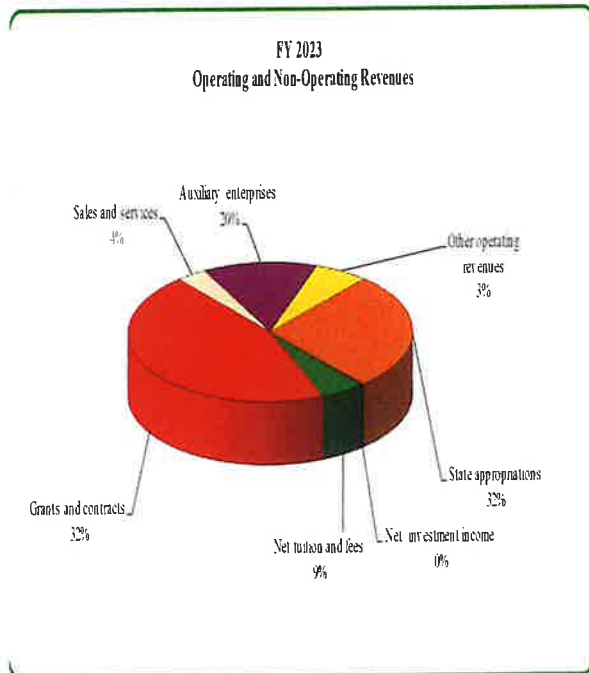


**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

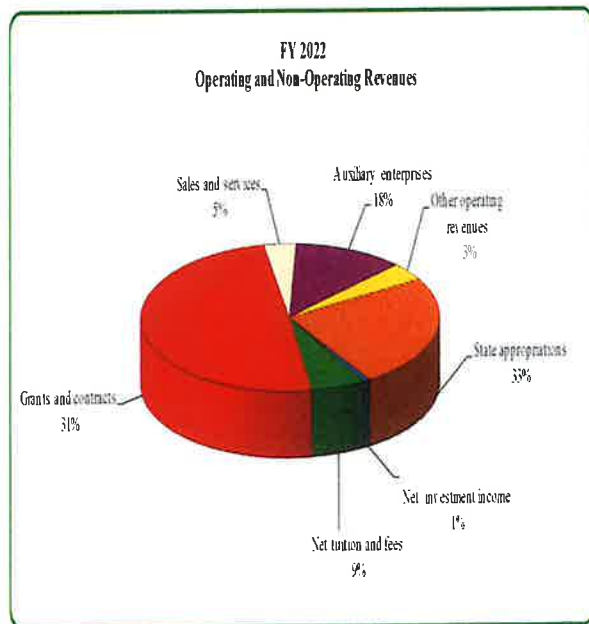
Sources of operating and non-operating revenues for the years ended June 30, 2023 and 2022 are as follows:

Revenues from all sources for the year ending June 30, 2023 increased from prior year.

Operating and non-operating revenues for the years ended June 30, 2023 and 2022 are as follows:



	FY 2023	FY 2022	I(D)	I(D) %
Net tuition and fees	\$ 3,053,858	3,724,461	\$ (670,603)	-18%
Grants and contracts	28,202,182	31,265,006	(3,062,824)	-10%
Sales and services	2,153,344	2,193,237	(39,893)	-2%
Auxiliary enterprises	8,184,602	7,509,666	674,936	9%
Other operating revenues	3,833,151	2,443,655	1,389,496	57%
State appropriations	16,893,390	15,444,423	1,448,967	9%
Net investment income	187,716	(385,495)	573,211	-149%
Total revenues	\$ 62,508,243	\$ 62,194,953	\$ 313,290	1%



Changes in revenues resulted from the following reasons.

- Net tuition and fees declined due to a reduction in enrollment adversely impacted by Covid.
- Grant and contracts revenues reflect expenditures on government funds projects.
- Sales and services revenue reflects the impact of football and basketball game guarantees received in 2023.
- Auxiliary enterprises revenues increased due to increased students living on campus and using campus services after Covid-19 in 2022.
- Other operating revenues are from various sources including receipt of insurance funds to pay for damages to a building.
- State appropriations reflect increased state support for operations.
- Net investment income reflects a surge in investment returns from the capital markets.

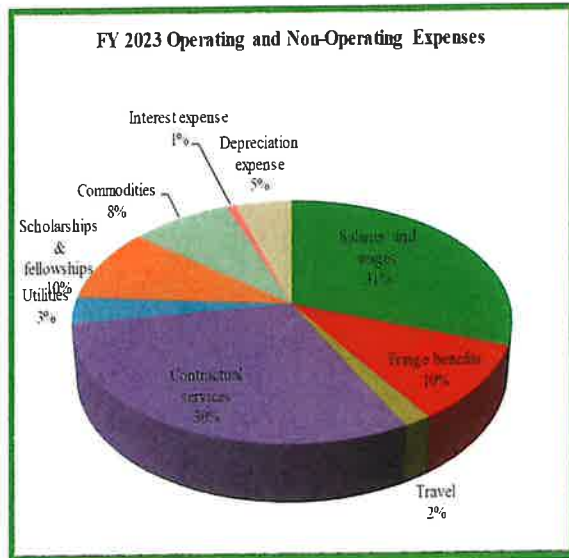
Management continues to seek funding from sources consistent with its missions to supplement the loss in non-resident tuition and fees and uncertainty with state appropriation for operation.



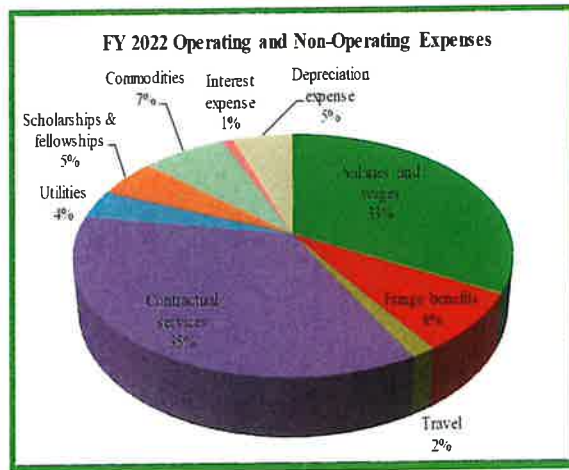
**Management’s Discussion and Analysis
For the Year Ended June 30, 2023**

The uses of operating and non-operating expenses by natural classification for the years ended June 30, 2023 and 2022 are as follows:

Resources are deployed based on highest and best uses which may change annually. A chart of expenses by natural classification for the years ended June 30, 2023 and 2022 is as follows:



	FY 2023	FY 2022	I(D)	I(D) %
Salaries and wages	\$ 19,104,910	18,628,125	476,785	3%
Fringe benefits	6,272,160	4,315,653	1,956,507	45%
Travel	1,084,357	871,610	212,747	24%
Contractual services	18,822,053	19,990,562	(1,168,509)	-6%
Utilities	2,142,542	2,079,682	62,860	3%
Scholarships & fellowships	6,075,438	2,883,211	3,192,227	111%
Commodities	5,284,395	4,105,491	1,178,904	29%
Interest expense	528,662	550,566	(21,904)	-4%
Depreciation expense	2,953,473	2,917,660	35,813	1%
Total Expenses	\$ 62,267,990	\$ 56,342,560	\$ 5,925,430	11%



Total expenses increased 11 percent in 2023 over 2022. Explanations of variances are as follows:

- Compensation remained at 41% for 2023 and 2022 including the increase of actuarial expenses from retirement.
- Travel increased due to the rising cost of fuel, transportation, and lodging expenses for athletics.
- Contractual services expenditures reflect reduced capital projects expenditures.
- Utility expenses reflect increased students living on campus offset by savings from improvements in campus lighting.
- Scholarships and fellowships and tuition discounting reflect flow-through HEERF funding to pay student accounts.
- Commodities increased due to projects funded with HEERF funds.



**Management’s Discussion and Analysis
For the Year Ended June 30, 2023**

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the financial results of the University by reporting the major sources and uses of cash. This statement also helps users assess the University’s ability to generate net cash flows to meet its obligations as they come due, and its need for external financing.

A condensed Statement of Cash Flows for the years ended June 30, 2023 and 2022 are as follows:

Summary of Cash Flows (Condensed)				
	FY 2023	FY 2022	Difference	% I(D)
Cash provided (used) by:				
Operating activities	\$ (33,188,520)	\$ (27,259,748)	\$ (5,928,772)	22%
Non-capital financing activities	38,526,129	38,766,382	(240,253)	-1%
Capital financing activities	(1,404,089)	(1,264,653)	(139,436)	11%
Investing activities	59,352	777,364	(718,012)	329%
Net change in cash	3,992,872	11,019,345	(7,026,473)	-64%
Cash, beginning of year	30,504,730	19,485,385	11,019,345	57%
Cash, end of year	\$ 34,497,602	\$ 30,504,730	\$ 3,992,872	13%

The University’s cash reserves increased \$3,992,872 (13%) at June 30, 2023 reflecting increased cash collections for tuition and fees, auxiliaries, grants and contracts and a gift which reversed the effect of Covid-19 on 2022 revenues. Overall, expenditures were strategically reduced to balance lower revenues. Employees, vendors and debt service were paid on a timely basis. Other comments are as follows:

- Operating activities cash loss \$5,928,773 (22%) in FY 2023 reflects uncollected grant funds from governmental contracts.
- Non-capital financing cash activities remained relatively unchanged.
- Capital financing activities reflect the purchase of capital assets and payment of debt service.
- Cash from investing activities in FY 2023 reflects investment returns from the capital markets.

Designated Revenues

Designated revenues represent all unrestricted revenues of the University which include without limitation, net tuition and auxiliary fees, sales and services, other operating revenue, and state appropriations.

Bond indentures previously issued, and those that may be issued in the future by the University’s Educational Building Corporations (EBC) are payable from designated revenues. The IHL covenants under terms of its various bond agreements that if designated revenues are insufficient to satisfy the University’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 2019 through 2023.



**Management’s Discussion and Analysis
For the Year Ended June 30, 2023**

Designated Revenues					
	Years Ended June 30				
	2019	2020	2021	2022	2023
Tuition & fees, net	\$ 4,526,824	\$ 4,278,914	\$ 3,941,510	\$ 3,724,461	\$ 3,053,858
Sales and services	2,065,729	1,631,736	620,064	2,193,237	2,153,344
Auxiliary enterprises	9,413,560	7,872,653	5,809,815	7,509,666	8,184,602
Other	1,457,780	2,208,035	2,605,233	2,058,160	4,020,867
Sub-total	17,463,893	15,991,338	12,976,622	15,485,524	17,412,671
State appropriations	15,585,964	15,709,126	14,511,007	15,444,423	16,893,390
Total	\$ 33,049,857	\$ 31,700,464	\$ 27,487,629	\$ 30,929,947	\$ 34,306,061

- Tuition and fees, net of scholarship allowances, reflect declines in enrollment.
- Sales and service revenues are principally from athletic game guarantee revenues. The decline in 2022 was negatively impacted by Covid-19.
- Auxiliary enterprises revenues are derived from room, board, book sales and other user charges that changes with the number of students living on campus and using campus services.
- Other designated revenues include revenues and interest earned on unrestricted investments. The 2023 increase resulted from insurance proceeds from building damages.

Financial Summary and Outlook

The University remains a prudent financial steward over resources. In fiscal year 2023, the University continued to face many challenges created by Covid-19 and a decline in enrollment. The economic uncertainty in the nation and State of Mississippi continues to affect the University’s financial position. Future reductions in state support must be anticipated and managed carefully to maintain our current stable financial position. Despite tough economic times and slight enrollment declines, the University finances are stable as evidenced by increased cash and investments, and net position.

Continued support from the State of Mississippi is crucial to management’s success of providing a quality education to its students. Management continues to expand recruiting efforts, cost containment, and to diversify revenue streams from sources consistent with its mission. Management constantly revises resource allocations for all financial eventualities to ensure that the University remains fiscally sound.

Management is not aware of any other issues, decisions or conditions that would adversely affect its financial operations. The University remains focused on its vision of **ONE GOAL. ONE TEAM. ONE VALLEY. IN MOTION.**



STATEMENTS OF NET POSITION

	<u>2023</u>	<u>2022</u>
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 34,497,602	\$ 30,504,730
Short term investments	2,272,694	2,606,490
Accounts receivables, net	10,118,607	11,162,848
Student notes receivables, net		
Inventories	443,409	381,565
Prepaid expenses	178,742	215,450
Other current assets		
Total current assets	<u>47,511,054</u>	<u>44,871,083</u>
Noncurrent assets:		
Restricted cash and cash equivalents	440,545	692,835
Restricted short-term investments	3,697,118	3,263,283
Endowment investments	1,364,384	992,761
Other long term investments		
Student notes receivable, net		
Beneficial interest in irrevocable trust		
Capital assets, net	107,934,493	109,712,102
Other noncurrent assets	124,090	132,798
Total noncurrent assets	<u>113,560,630</u>	<u>114,793,779</u>
Total assets	<u>161,071,684</u>	<u>159,664,862</u>
Deferred outflows of resources	<u>7,613,958</u>	<u>6,182,157</u>
Total assets and deferred outflows of resources	<u>168,685,642</u>	<u>165,847,019</u>
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Accounts payable and accrued liabilities	3,179,380	2,169,916
Unearned revenues	3,515,314	3,340,979
Accrued leave liabilities - current portion	240,128	227,112
Long-term liabilities - current portion	694,234	593,784
Other current liabilities	72,357	79,436
Total current liabilities	<u>7,701,413</u>	<u>6,411,227</u>
Noncurrent liabilities:		
Accrued leave liabilities	1,151,212	1,180,419
Deposits refundable	24,624	28,164
Long-term liabilities	14,123,848	14,745,617
Net pension liability	45,483,661	33,636,869
Net OPEB liability	1,609,889	2,243,749
Other noncurrent liabilities		
Total noncurrent liabilities	<u>62,393,234</u>	<u>51,834,818</u>
Total liabilities	<u>70,094,647</u>	<u>58,246,045</u>
Deferred inflows of resources	<u>3,916,696</u>	<u>14,276,922</u>
Total liabilities and deferred inflows of resources	<u>74,011,343</u>	<u>72,522,967</u>



MISSISSIPPI VALLEY STATE
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STATEMENTS OF NET POSITION

Net Position:		
Net investment in capital assets	93,372,835	94,671,560
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	1,788,736	1,511,788
Research		
Other purposes		
Expendable:		
Scholarships and fellowships	1,270,639	1,324,674
Research	766,858	766,858
Capital projects	440,543	399,939
Debt service		
Loans	1,078,093	1,005,019
Other purposes	(4,043,405)	(6,355,786)
Unrestricted		
Total net position	<u>\$ 94,674,299</u>	<u>\$ 93,324,052</u>



STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Tuition and fees:	\$ 11,160,972	\$ 11,217,971
Less scholarship allowances	(7,969,123)	(6,181,931)
Less bad debt expense	(137,991)	(1,311,579)
Net tuition and fees	<u>3,053,858</u>	<u>3,724,461</u>
Federal appropriations	7,252,802	7,858,451
Federal grants and contracts	5,378	213,670
State grants and contracts		
Nongovernmental grants and contracts	2,153,344	2,193,237
Sales and services of educational departments		
Auxiliary enterprises:		
Student housing	3,313,967	3,029,568
Food services	2,557,854	2,351,097
Bookstore	1,182,260	1,010,086
Athletics		
Other auxiliary revenues	1,130,521	1,118,915
Less auxiliary enterprise scholarship allowances		
Interest earned on loans to students		
Patient care revenues, net		
Other operating revenues, net	<u>3,833,151</u>	<u>2,443,655</u>
Total operating revenues	<u>24,483,135</u>	<u>23,943,140</u>
 Operating expenses:		
Salaries and wages	19,104,910	18,628,125
Fringe benefits	6,272,160	4,315,653
Travel	1,084,357	871,610
Contractual services	18,822,053	19,990,562
Utilities	2,142,542	2,079,682
Scholarships and fellowships	6,075,438	2,883,211
Commodities	5,284,395	4,105,491
Depreciation and amortization	2,953,473	2,917,660
Other operating expenses		
Total operating expenses	<u>61,739,328</u>	<u>55,791,994</u>
Operating loss	<u>(37,256,193)</u>	<u>(31,848,854)</u>
 Nonoperating revenues (expenses):		
State appropriations	16,893,390	15,444,423
Gifts and grants	20,944,002	23,192,885
Investment income, net of investment expense	187,716	(385,495)
Interest expense on capital asset-related debt	(528,662)	(550,566)
Other nonoperating revenues		
Other nonoperating expenses		
Total nonoperating revenues (expenses), net	<u>37,496,446</u>	<u>37,701,247</u>
Loss before other revenues, expenses, gains and losses	<u>240,253</u>	<u>5,852,393</u>



MISSISSIPPI VALLEY STATE
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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Other revenues, expenses, gains and losses:

Capital grants and gifts	833,046	1,232,684
State appropriations restricted for capital purposes	276,948	170,143
Additions to permanent endowments		
Other additions		
Other deletions		
Change in net position	<u>1,350,247</u>	<u>7,255,220</u>
Net position, beginning of the year	<u>93,324,052</u>	<u>86,068,832</u>
Net position, end of the year	<u>\$ 94,674,299</u>	<u>\$ 93,324,052</u>



STATEMENT OF CASH FLOWS

	<u>2023</u>	<u>2022</u>
Operating activities:		
Tuition and fees	\$ 4,108,616	\$ 7,478,188
Grants and contracts	7,119,349	8,126,294
Sales and services of educational departments	2,153,344	2,193,237
Payments to suppliers	(24,393,626)	(24,102,027)
Payments to employees for salaries and benefits	(25,772,289)	(25,639,452)
Payments for utilities	(2,142,542)	(2,079,682)
Payments for scholarships and fellowships	(6,075,438)	(2,883,211)
Loans issued to students		
Collection of loans from students	9,190,856	10,154,044
Federal loan program receipts	(9,190,856)	(10,154,044)
Federal loan program disbursements		
Auxiliary enterprise charges:		
Student housing	3,313,967	3,029,568
Food services	2,557,854	2,351,097
Bookstore	1,182,260	1,010,086
Athletics		
Other auxiliary enterprises	1,130,521	1,118,915
Patient care services		
Interest earned on loans to students		
Other receipts	3,629,464	2,137,239
Other payments		
Net cash used by operating activities	<u>(33,188,520)</u>	<u>(27,259,748)</u>
Noncapital financing activities:		
State appropriations	17,396,186	15,403,353
Gifts and grants for other than capital purposes	20,944,003	23,192,886
Private gifts for endowment purposes	185,940	170,143
Federal loan program receipts		
Federal loan program disbursements		
Other sources		
Other uses		
Net cash provided by noncapital financing activities	<u>38,526,129</u>	<u>38,766,382</u>
Capital and related financing activities:		
Proceeds from capital debt		
Cash paid for capital assets	(362,816)	(48,068)
Capital appropriations received		
Capital grants and contracts received		
Proceeds from sales of capital assets		
Principal paid on capital debt and leases	(521,319)	(675,599)
Interest paid on capital debt and leases	(519,954)	(540,986)
Other sources		
Other uses		
Net cash used by capital and related financing activities	<u>(1,404,089)</u>	<u>(1,264,653)</u>
Investing activities:		
Proceeds from sales and maturities of investments	56,287	509,660
Interest received on investments	77,868	428,281
Purchases of investments	(74,803)	(160,577)
Net cash used by investing activities	<u>59,352</u>	<u>777,364</u>
Net change in cash and cash equivalents	3,992,872	11,019,345
Cash and cash equivalents - beginning of year	30,504,730	19,485,385
Cash and cash equivalents - end of year	<u>\$ 34,497,602</u>	<u>\$ 30,504,730</u>



STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Operating Loss	\$ (37,256,193)	\$ (31,848,854)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation and amortization expense	2,953,473	2,917,660
Self-insured claims expense	137,991	1,311,579
Provision for uncollectible receivables	(550,390)	(2,449,743)
Other		
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Receivables, Net	403,454	(707,438)
Inventories	(61,844)	56,342
Prepaid Expenses	36,708	35,062
Loans to Students		
Deferred outflow of resources	(1,431,801)	(388,772)
Other Assets	(8,708)	(9,580)
Increase (Decrease) in Liabilities:		
Accounts Payables and Accrued Liabilities	1,009,464	685,746
Unearned Revenue	174,335	2,899,290
Deposits Refundable	(3,540)	(1,946)
Accrued Leave Liability	(16,191)	(141,183)
Net pension liability	11,846,792	(14,063,912)
Net OPEB liability	(633,860)	(673,738)
Deferred inflow of resources	(10,360,226)	12,663,177
Other Liabilities	572,016	2,456,562
Total Adjustments	<u>4,067,673</u>	<u>4,589,106</u>
Net cash used in operating activities	\$ <u>(33,188,520)</u>	\$ <u>(27,259,748)</u>
	(33,188,520)	(27,259,748)
Reconciliation of cash and cash equivalents:		
Current assets - cash and cash equivalents	\$ 34,497,602	\$ 30,504,730
Noncurrent assets - restricted cash and cash equivalents		
Cash and cash equivalents, end of year	<u>\$ 34,497,602</u>	<u>\$ 30,504,730</u>
	34,497,602	30,504,730

ENTER NON-CASH TRANSACTIONS BELOW: (See GASB #9, Paragraph 37)

Gifts and contributions of capital assets	64,528	64,528
Right-to-use assets under lease obligations		



Note 1: Summary of Significant Accounting Policies

Nature of Operations - Mississippi Valley State University, as a Carnegie Classified Master's University, provides comprehensive undergraduate and graduate programs in education, the arts and sciences, and professional studies. The University is driven by its commitment to excellence in teaching, learning, service, and research – a commitment resulting in a learner-centered environment that prepares critical thinkers, exceptional communicators, and service-oriented, engaged, and productive citizens. MVSU is fundamentally committed to positively impacting the quality of life and creating extraordinary educational opportunities for the Mississippi Delta and beyond.

Reporting Entity - Established by the Mississippi Legislature as Mississippi Vocational College in 1946, the initial mission was to train teachers for rural and elementary schools and to provide vocational training to inhabitants of the Mississippi Delta. Groundbreaking ceremonies were held on February 19, 1950 and the college opened that summer. The name of the institution was changed to Mississippi Valley State College in 1964 and Mississippi Valley State University in 1974.

Mississippi Valley State University is a component unit of the State of Mississippi and is included in the general purpose financial statements of the State of Mississippi Institutions of Higher Learning.

Mississippi Valley State University 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 this corporation is for the acquisition, construction, and equipping of facilities and land for the University. In accordance with Governmental Accounting Standards Board Statement Number 14, this educational building corporation is deemed a component unit of the State of Mississippi Institutions of Higher Learning and is included as a blended component unit in the general purpose financial statements.

Mississippi Valley State University Foundation, Inc. is a private non-profit organization dedicated to the growth, development, and enhancement of the University, its faculty, staff, and students with special emphasis on academic quality, through the solicitation, professional management, and prudent distribution of invested funds and other gifts derived from private sources. The foundation is separately audited and has not been included in these financial statements.

Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*, issued in June and November 1999, respectively. The University now follows the "business-type activities" reporting requirements of GASB Statement 34 that provides a comprehensive one-line look at the financial activities of the University.



Note 1: Summary of Significant Accounting Policies (Continued)

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

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimated and assumptions that affect the reported amounts of assets and liabilities and disclose 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 payer settlements, included as other current assets and as other current liabilities. 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 the programs could change by a material amount in the near term.

Included in other noncurrent liabilities are unpaid claim liabilities relating to the IHL System's self-insured workers' compensation, unemployment compensation and tort claims. 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 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, 2023 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 the operations, currently.

The University's investments are invested in various types of investment securities with 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 investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

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

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

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



Note 1: Summary of Significant Accounting Policies (Continued)

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

Student Notes Receivable, Net – The University does not have notes receivables.

Inventories - Inventories consist of items stocked for bookstore, physical plant and central stores. These inventories are generally valued at the lower of cost or market, on either the first-in, first-out (“FIFO”) basis or the average cost basis.

Prepaid Expenses - Consist of expenditures that are related to projects, programs, activities or revenues of future fiscal periods.

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

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

Other Long-Term Investments – Investments are reported at fair value. Unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position. Investments for which there are no quoted market prices are valued at net asset value.

Investment Valuation Fair Value Measurement-Governmental Accounting Standards Board (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:



Note 1: Summary of Significant Accounting Policies (Continued)

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that the government 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 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. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

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

Capital Assets - Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. 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 expenses are 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 6 for additional details concerning useful lives, salvage values, and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

Gift values of such donations are determined based on reports from certified appraisers, cost or some other recognized methods, as appropriate. The University is not required to capitalize these collections and, as such, the value of such art objects and collections are not included in these financial statements.

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 charges to operations at the time impairment is identified. No write-down of capital assets was required for the year ended June 30, 2023.

Adoption of New Accounting Standards:

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for



Note 1: Summary of Significant Accounting Policies (Continued)

leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Entity adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the earliest comparative period presented.

RESTATEMENT OF BEGINNING NET POSITION

Beginning net position was increased/decreased \$xx for governmental activities and \$4,077 for business-type activities/NAME OF MAJOR FUND for the implementation of GASB Statement No. 87 to record the impact of recording lease receivables and related deferred inflows of resources.

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

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

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

Accounts Payable and Accrued Liabilities - Consist of amounts owed to vendors, contractors, or accrued items such as interest, wages, and salaries.



Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Deposits Refundable – The University collects good faith deposits from faculty and staff that reside in on campus housing. Refunds, net of damage and cleaning fees, are refunded to faculty and staff when campus housing is vacated.

Noncurrent Liabilities - Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable and capital lease obligations; (2) estimated amounts of proportionate share of pension and OPEB liabilities; (3) estimated amounts for accrued compensated absences, pension, 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.

Government Advances Refundable – The University has no Perkins or Nursing Loans Programs to be refunded.

Income Taxes - Each Mississippi public institution of higher learning is considered an agency of the State and is treated as a governmental entity for tax purposes. As such, they are generally not subject to federal and state income taxes. However, these institutions do remain subject to income taxes on any income that is derived from a trade or business regularly carried on and not in furtherance of the purpose for which it was granted an exemption. No income tax provision has been recorded because, in the opinion of management, there is no significant amount of taxes on such unrelated business income.

Classification of Revenues - The University has classified its revenues as either operating or non-operating revenues according to the following criteria:



Note 1: Summary of Significant Accounting Policies (Continued)

Operating revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances and bad debt expense, (2) sales and services education services and auxiliary enterprises (net of scholarship discounts and allowances), (3) 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. Gifts (pledges) that are received on an installment basis are recorded at net present value. Operating revenues and expenses have the characteristics of exchange transactions. These transactions can be defined as an exchange in which two or more entities both receive and sacrifice value, such as purchases and sales of goods or services. Examples of operating expenses include (1) employee compensation, benefits, and related expense; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, commodities (supplies) and contractual services; (4) professional fees; and (5) depreciation expenses related to certain capital assets.

Non-operating revenues and expenses: Non-operating revenues have the characteristics of non-exchange transactions. Non-operating revenues include activities that have the characteristics of non-exchange transactions, including state appropriation for operations and capital uses, federal grants for financial aid, gifts, investment income, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34. Interest expense is reported as non-operating.

Auxiliary Enterprise Activities - The University operates auxiliary enterprises to provide goods and services primarily for the benefit of its students, faculty and staff. Auxiliary enterprises are managed as self-supporting business activities. Auxiliary enterprises include residence halls, food services, bookstore, convenience store, laundry and faculty and staff housing. Sales and services to the general public are minimal.

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 (NACUBO). 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 operating expenses, or scholarship allowances, which reduce revenues.

The amount reported as operating expenses represents the portion of aid that was provided to students in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. Under the alternative method, these amounts are computed on a university basis 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.



Note 1: Summary of Significant Accounting Policies (Continued)

Net Position - GASB No. 34 reports equity as “Net Assets” rather than “Fund Balance.” Net assets are classified according to external donor restrictions or availability of assets for satisfaction of the University’s obligations. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent funds that have been gifted for specific purposes and funds held in Federal loan programs.

Reclassifications

There were no reclassifications in FY 2023 for FY 2022.

Note 2: Cash and Investments

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

Custodial Credit Risk

Deposits Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty’s trust department or agent, but not held in the government’s name. The IHL System had no investments exposed to custodial credit risk at June 30, 2023. The collateral for public entities’ deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 of the Mississippi Code Annotated (1972). Under this program, the University’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of the failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Investment policies as set forth by Board policy as authorized by

Section 37-101-15, Mississippi Code Annotated (1972), authorize the universities to invest in equity securities, bonds and other securities. Investments are reported at fair value.



Note 2: Cash and Investments (Continued)

A summary of cash and investments as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Cash	\$ 34,497,602	30,504,730
Restricted cash and cash equivalents		-
U.S. Treasury securities	656,888	-
U.S. government agency securities	2,855,914	3,562,308
Commercial mortgage backed securities		-
Collateralized mortgage obligations		-
Asset backed securities		-
Corporate bonds and notes	264,473	304,657
Municipal bonds		-
Fixed income mutual funds	491,515	746,025
Other fixed income securities		-
Certificates of deposit	897,056	896,967
Money market funds	162,777	133,828
Domestic equity securities	296,268	265,919
Global equity securities		-
Domestic equity mutual funds	2,073,217	1,579,607
International equity mutual funds	32,665	30,275
Equity long/short hedge funds		-
Private capital		-
Endowment Pool Balanced		-
Mississippi State Foundation Investment Pool		-
Miscellaneous	43,968	35,783
Total Cash and Investments	<u>\$ 42,272,343</u>	<u>38,060,099</u>
 <u>Reconciling to Statement of Net Position</u>		
Cash and cash equivalents	\$ 34,497,602	30,504,730
Restricted cash and equivalents		-
Total Cash and cash equivalents	<u>\$ 34,497,602</u>	<u>30,504,730</u>
ST investments	\$ 2,272,694	2,606,490
Restr. ST investments	440,545	692,835
Endowments investments	3,697,118	3,263,283
other LT investments	1,364,384	992,761
	<u>\$ 7,774,741</u>	<u>7,555,369</u>



Note 2: Cash and Investments (Continued)

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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 present value (NPV) per share as a practical expedient as of June 30, 2023 and 2022:

	2023				2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investment strategy:								
Fixed income:								
U.S. Treasury securities		\$ 656,888		\$ 656,888				-
Fixed income mutual funds	\$ 491,515			491,515	\$ 746,025	-		\$ 746,025
U.S. Government agency securities		\$ 2,855,914		2,855,914	-	\$ 3,562,308		3,562,308
Mortgage obligations and asset backed securities				-	-	-		-
Corporate bonds and notes		264,473		264,473	-	304,657		304,657
Certificates of deposit		897,056		897,056	-	896,967		896,967
Municipal bonds				-	-	-		-
Money market funds	162,777			162,777	133,828	-		133,828
Total fixed income	654,292	4,674,331	-	5,328,623	879,853	4,763,932	-	5,643,785
Equity securities:								
Domestic equity securities	296,268			296,268	265,919			265,919
Equity mutual funds	2,073,217			2,073,217	1,579,607			1,579,607
International equity mutual funds	32,665			32,665	30,275			30,275
Total equities	2,402,150	-	-	2,402,150	1,875,801	-	-	1,875,801
Investments measured at NAV as a practical expedient:								
Equity long/short hedge funds								
Venture capital								
Mississippi State Foundation Investment Pool								
University of Mississippi Foundation Investment Pool								
Other miscellaneous investments				43,968				\$ 35,783
Total investments measured at NAV				43,968				35,783
Total investments measured at fair value	\$ 3,056,442	\$ 4,674,331	\$ -	\$ 7,774,741	\$ 2,755,654	\$ 4,763,932	\$ -	\$ 7,555,369



Note 2: Cash and Investments (Continued)

Other miscellaneous consists of various other tangible items such as land, timberland and various real estate, etc.

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 risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent, but not held in the government's name. The University had no investments exposed to custodial risk as of June 30, 2023.

Interest Rate Risk

Per GASB Statement No. 40, interest rate risk is defined as the risk a government may face should interest rate variances adversely affect the fair value of investments. The IHL System does not presently have a formal policy that addresses interest rate risk. The University had the following investments with interest rate risk as of June 30, 2023:

Investment type	Fair value	Years to maturity			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury obligations	\$ 656,888	\$ 272,124	384,764		
U.S. Government agency obligations	2,855,914	1,212,908	935,510	93,653	613,843
Commercial mortgage backed securities	-				
Collateralized mortgage obligations	-				
Asset backed securities	-				
Corporate bonds & notes	264,473	264,473			
Certificates of deposit	897,056	897,056			
Municipal obligations	-				
Fixed income mutual funds	491,515	491,515			
Total	\$ 5,165,846	\$ 3,138,076	\$ 1,320,274	\$ 93,653	\$ 613,843

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligation. The IHL System does not have a formal investment policy that addresses credit risk. As of June 30, 2023 and 2022, the University had the following investments recorded at fair value subject to credit risk:



Note 2: Cash and Investments (Continued)

	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>
AA	1,920,404	\$ 2,229,862	Reconciliation to total cash and investments:		
Aaa	935,510	974,140	Cash	\$ 34,497,602	\$ 30,504,730
A1	5,355	5,847	Restricted cash & cash equivalent		
A2	47,851	55,365	U.S. Treasury securities	656,888	
A3	118,844	136,269	Certificates of deposit	897,056	896,967
Not rated, or rating unavailable	583,938	1,247,290	Money market funds	162,777	133,828
Total	<u>\$ 3,611,902</u>	<u>\$ 4,648,773</u>	Equity securities	2,446,118	1,875,801
			Investment measured at NAV	3,611,902	4,648,773
			Repurchase agreements		
				<u>\$ 42,272,343</u>	<u>\$ 38,060,099</u>

The credit risk ratings listed above are issued upon standards set by Standards and Poor's or Moody's Rating Services.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The IHL System does not have a formal investment policy that addresses concentration of credit risk.

At June 30, 2023 the University had the following issuers holding investments recorded at fair market value that represent more than 5% of total investments:



Note 2: Cash and Investments (Continued)

Issuer	2023		2022	
	Fair Value	Percentage	Fair Value	Percentage
Federal Home Loan Bank notes	\$ 1,611,300	20.72%	\$ 2,568,826	34.00%
FNMA	301,538	3.88%	593,138	7.85%
FHLMC	935,510	12.03%	-	0.00%
FFCB			375,484	4.97%
FMCC (Freddie Mac)			-	
Small Business Association participation certificates			-	
State of Mississippi Obligations			-	
Regions Bank	922,364	11.86%	947,144	12.54%
State Bank & Trust			-	
Trustmark Bank	8,246	0.11%	32,031	0.42%
River Hills Bank			-	
US Treasury Obligations	656,888	8.45%	-	
Renasant Bank			-	
BancorpSouth			-	
Hancock Bank			-	
GNMA Notes	7,565	0.10%	24,860	0.33%
GNC			-	
Municipal Tax Bonds			-	
FNDB			-	
Mississippi Development Bank notes			-	
Various (no single issuer exceeds 5% of total)	3,331,330	42.85%	3,013,975	39.89%
Total investments	\$ 7,774,741	100.00%	\$ 7,555,458	100.00%

Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The 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 \$28.9 million at June 30, 2023.



Note 3: Accounts Receivable, net

Accounts receivable at June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Student tuition	\$11,030,729	\$11,968,423
Auxiliary enterprises and other operating activities		
Contributions and gifts		
Federal, state, and private grants and contracts	8,047,956	7,717,403
State Appropriations	748,018	502,796
Accrued Interest		
Patient Income		
Other	<u>194,312</u>	<u>738,643</u>
Total Accounts receivable	20,021,015	20,927,265
Less allowance for doubtful accounts	<u>(9,902,408)</u>	<u>(9,764,417)</u>
Net Accounts receivable	<u>\$10,118,607</u>	<u>\$11,162,848</u>

Note 4: Note Receivable from Students

The Perkins Loan Program was liquidated during FY 2010.



Note 5: Capital Assets

A summary of changes in capital assets for the year ended June 30, 2023 is as follows:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2023</u>
Non-Depreciable Assets				
Land	\$ 47,500			\$ 47,500
Construction in progress	10,517,293	\$ 627,761		11,145,054
Livestock			-	
Total non-depreciable capital assets	<u>10,564,793</u>	<u>627,761</u>	<u>-</u>	<u>11,192,554</u>
Depreciable Capital Assets				
Buildings	127,523,999			127,523,999
Improvements other than buildings	20,410,174			20,410,174
Equipment	7,801,533	430,233	\$ 595,453	7,636,313
Subscription asset		130,308		130,308
Leased equipment	64,528			64,528
Library books	6,847,235	7,560		6,854,795
Total depreciable assets	<u>162,647,469</u>	<u>568,101</u>	<u>595,453</u>	<u>162,620,117</u>
Total capital assets	<u>\$ 173,212,262</u>	<u>\$ 1,195,862</u>	<u>\$ 595,453</u>	<u>\$ 173,812,671</u>
Less: Accumulated Depreciation for:				
Buildings	\$ 37,988,303	\$ 2,148,148		\$ 40,136,451.0
Improvements other than buildings	11,707,828	514,750		12,222,578
Equipment	7,080,717	205,125	\$ 575,455	6,710,387
Subscription asset		38,418		38,418
Library books	6,705,379	29,099		6,734,478
Less: Accumulated Amortization for:				
Leased equipment	17,933	17,933		35,866
Total accumulated depreciation	<u>63,500,160</u>	<u>2,953,473</u>	<u>575,455</u>	<u>65,878,178</u>
Net capital assets	<u>\$ 109,712,102</u>	<u>\$ (1,757,611)</u>	<u>\$ 19,998</u>	<u>\$ 107,934,493</u>

Depreciation is computed on a straight-line basis with the exception of the library books category, which is computed using a composite method. The following useful life, salvage values, and capitalization thresholds are used to compute depreciation.

Capital assets	Estimated	Salvage value	Capitalization
Buildings	40 Years	20%	\$ 50,000
Improvements other than buildings	20 Years	20%	25,000
Equipment	3 - 15 Years	1 - 10%	5,000
Library books	10 Years	0%	0



Note 6 Deferred Outflows and Inflow of Resources

Deferred Outflows of Resources

The classifications of deferred outflows of resources at June 30, 2023, and 2022 are as follow:

	<u>6/30/2023</u>	<u>6/30/2022</u>
GASB Statement No. 68, <i>Accounting and Reporting for Pensions</i> :		
Difference between expected and actual experience	\$ 644,017	\$ 537,853
Changes in assumptions	1,573,105	2,588,340
Changes in proportionate share		
Contributions subsequent to the measurement date	2,674,807	2,617,906
Net difference between projected and actual earnings on pension plan	2,389,023	
GASB Statement No. 75, <i>Other Postemployment Benefits</i> :		
Difference between expected and actual experience	1,333	2,440
Net difference between projected and actual earnings on OPEB plan investments	111	105
Change of assumptions	251,088	363,391
Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	2,683	6,515
Implicit rate subsidy	77,791	65,607
GASB Statement No. 87, <i>Leases</i> :		
Deferred outflows of resources related to lease payment provisions		
Accumulated deferred amount of debt refundings		
Acquisition of Grenada Radiology Imaging - ummc only		
Total	<u>\$ 7,613,958</u>	<u>\$ 6,182,157</u>



Note 6 Deferred Outflows and Inflow of Resources (Continued)

Deferred Inflows of Resources

The classifications of deferred inflows of resources at June 30, 2023 and 2022 are as follow:

	<u>6/30/2023</u>	<u>6/30/2022</u>
GASB Statement No. 68, <i>Accounting and Reporting for Pensions</i> :		
Changes in proportionate share	\$ 2,685,139	\$ 3,047,684
Net difference between projected and actual earnings on pension plan		10,129,990
Changes in assumptions		
Difference between expected and actual experience		
GASB Statement No. 75, <i>Other Postemployment Benefits</i> :		
Change in proportion and differences between benefit payments and proportionate share of benefit payments	149,054	75,886
Difference between expected and actual experience	697,470	701,591
Changes in assumptions	385,033	321,771
GASB Statement No. 87, Leases:		
Deferred inflows of resources related to lease payment provisions		
GASB Statement No. 94, P3:		
Deferred Inflows of Resources related to Public Private Partnership		
Other deferred inflows of resources:		
Deferred amount of refundings		
Beneficial interest in irrevocable trusts		
Total	<u>\$ 3,916,696</u>	<u>\$ 3,916,696</u>



Note 7: Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are considered current and expected to be settled within one year for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Payable to vendors and contractors	\$ 1,995,674	\$ 1,188,001
Accrued salaries, wages and employee withholdings	1,181,917	981,851
Accrued interest	1,789	64
Other		
Total	<u>\$ 3,179,380</u>	<u>\$ 2,169,916</u>

Note 8: Unearned Revenues

Unearned revenues for the years ending June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Tuition and fees	\$ 2,849,995	\$ 2,867,382
Contracts and grants	665,319	473,597
Total	<u>\$ 3,515,314</u>	<u>\$ 3,340,979</u>

Note 9: Material Blended Component Units of the University

In accordance with GASB Statement No. 61, the educational building corporations are deemed to be material component units of the University, but are presented on a blended basis in the accompanying financial statements due to the significance of their activities to the University's operations. These blended component units provide services entirely, or almost entirely, to the University. Condensed financial information as of June 30, 2023 and 2022 are as follows.



Note 9: Material Blended Component Units of the University (Continued)

	Building Corporation Information (only)	
	<u>2023</u>	<u>2022</u>
Total Current Assets		
Total Noncurrent Assets	\$ 14,715,000	\$ 15,290,000
Total Assets	<u>\$ 14,715,000</u>	<u>\$ 15,290,000</u>
Deferred Outflows of Resources		
Total Current Liabilities	\$ 575,000	\$ 725,000
Total Noncurrent Liabilities	14,140,000	14,565,000
Total Liabilities	<u>\$ 14,715,000</u>	<u>\$ 15,290,000</u>
Deferred Inflows of Resources		
Total Net Position	<u> </u>	<u> </u>
Total Operating Revenues	\$ 1,100,144	\$ 1,275,566
Total Operating Expenses	1,100,144	1,275,566
Operating Income (Loss)	<u> </u>	<u> </u>
Total Nonoperating Revenues	<u> </u>	<u> </u>
Total Nonoperating Expenses	<u> </u>	<u> </u>
Change in Net Position	<u> </u>	<u> </u>



Note 10: Long-term Liabilities

Long-term liabilities of the University consist of bonds payable, capital lease obligations, and certain other liabilities that are expected to be liquidated at least one year from June 30, 2023. The leases cover a period not to exceed five years. The University has the option to prepay all outstanding obligations less any unearned interest to fully satisfy the obligation. There is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period. Other long-term liabilities consist of accrued leave liabilities, deposit refundable, net pension liability, net OPEB liability.

	Original issue	Annual Interest Rate	Maturity (fiscal year)	6/30/2022	Additions	Deletions	6/30/2023	Due within 1 year
Mississippi Valley State University								
Bonded debt								
EBC Bonds - 2015	\$17,270,000	2.00%	2037	\$ 15,290,000		\$ 575,000	\$ 14,715,000	\$ 625,000
Subscription liability	130,308			-	\$ 130,308	58,269	72,039	50,024
Capital lease	49,401			49,401		18,358	31,043	19,210
Total long term liabilities	<u>\$17,449,709</u>			<u>15,339,401</u>	<u>130,308</u>	<u>651,627</u>	<u>14,818,082</u>	<u>694,234</u>
Other long-term liabilities:								
Accrued leave liability				1,407,531		16,191	1,391,340	240,128
Net pension liability				33,636,869	11,846,792		45,483,661	
Net OPEB liability				2,243,749		633,860	1,609,889	
Deposit refundable				28,164		3,540	24,624	-
Total other long-term liabilities				<u>37,316,313</u>	<u>11,846,792</u>	<u>653,591</u>	<u>48,509,514</u>	<u>240,128</u>
Total				<u>\$ 52,655,714</u>	<u>\$ 11,977,100</u>	<u>\$ 1,305,218</u>	<u>63,327,596</u>	<u>\$ 934,362</u>
Due within one year							(934,362)	
Total long-term liabilities							<u>\$ 62,393,234</u>	

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

Fiscal year	Bonded debt	Capital lease	Notes payable	Subscription Liability	Total interest	Total principal and interest
2024	\$ 625,000	\$ 19,210		\$ 50,024	\$ 500,125	\$ 1,194,359
2025	675,000	11,833		6,727	482,446	1,176,006
2026	725,000			7,326	465,260	1,197,586
2027	785,000			7,962	443,269	1,236,231
2028	845,000				419,456	1,264,456
2029-2033	5,285,000				1,634,675	6,919,675
2034-2037	5,775,000				553,150	6,328,150
Total	<u>\$ 14,715,000</u>	<u>\$ 31,043</u>	<u>\$ -</u>	<u>\$ 72,039</u>	<u>\$ 4,498,381</u>	<u>\$ 19,316,463</u>



Note 11: Natural Classifications Natural and Functional Classifications

Operating expenses by natural and functional classifications for the fiscal years ended June 30, 2023 and 2022 are as follows:

2023									
Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships & fellowships	Commodities	Depreciation expense	Total
Instruction	\$ 7,266,980	2,451,040	205,278	618,710		50,877	451,477		11,044,362
Research	40,291	11,881	5,840	40,046			41,002		139,060
Public service	1,264,676	397,782	70,890	585,958			247,698		2,567,004
Academic support	1,115,677	395,978	30,248	8,402,083		223,232	2,060,138		12,227,356
Student services	2,666,313	898,880	661,072	1,302,807	2,450	102,071	577,730		6,211,323
Institutional support	3,297,451	1,060,717	108,111	1,016,405	2,143	1,271,752	577,536		7,334,115
Operation of plant	1,862,007	674,342	2,918	4,056,311	1,373,596		567,263		8,536,637
Student aid	536,631			14,129		4,427,306	50,848		5,029,114
Auxiliary enterprises	1,054,884	381,340		2,785,604	764,353		710,703		5,696,884
Depreciation expense								2,953,473	2,953,473
Total	\$ 19,104,910	6,272,160	1,084,337	18,822,053	2,142,542	6,075,438	5,284,395	2,953,473	61,739,328

2022									
Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships & fellowships	Commodities	Depreciation expense	Total
Instruction	\$ 7,330,919	1,730,385	69,756	553,296	1,610	63,683	577,246	-	10,326,895
Research	22,892	2,127	379	11,571	-	-	1,094	-	38,063
Public service	1,266,473	285,163	83,171	723,864	-	1,474	261,004	-	2,621,149
Academic support	1,409,128	349,373	11,634	3,682,763	-	-	1,283,555	-	6,736,453
Student services	2,453,948	580,309	640,023	1,235,347	2,450	-	401,378	-	5,313,455
Institutional support	2,984,701	652,575	61,595	3,886,877	-	5,040	285,093	-	7,875,881
Operation of plant	1,774,689	465,707	4,186	3,336,566	1,333,726	-	388,679	-	7,303,553
Student aid	418,727	-	-	4,051,227	-	2,813,014	50,782	-	7,333,750
Auxiliary enterprises	966,648	250,014	866	2,509,051	741,896	-	856,660	-	5,325,135
Depreciation expense								2,917,660	2,917,660
Total	\$ 18,628,125	4,315,653	871,610	19,990,562	2,079,682	2,883,211	4,105,491	2,917,660	55,791,994

Note 12: Operating Leases

The University leases equipment, vehicles, land, as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreement. The leases expire at various dates through 2024 and provide for renewal options ranging from three months to six years.



Note 12: Operating Leases (Cont'd)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 19,210	\$ 493	\$ 19,703
2025	11,833	86	11,919
2026			
2027			
2028			
2029 - 2033			
2034 - 2038			
2039 - 2043			
2044 - 2048			
2049 - 2053			
Thereafter			
Total minimum lease payment:	\$ <u>31,043</u>	\$ <u>579</u>	\$ <u>31,622</u>

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

Land	
Building	
Equipment	\$ 64,528
Vehicles	
Less Accumulated amortization	<u>35,866</u>
Net	<u>\$ 28,662</u>



Note 13: Construction Commitments and Financing

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

Construction projects	Cost to complete	Funded by		
		State sources	Institutional funds	Other (private)
Student Union renovation preplan	\$ 25,755,000	\$ 25,755,000		
Academic Skills structural repairs	4,417,964	4,417,964		
Campus roofing	3,000,000	3,000,000		
Waste water collection and conveyance	975,000	975,000		
Water transmission and distribution	950,000	950,000		
Lackey Recreation Center Preplan	500,000	500,000		
Total	<u>\$ 35,597,964</u>	<u>\$ 35,597,964</u>	<u>\$ -</u>	<u>\$ -</u>

Note 14: Donor Restricted Endowments

Donor restricted endowments were \$1,788,736 for the fiscal years ended June 30, 2023 and are reported in the accompanying statement of net position as "net assets – non-expendable for scholarships and fellowships".

Most endowments operate on the total-return concept as permitted by the Uniform Management of Institutional Funds Act (Sections 79-11-601 through 79-11-617, MS Code, Ann. 1972) as enacted in 1998. The annual spending rate for these endowments is 5% of the three-year moving average market value.

Note 15: Employee Benefits – Pension Plan

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

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

The employees of the University are covered by one of the pension plans outlined above (collectively, the Plans). The Plans do not provide for measurements of assets and pension benefit obligations for individual entities. The measurement date of the Plans is June 30, 2022 for fiscal year 2023.

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.



Note 15: Employee Benefits – Pension Plan (Continued)

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 year 2023 include all disclosures for GASB Statement No. 68 using the latest valuation report available (June 30, 2021). For fiscal year 2023, the measurement date for the PERS defined benefit plan is June 30, 2022. The University is presenting net pension liability as of June 30, 2022 for the fiscal year 2023 financials.

(a) PERS Defined Benefit Plan

Plan Description

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

Membership and Benefits Provided

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

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became



Note 15: Employee Benefits – Pension Plan (Continued)

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 year ended June 30, 2023 was 17.40% for each year of annual payroll. Contributions from the University are recognized when legally due based on statutory requirements.

Employer Contributions

The University’s contributions to PERS for the year ended June 30, 2023 were \$2.7 million. The University’s proportionate share was calculated on the basis of historical contributions. Employer allocation percentages are based on the ratio of each employer’s actual contribution to the Plan’s total actual contributions. The following table provides the University’s contributions used in the determination of its proportionate share of collective pension amount reported:

<u>Proportionate share of contributions</u>	<u>Allocation percentage of proportionate share of collective pension amount</u>	<u>Change in proportionate share of collective pension amount</u>
\$ 2,646,935	0.22%	-0.01%

Net Pension Liability

The University’s proportion of the net pension liability at June 30, 2023 is as follows:

<u>Proportionate share of net pension liability</u>	<u>Proportion of net pension liability</u>
\$ 45,483,661	0.22%



Note 15: Employee Benefits – Pension Plan (Continued)

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

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. For the year ended June 30, 2023, the remaining service life was 3.73 years. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources. The deferred outflow of resources reported by an employer should include contributions made by the employer during its fiscal year that will be reflected in the net pension liability in the next measurement period.

The University’s proportionate share of the collective pension expense for the year ended June 30, 2023 is equal to the collective pension expense multiplied by the employer’s allocation percentage, or \$4.1 million. Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows; if they will increase pension expense, they are labeled deferred outflows. The table below provides a summary of the deferred outflows and inflows of resources related to pensions:

Deferred outflows					Deferred inflows		
Differences between expected and actual experience	Changes of assumptions	Changes in proportion and differences between employer contributions and proportionate share of contributions	Contributions subsequent to the measurement date	Net difference between projected and actual investment earnings on pension plan investment	Total deferred outflows of resources	Changes in proportion and differences between employer contributions and proportionate share of contributions	
						proportionate share of contributions	Total deferred inflows of resources
\$ 644,017	1,573,105	—	2,674,807	2,389,023	7,280,952	2,685,139	2,685,139

Contributions subsequent to the measurement date of \$2.7 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:



Note 15: Employee Benefits – Pension Plan (Continued)

Deferred outflows of resources, Year Ended June 30				
2024	2025	2026	2027	Total
\$ 1,442,178	1,062,476	(366,576)	2,468,067	4,606,145

Deferred inflows of resources, Year Ended June 30			
2024	2025	2026	Total
\$ 1,357,063	1,097,162	230,914	2,685,139

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

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the year ended June 30, 2023:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Asset valuation method	Market value
Actuarial assumptions:	
Inflation rate	2.40 %
Salary increases	2.65
Investment rate of return	7.55

Mortality

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

Long-Term Expected Rate of Return

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



Note 15: Employee Benefits – Pension Plan (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic Equity	25.00 %	4.60 %
International equity	20.00	4.50
Global Equity	12.00	4.85
Debt Securities	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
	<u>100.00</u>	

Discount Rate

For the year ended June 30, 2023, the discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%) for the year ended June 30, 2023. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following table presents the University’s proportionate share of the net pension liability of the cost-sharing plan for 2023, calculated using the discount rate of 7.55%, as well as what the University’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

<u>Discount Rate Sensitivity</u>		
	<u>Current</u>	
<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>(6.55%)</u>	<u>(7.55%)</u>	<u>(8.55%)</u>
\$ 59,360,823	45,483,661	34,042,647



Note 15: Employee Benefits – Pension Plan (Continued)

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

The Optional Retirement Plan (ORP) was established by the Mississippi Legislature in 1990 to help attract qualified and talented institutions of higher learning teaching and administrative faculty in Mississippi. This alternative plan is structured to be portable and transferable to accommodate teaching and administrative faculty who move from one state to another throughout their careers. The membership of the ORP is composed of teachers and administrators appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. The ORP provides funds at retirement for employees, and in the event of death, the ORP provides funds for their beneficiaries through an arrangement by which contributions are made to this plan. The current contribution rate of both the employee and the University are identical to that of the PERS defined benefit plan. An employee is automatically a member of PERS unless the employee elects ORP within 30 days of initial employment in an ORP-eligible position. Once made, the decision is irrevocable. The ORP uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices. Employees immediately vest in plan contributions upon entering the plan. The University's contributions to the ORP for the year ended June 30, 2023 were \$445,109, which equaled its required contribution for the period.

Note 16: Postemployment Health Care and Life Insurance Benefits

Plan Description

In addition to providing pension benefits, the University provides other postemployment benefits (OPEB) such as health care and life insurance benefits to all eligible retirees and dependents. The State and School Employees' Life and Health Insurance Plan (the Plan) is self-insured and financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan.

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

Membership and Benefits Provided

The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges and school districts. A trust was



Note 16: Postemployment Health Care and Life Insurance Benefits (Continued)

created June 28, 2018 for the OPEB Plan and, the Plan is considered a cost-sharing multiple-employer defined benefit OPEB plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between claims cost and premiums received for retirees.

Contributions

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

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

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

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

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

At June 30, 2022, the Plan provided health coverage to 325 employer units.

Disclosures under GASB Statement No. 75

The disclosures that follow for fiscal year 2023 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2022). For fiscal year 2023, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2022. The University is presenting net OPEB liability as of June 30, 2022 for the fiscal year 2023 financials.



Note 16: Postemployment Health Care and Life Insurance Benefits (Continued)

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, 2023, the University reported a liability of \$1.6 million for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2023, the NOL was measured as of June 30, 2022, 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, 2023, the University's proportion was 0.34%.

For the year ended June 30, 2023, the University recognized OPEB expense of (\$219,575).

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

Deferred outflows					Deferred inflows				
Differences between expected and actual experience	Net difference between projected and actual earnings on OPEB Plan investments	Changes of assumptions	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	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
\$ 1,333	111	251,088	2,683	77,791	333,006	149,054	697,470	385,033	1,231,557

\$77,791 reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date (presented above as the implicit rate subsidy) will be recognized as a reduction of the NOL in the year ending June 30, 2024.

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, 2022 measurement period was 6.4 years. Employers are required to recognize pension expense based on their proportionate share of collective OPEB expense plus amortization of employer specific deferrals.



Note 16: Postemployment Health Care and Life Insurance Benefits (Continued)

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						
2024	2025	2026	2027	2028	Thereafter	Total
\$ (247,300)	(221,437)	(225,825)	(166,192)	(82,560)	(33,028)	(976,342)

Actuarial Methods and Assumptions

The following table provides a summary of the actuarial methods and assumptions used to determine the discount rate reported for OPEB for the year ended June 30, 2023:

Valuation date	June 30, 2022
Measurement date	June 30, 2022
Actuarial assumptions:	
Cost method	Entry age normal
Inflation rate	2.40 %
Long-term expected rate of return	4.50 %
Discount rate	3.37 %
Projected cash flows	N/A
Projected salary increases	2.65% - 17.90%
Healthcare cost trend rates	7.00% decreasing to 4.50% by 2029

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

Mortality

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

Discount Rate

For the year ended June 30, 2023 the discount rate used to measure the total OPEB liability was 3.37%. 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.



Note 16: Postemployment Health Care and Life Insurance Benefits (Continued)

Long-term Expected Rate of Return

At June 30, 2023, the long-term expected rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following table presents the University’s proportionate share of the NOL for 2023, calculated using the discount rate of 3.37%, as well as what the University’s NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Discount Rate Sensitivity		
1% Decrease (2.37%)	Current discount rate (3.37%)	1% Increase (4.37%)
\$ 1,773,491	\$ 1,609,889	\$ 1,469,357

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

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

Health Care Cost Trend Rates Sensitivity		
1% Decrease	Current discount rate	1% Increase
\$ 1,497,886	\$ 1,609,889	\$ 1,735,933

Note 17: Risk Management

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

The Workers’ Compensation program provides a mechanism for the University to fund and budget for the costs of providing worker compensation benefits to eligible employees. The program does not pay benefits directly to employees. Funds are set aside in trust, and a third-party administrator is utilized to distribute the benefits to eligible employees. Payments by the university to the Workers’ Compensation Fund for the fiscal years ended June 30, 2023 and 2022 were \$84,276 and \$154,819, respectively.



Note 17: Risk Management (Cont'd)

The Unemployment Trust Fund operates in the same manner as the Workers' Compensation Fund. The fund does not pay benefits directly to former employees. The Fund reimburses the Mississippi Department of Employment Security (MDES) for benefits the MDES pays directly to former employees. Payments by the university to the Unemployment Trust Fund for the fiscal years ended June 30, 2023 and 2022 were \$24,230 and \$78,035, respectively.

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

	<u>2023</u>	<u>2022</u>
Fleet Automobile Policy	\$ 28,606	33,801
Blanket Public Official Bond		

The University is party to various lawsuits arising out of the normal course of operations. In the opinion of University's management, the ultimate resolution of these matters will not have a material adverse impact on the financial position of the University.

Note 18: Sub-Recipients

The University provided \$5,200 federal award to a sub-recipient for the fiscal year ended June 30, 2023.



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

	<u>Proportionate share of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Estimated Covered- employee payroll provided by PERS</u>	<u>Proportionate share of the net pension liability as a percentage of its covered-employee payroll</u>	<u>PERS fiduciary net position as a percentage of the total pension liability</u>
2015	0.26 %	\$ 31,120,964	\$ 15,666,711	199.00 %	67.00 %
2016	0.24	37,755,185	15,258,908	247.43	61.70
2017	0.25	44,719,677	16,015,822	279.22	57.47
2018	0.25	41,999,298	16,207,752	259.13	61.49
2019	0.25	42,303,133	16,241,594	260.46	62.54
2020	0.25	44,196,596	16,362,070	270.12	61.59
2021	0.25	47,700,781	16,407,391	290.73	58.97
2022	0.23	33,636,869	15,131,557	222.30	70.44
2023	0.22	45,483,661	15,212,270	298.99	59.93

See accompanying independent auditors' report.

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

	<u>Proportionate share of contributions</u>	<u>Required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Actual Covered- employee payroll</u>	<u>Contribution as a percentage of covered-employee payroll</u>
2015	\$ 2,384,644	2,384,644	—	15,140,597	15.75 %
2016	2,491,943	2,491,943	—	15,821,860	15.75
2017	2,509,604	2,509,604	—	15,933,994	15.75
2018	2,536,037	2,536,037	—	16,101,822	15.75
2019	2,545,552	2,545,552	—	16,162,235	15.75
2020	2,823,856	2,823,856	—	16,229,057	17.40
2021	2,595,820	2,595,820	—	14,918,506	17.40
2022	2,617,906	2,617,906	—	15,045,437	17.40
2023	2,674,807	2,674,807	—	15,372,454	17.40

See accompanying independent auditors' report.



STATE OF MISSISSIPPI INSTITUTION OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2023

1. Net pension liability

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

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

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

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

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

Changes of assumptions:

2023

- There were no changes of assumptions.

2022

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77;
 - For females, 84% of the female rates up to age 72, 100% for ages above 76; and
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages;
 - For females, 121% of female rates at all ages; and
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - For males, 97% of male rates at all ages;
 - For females, 110% of female rates at all ages;



STATE OF MISSISSIPPI INSTITUTION OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2023

- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%;
- The wage inflation assumption was reduced from 3.00% to 2.65%;
- The investment rate of return assumption was changed from 7.75% to 7.55%;
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll;
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely;
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%; and
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

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%.



STATE OF MISSISSIPPI INSTITUTION OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2023

2018

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

2017

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

2016

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

Change in benefit provisions:

2018 - 2023

- There were no changes in benefit provisions.

2017

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



STATE OF MISSISSIPPI INSTITUTION OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2023

2. Net OPEB liability

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

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

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

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

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

Changes of assumptions:

2023

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

2022

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

2021

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

2020

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

2019

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



STATE OF MISSISSIPPI INSTITUTION OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2023

Changes to benefit terms:

2023

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

2022

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

2021

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