REVISED
GASB
2017 - 2018

MISSISSIPPI VALLEY STATE
U N I V E R S I T Y®

MISSISSIPPI VALLEY STATE
UNIVERSITY

FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

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MISSISSIPPI VALLEY STATE UNIVERSITY

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, 2018 and 2017 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, 2018, with selected comparative information for the year ended June 30, 2017. 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

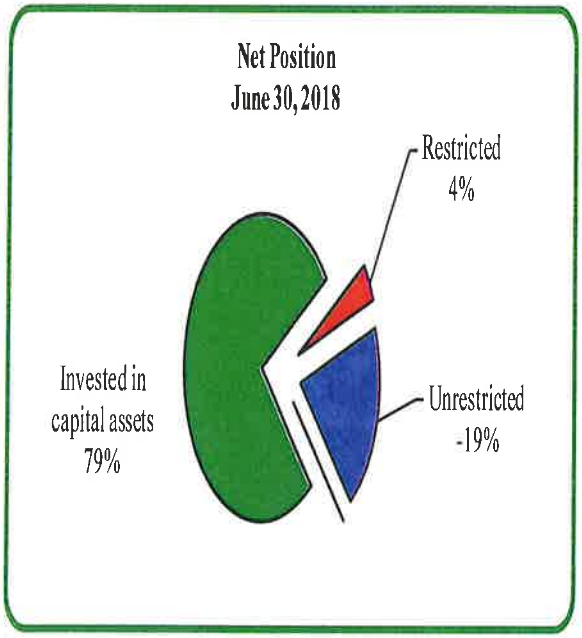
The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets and liabilities of the University. The net assets amount is one indicator of the current financial condition of the University, while the change in net assets is indicative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

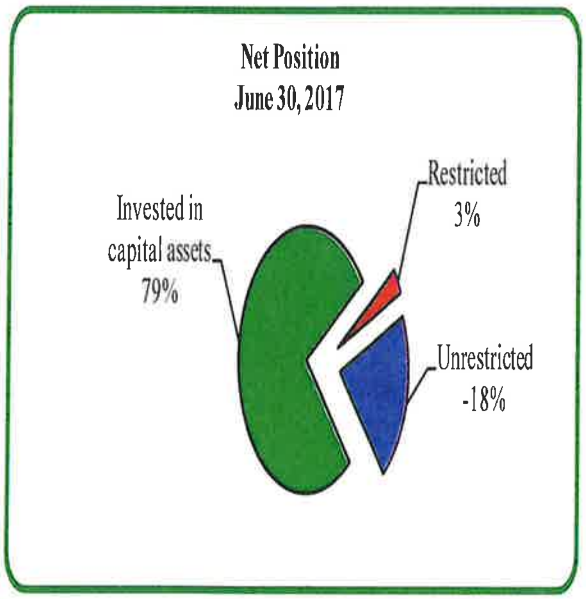
Assets and revenues are recognized when the services are provided. Liabilities and expenses are recognized when services are provided. Assets and liabilities are generally measured using current values. One notable exception, however, is capital assets, which are stated at historical cost less an allowance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

Net position is divided into three major categories; invested in capital assets, restricted and unrestricted for the years ended June 30, 2018 and 2017 are as follows:

Net Position	2018	2017	Change	% I(D)
Invested in capital assets	$ 85,547,423	$ 84,427,645	$ 1,119,778	1%
Restricted	4,499,753	3,486,172	1,013,581	29%
Unrestricted	(22,097,130)	(22,941,550)	844,420	-4%
Total	$ 67,950,046	$ 64,972,267	$ 2,977,779	85%

The distribution of net position for FY 2018 and FY 2017 are as follows:





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 by the University, but must be expended 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 other purposes. Unrestricted net position for the fiscal years ended June 30, 2018 and 2017 include net positions for other purposes of $19,631,918 and $16,273,002 and net pension deficits of $41,729,048 and $39,214,552, respectively with the adoption of GASB 68, Accounting and Reporting of Pension and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The condensed Statement of Net Position for the years ended June 30, 2018 and 2017 is as follows:

Statement of Net Position

	FY 2018	FY 2017	Difference	%I(D)
Assets:				
Current assets	$ 23,941,934	$ 20,991,403	$ 2,950,531	14%
Non-current assets	107,540,520	106,210,303	1,330,217	1%
Total assets	$ 131,482,454	$ 127,201,706	$ 4,280,748	3%
Deferred outflows of resources	4,524,598	8,902,680	(4,378,082)	-49%
Total assets amd deferred outflows of resources	$ 136,007,052	$ 136,104,386	$ (97,334)	
Liabilities:				
Current liabilities	$ 2,837,230	$ 3,178,477	$ (341,247)	-11%
Non-current liabilities	64,140,824	67,834,828	(3,694,004)	-5%
Total liabilities	$ 66,978,054	$ 71,013,305	$ (4,035,251)	-6%
Deferred inflows of resources	1,078,952	118,814	960,138	808%
Total liabilities and deferred inflows of resources	$ 68,057,006	$ 71,132,119	$ (3,075,113)	
Net Position:				
Invested in capital assets	$ 85,547,423	$ 84,427,645	$ 1,119,778	1%
Restricted	4,499,753	3,486,172	1,013,581	29%
Unrestricted	(22,097,130)	(22,941,550)	844,420	-4%
Total net position	$ 67,950,046	$ 64,972,267	$ 2,977,779	5%

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 increase is primarily composed of cash and cash equivalents and accounts receivables. Strategic cost controls and timely collection of State appropriation and reimbursements of grant expenditures resulted in an increase in cash and cash equivalents.

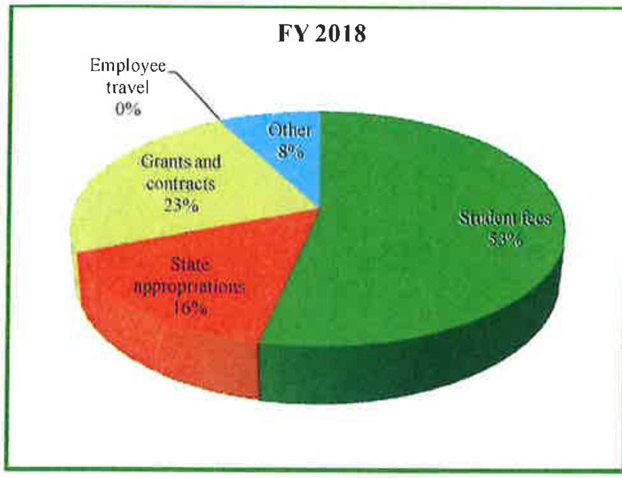
Current liabilities increase primarily resulted in the revenue recognition of unearned grants receipts and tuition and fees from summer sessions.

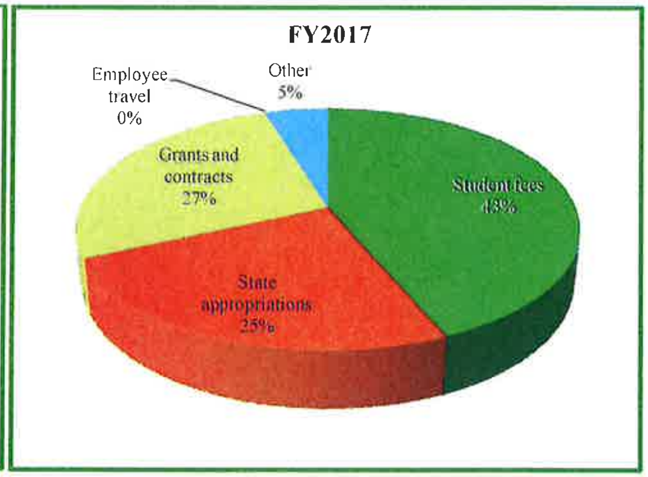
Non-current liabilities include accrued leave liability, long-term debt, pension liability (GASB 68) and OPEB liability (GASB 75 other postretirement employee benefits). Accrued leave liability and long-term debt declined due to employee retirements and debt service retirements, respectively. Debt service payments were current and there were no debt covenant violations. The decline in net pension liability and net OPEB liability resulted from actuarial calculations.

Deferred outflows and inflows of resources changes resulted from actuarial pension calculations in accordance with GASB 68 and GASB 75.

Accounts Receivables, net

Accounts receivables graphically displayed for the years ended June 30, 2018 and 2017 are as follows.





Accounts receivable at June 30, 2018 and 2017 are as follows:

Type of Receivable	FY 2018	FY 2017	Difference	%I(D)
Student fees	$ 10,042,058	$ 9,155,967	$ 886,091	10%
State appropriations	583,533	1,070,427	(486,894)	-45%
Grants and contracts	871,745	1,156,266	(284,521)	-25%
Employee travel	1,671	2,994	(1,323)	-44%
Other	290,053	210,466	79,587	38%
Total accounts receivable	11,789,060	11,596,120	192,940	2%
Less: bad debt provision	(8,050,946)	(7,274,845)	(776,101)	11%
Net accounts receivable	**$ 3,738,114**	**$ 4,321,275**	**$ (583,161)**	-13%

Student fees increase of $886,091 is due to a 2% rate increase, assessment of attached course fees and the timing of billing and subsequent collections of financial aid. Bad debt provision 11% increase reflects a policy change to fully reserve all four years and over past due accounts.

State appropriations and grant and contract expenditures were collected on a timely basis.

Other receivables reflect timing difference of billings and collections.

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Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results of University 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.

The condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2018 and 2017 is as follows:

Statement of Revenues, Expenses, and Changes in Net Position

	FY 2018	FY 2017	Difference	%I(D)
Operating revenues	$ 24,998,350	$ 25,257,886	$ (259,536)	-1%
Operating expenses	50,891,160	52,974,765	(2,083,605)	-4%
Operating loss	(25,892,810)	(27,716,879)	1,824,069	-7%
Non-operating revenues and expenses	25,421,951	25,844,708	(422,757)	-2%
Income (loss) before other revenues, expenses, gains, or losses	(470,859)	(1,872,171)	1,401,312	-75%
Other revenues, expenses, gains or losses	3,448,638	2,284,712	1,163,926	51%
Increase in net position	2,977,779	412,541	2,565,238	622%
Net position - beginning of the year	64,972,267	67,713,524	(2,741,257)	-4%
Effect of adoption of GASB 75		(3,153,798)	3,153,798	
Net position - beginning of the year, as restated	64,972,267	64,559,726	412,541	
Net position - end of the year	$ 67,950,046	$ 64,972,267	$ 2,977,779	5%

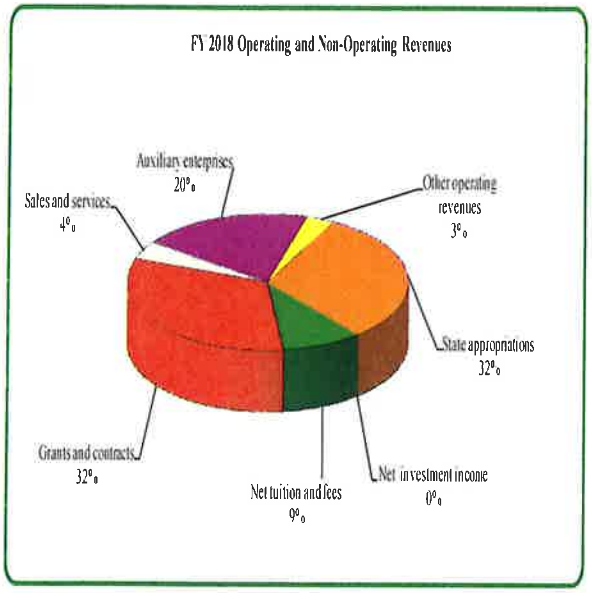
The increase in net position of $2,977,779 in 2018 is net of actuarial pension and other postretirement expenses of $2,514,496 included in operating expenses.

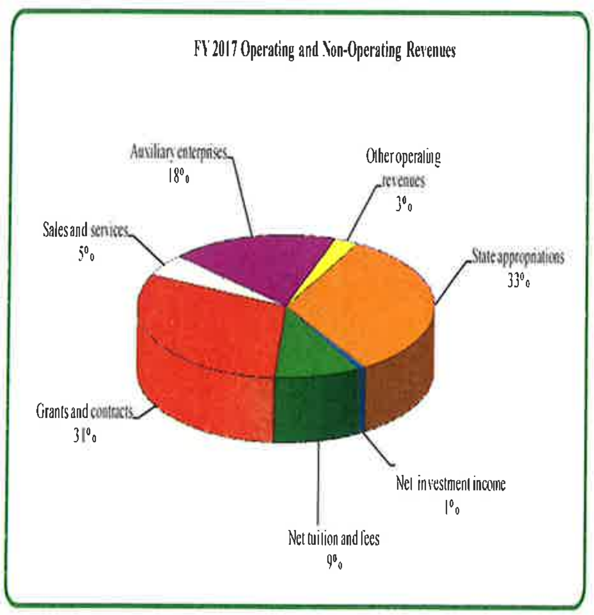
The decrease in the operating loss resulted from strategic budgetary constraints implemented by management without adversely affecting academic programs.

Non-operating revenues, net of expenses, reflect a decline in state appropriations and interest expense offset by an increase in student financial aid grants.

Other revenues, expenses, gains or losses include endowment gifts and state appropriation designated for capital projects which fluctuate based on construction status.

Breakdowns of operating and non-operating revenues for the years ended June 30, 2018 and 2017 are as follows:





The graphs show that the University's sources of funding are fairly consistent between years.

Operating and non-operating revenues for the years ended June 30, 2018 and 2017 are as follows:

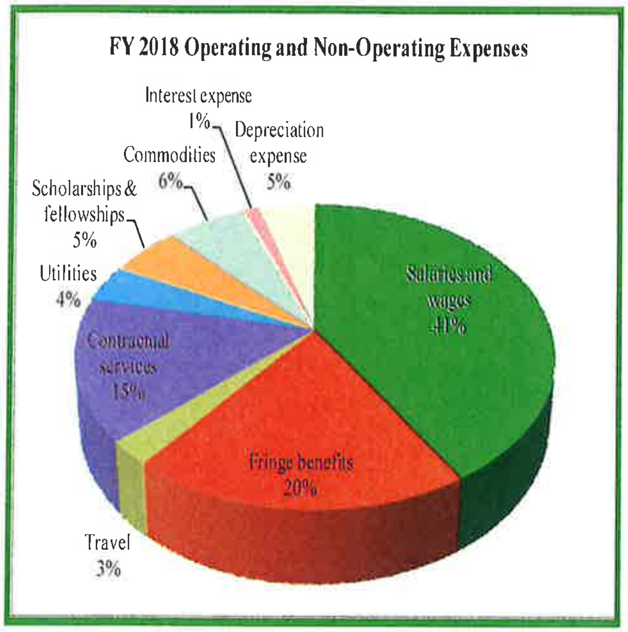
Revenues	FY 2018	FY 2017	I(D)	I(D) %
Net tuition and fees	$ 4,711,448	$ 4,955,898	$ (244,450)	-5%
Grants and contracts	16,513,400	16,247,169	266,231	2%
Sales and services	2,175,195	2,610,546	(435,351)	-17%
Auxiliary enterprises	10,080,845	9,584,255	496,590	5%
Other operating revenues	1,612,858	1,396,709	216,149	15%
State appropriations	15,915,705	17,233,120	(1,317,415)	-8%
Net investment income	25,665	402,719	(377,054)	-94%
Total revenues	**$ 51,035,116**	**$ 52,430,416**	**$ (1,395,300)**	-3%

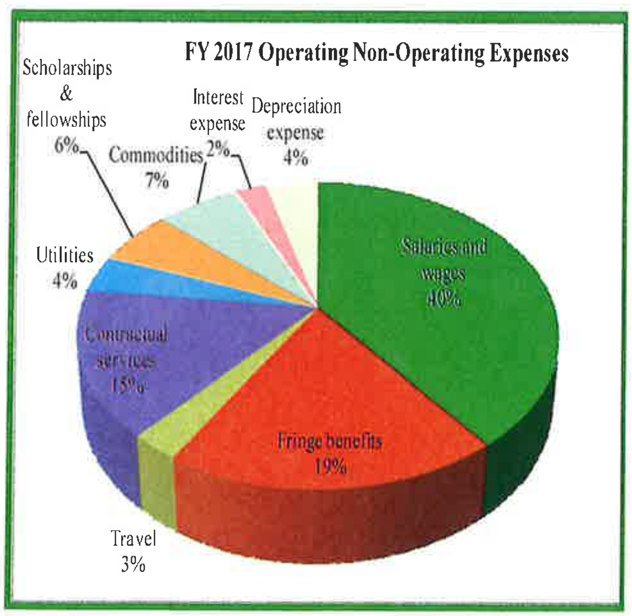
Changes in revenues resulted from the following reasons.

- Net tuition and fees 5% reduction in 2018 resulted from a 4% tuition rate increase offset by increases in tuition discounting and bad debt allowance due partially to a change in calculation policy.
- Sales and services revenue declined as a result of fewer football and basketball game guarantees.
- Auxiliary enterprises revenues reflect a 4% rate increase and increased patronage of housing and food service.
- Other operating revenues are from various sources including higher utility rebates.
- State appropriation for operations declined 8% which represented 94% of the total reduction in operating and non-operating revenues.
- Net investment income reflects investments gains and loss, net of costs.

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

Operating and non-operating expenses by natural classification for the years ended June 30, 2018 and 2017 are as follows:





A chart of expenses by natural classification for the years ended June 30, 2018 and 2017 is as follows:

	FY 2018	FY 2017	I(D)	I(D) %
Salaries and wages	$ 21,180,676	21,432,778	(252,102)	-1.18%
Fringe benefits	10,095,249	10,396,810	(301,561)	-2.90%
Travel	1,316,164	1,513,636	(197,472)	-13.05%
Contractual services	7,718,807	8,336,960	(618,153)	-7.41%
Utilities	2,083,755	2,148,185	(64,430)	-3.00%
Scholarships & fellowships	2,798,140	3,145,631	(347,491)	-11.05%
Commodities	3,340,504	3,663,072	(322,568)	-8.81%
Interest expense	614,815	1,327,822	(713,007)	-53.70%
Depreciation expense	2,357,865	2,337,693	20,172	0.86%
Total	$ 51,505,975	$ 54,302,587	(2,796,612)	-5.15%

Total expenses declined by $2.8 million despite the inclusion of $2.5 million of actuarial pension expense. Management continues to strategically reduce expenses to offset lower revenue expectations. Some significant variances are as follows:

- Total compensation declined by 2% and rose to 61% of the total budget in FY 2018 from 59% in FY 2017 due to disproportionate declines in other operating expenses. Fringe benefits for FY 2018 and FY 2017 include actuarial pension expenses of $2.5 million and $2.6 million, respectively.
- Travel declined primarily due to fewer athletic game-guaranteed events.
- Utility consumption declined as a result of implemented conservation methods that had a by-product of increased utility rebates.
- Contractual services and commodities were strategically reduced as a result of declining revenue expectations.
- Scholarships and fellowships expense reduction reflects increased financial aid grants calculated as tuition discounting.
- Interest expense declined due to the refunding of Bond Series 2007.

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, 2018 and 2017 are as follows:

Statement of Cash Flows

	FY 2018	FY 2017	Difference	%I(D)
Cash provided (used) by:				
Operating activities	$ (21,711,939)	$ (22,749,049)	$ 1,037,110	-5%
Non-capital financing activities	26,655,910	26,464,217	191,693	1%
Capital financing activities	(1,127,149)	(2,059,858)	932,709	-45%
Investing activities	(248,817)	721,634	(970,451)	-134%
Net change in cash	3,568,005	2,376,944	1,191,061	50%
Cash, beginning of year	13,023,761	10,646,817	2,376,944	22%
Cash, end of year	$ 16,591,766	$ 13,023,761	$ 3,568,005	27%

The University's cash reserves increased 27% due to timely collections and strategic management of its resources. Employees, invoices and debt service were all paid on a timely basis.

Operating activities required five (5) percent less in FY 2018 primarily due to timely collections and strategic expense reductions.

Non-capital financing activities state appropriations' decline was offset by increases in financial aid grants and endowment gifts.

Capital financing activities reduction was attributed to lower interest expense due to Bond Series 2015 refunding of Bond Series 2007.

Cash from investing activities reflects the 2015 Bond Series proceeds used to retire debt and investment costs.

Financial Summary and Outlook

In fiscal year 2018, the University continued to face many economic and enrollment challenges. The economic uncertainty in the nation and State of Mississippi continues to affect the University's financial position. Appropriations to higher education in the State of Mississippi continues to lag and the University does not anticipate increases in appropriations to outpace inflation over next few years. Despite tough economic times, the University's enrollment and resulting finances are stable and evidenced by an increase in net position.

Continued support from the State of Mississippi is crucial to management's success of providing a quality education at the lowest cost to its students. Management continues to expand recruiting efforts 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.*

MISSISSIPPI VALLEY STATE
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STATEMENT OF NET POSITION

	Year ended June 30	
	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 16,591,766	$ 13,023,761
Short term investments	3,075,813	3,027,082
Accounts receivables, net	3,738,114	4,321,275
Inventories	505,714	550,084
Prepaid expenses	30,527	69,201
Total current assets	**23,941,934**	**20,991,403**
Non-Current Assets:		
Restricted cash and cash equivalents		
Restricted short-term investments	309,633	286,492
Endowment investments	2,133,718	1,922,804
Other long term investments	1,247,033	1,255,336
Capital assets, net	103,679,019	102,564,975
Other noncurrent assets	171,117	180,696
Total noncurrent assets	**107,540,520**	**106,210,303**
Total assets	**131,482,454**	**127,201,706**
Deferred outflows of resources	4,524,598	8,902,680
Total assets and deferred outflows of resources	**136,007,052**	**136,104,386**
Liabilities and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	1,726,049	1,824,934
Unearned revenues	222,429	706,139
Accrued leave liabilities-current portion	156,329	247,304
Long term liabilities-current portion	666,264	334,466
Other current liabilities	66,159	65,634
Total Current liabilities	**2,837,230**	**3,178,477**
Non-current liabilities:		
Net pension liability	41,999,298	44,719,677
Deposits refundable	31,151	30,587
Accrued leave liabilities	1,451,895	1,656,475
Net pension OPEB liability	3,175,395	3,278,741
Long term liabilities	17,483,085	18,149,348
Other non-current liabilities		
Total non-current liabilities	**64,140,824**	**67,834,828**
Total liabilities	**66,978,054**	**71,013,305**
Deferred inflows of resources	1,078,952	118,814
Total liabilities and deferred inflows of resources	**68,057,006**	**71,132,119**

MISSISSIPPI VALLEY STATE UNIVERSITY

STATEMENT OF NET POSITION

	Year ended June 30 2018	2017
Net Position:		
Net Invested in Capital Assets	85,547,423	84,427,645
Restricted for:		
Nonexpendable:		
Scholarships and Fellowships	971,830	813,914
Research		
Other purposes		
Expendable:		
Scholarships and fellowships	1,556,868	1,377,460
Research		
Capital projects	724,065	489,651
Debt service	632,236	126,446
Loans		
Other purposes	614,754	678,701
Unrestricted	(22,097,130)	(22,941,550)
Total net position	**$ 67,950,046**	**$ 64,972,267**

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

	Year ended June 30	
	2018	**2017**
Operating revenues:		
Tuition and fees:	$ 14,470,255	$ 14,034,666
Less scholarship allowances	(9,178,977)	(8,734,438)
Less bad debt expense	(579,830)	(344,330)
Net tuition and fees	4,711,448	4,955,898
Federal appropriations		
Federal grants and contracts	6,375,804	6,700,191
State grants and contracts	42,200	10,287
Sales and services of educational departments	2,175,195	2,610,546
Auxiliary enterprises:		
Student housing	4,283,962	3,730,666
Food services	3,361,932	3,050,730
Bookstore	940,960	1,131,902
Other auxiliary revenues	1,493,991	1,670,957
Less auxiliary enterprise scholarship allowances		
Interest earned on loans to students		
Other operating revenues, net	1,612,858	1,396,709
Total operating revenues	**24,998,350**	**25,257,886**
Operating expenses:		
Salaries and wages	21,180,676	21,432,778
Fringe benefits	10,095,249	10,396,810
Travel	1,316,164	1,513,636
Contractual services	7,718,807	8,336,960
Utilities	2,083,755	2,148,185
Scholarships and fellowships	2,798,140	3,145,631
Commodities	3,340,504	3,663,072
Depreciation	2,357,865	2,337,693
Other operating expenses		
Total operating expenses	**50,891,160**	**52,974,765**
Operating income (loss)	**(25,892,810)**	**(27,716,879)**

MISSISSIPPI VALLEY STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year ended June 30	
	2018	**2017**
Nonoperating revenues (expenses):		
State appropriations	15,915,705	17,233,120
Federal ARRA (SFSF) revenues		
Gifts and grants	10,095,396	9,536,691
Investment income	25,665	402,719
Interest expense on capital asset-related debt	(614,815)	(1,327,822)
Other nonoperating revenues		
Other nonoperating expenses		
Total nonoperating revenues (expenses), net	**25,421,951**	**25,844,708**
Income (loss) before other revenues, expenses, gains and losses	**(470,859)**	**(1,872,171)**
Other revenues, expenses, gains and losses:		
Capital grants and gifts		
State appropriations restricted for capital purposes	3,290,722	2,274,869
Additions to permanent endowments	157,916	9,843
Other additions		
Other deletions		
Change in net position	**2,977,779**	**412,541**
Net position - beginning of year, as restated	**64,972,267**	**67,713,524**
Effect of adoption of GASB 75		**(3,153,798)**
Net position - end of year	**$ 67,950,046**	**$ 64,972,267**

MISSISSIPPI VALLEY STATE
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STATEMENT OF CASH FLOWS

	Year ended June 30 2018	2017
Cash Flows from Operating Activities:		
Operating activities:		
Tuition and Fees	$ 4,194,186	$ 5,529,788
Grants and Contracts	6,638,898	6,302,748
Sales and Services of Educational Departments	2,175,195	2,610,546
Payments to Suppliers	(12,737,332)	(13,520,695)
Payments to Employees for Salaries and Benefits	(28,704,184)	(29,309,429)
Payments for Utilities	(2,083,755)	(2,148,185)
Payments for Scholarships and Fellowships	(2,798,140)	(3,145,631)
Loans Issued to Students and Employees		
Collection of Loans to Students and Employees	(10,924)	761
Auxiliary Enterprise Charges:		
Student Housing	4,283,962	3,730,666
Food Services	3,361,932	3,050,730
Bookstore	940,960	1,131,902
Athletics		
Other Auxiliary Enterprises	1,371,778	1,565,207
Patient Care Services		
Interest Earned on Loans to Students		
Other Receipts	1,655,485	1,452,543
Other Payments		
Net cash used by operating activities	**(21,711,939)**	**(22,749,049)**
Noncapital financing activities:		
State Appropriations	16,402,599	16,917,683
Gifts and Grants for Other Than Capital Purposes;	10,095,395	9,536,691
Private Gifts for Endowment Purposes	157,916	9,843
Federal Loan Program Receipts	19,068,480	18,920,384
Federal Loan Program Disbursements	(19,068,480)	(18,920,384)
Other Sources		
Other Uses		
Net cash provided by noncapital financing activities	**26,655,910**	**26,464,217**
Capital and related financing activities:		
Proceeds from Capital Debt		
Cash Paid for Capital Assets	(187,448)	(287,926)
Capital Appropriations Received		
Capital Grants and Contracts Received		
Proceeds from Sales of Capital Assets		
Principal Paid on Capital Debt and Leases	(334,465)	(453,690)
Interest Paid on Capital Debt and Leases	(605,236)	(1,318,242)
Other Source		
Other Uses		
Net cash used by capital and related financing activities	**(1,127,149)**	**(2,059,858)**

MISSISSIPPI VALLEY STATE UNIVERSITY

STATEMENT OF CASH FLOWS

	Year ended June 30	
	2018	**2017**
Investing activities:		
Proceeds from Sales and Maturities of Investments	(91,208)	5,550,584
Interest Received on Investments	122,532	275,619
Purchases of Investments	(280,141)	(5,104,569)
Net cash used by investing activities	**(248,817)**	**721,634**
Net change in cash and cash equivalents	**3,568,005**	**2,376,944**
Cash and cash equivalents - beginning of year	**13,023,761**	**10,646,817**
Cash and cash equivalents - end of year	**16,591,766**	**13,023,761**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	(25,892,810)	(27,716,879)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	2,357,865	2,337,693
Self-insured claims expense		
Bad debt expense	579,830	344,330
Other	4,416,616	(3,712,911)
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Receivables, Net	(483,563)	(746,845)
Inventories	44,370	(75,871)
Prepaid Expenses	38,674	(42,972)
Deferred outflows of resources	4,378,082	
Other Assets	9,579	(447,120)
Increase (Decrease) in Liabilities:		
Accounts Payables and Accrued Liabilities	(98,885)	(64,475)
Deferred Revenue	(483,710)	548,515
Deposits Refundable	564	(102)
Accrued Leave Liabilitiy	(295,555)	(8,282)
Net Pension liability	(2,720,379)	
Net OPEB liability	(103,346)	
Deferred inflows of resources	960,138	
Other Liabilities	(4,419,409)	6,835,870
Total Adjustments	4,180,871	4,967,830
Net Cash Provided (Used) by Operating Activities	**(21,711,939)**	**(22,749,049)**
Reconciliation of cash and cash equivalents:		
Current assets - cash and cash equivalents	16,591,766	13,023,761
Noncurrent assets - restricted cash and cash equivalents		
Cash and cash equivalents - end of year	**$ 16,591,766**	**$ 13,023,761**

MISSISSIPPI VALLEY STATE
UNIVERSITY

STATEMENT OF CASH FLOWS

	Year ended June 30	
	2018	2017
ENTER NON-CASH TRANSACTIONS BELOW: (See GASB #9)		
1) State Appropriations Restricted for Capital Purposes	$ 3,290,722	$ 2,274,869
2) Unrealized Gain/(Loss) on Fair Value of Investments	147,889	127,100
3) Donation of Capital Assets		
4) Bureau of Buildings and Grounds Construction-in-Progress	7,815,463	24,263,772
5) Capital Assets Transferred from another Mississippi State Agency		
6) New Capital Leases		
7) Provision for Bad Debts	579,830	344,330
8) Capital Assets Acquired from Capital Leases		

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.

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, faculty, and staff housing. Sales and services to the public are minimal.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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.

Investments - The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net assets. Investments for which there are no quoted market prices are not material.

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 receivable are recorded net of an allowance for doubtful accounts.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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

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.

Art Objects and Collections – Occasionally, the University may obtain collections of art or historical treasures (usually as private donations to the institution). These may be held for public exhibition, education or research. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Payable and Accrued Liabilities - Consist of amounts owed to vendors, contractors, or accrued items such as interest, wages, and salaries. Accounts payable and accrued liabilities as of June 30, 2018 and 2017 are as follows:

	2018	2017
Payable to vendors and contractors	$ 818,308	$ 974,439
Accrued salaries, wages and employee withholdings	907,741	850,495
Total	$ 1,726,049	$ 1,824,934

Unearned Revenues – Deferred revenues include amounts received that have not been earned under the terms of the agreement. Unearned summer school tuition and other revenue totaled $244,316 and $706,139 as of June 30, 2018 and 2017, respectively. All amounts should be considered current and thus the revenue will be fully recognized within one year.

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.

Compensated Absences - 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 1/3 hours per month for one month to three years of service; 14 1/5 hours per month for three to eight years of service; 15 2/5 hours per month for eight to fifteen years of service; and from fifteen years of service and over, 16 hours per month are earned. There is no limit on the accumulation of major medical leave. At retirement, employees are paid for up to 240 hours of accumulated major medical leave.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement.

Note 1: Summary of Significant Accounting Policies (Continued)

System of Mississippi (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Noncurrent Liabilities - Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable and capital lease obligations; (2) estimated amounts for accrued compensated absences, pension, and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

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

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Net Assets - 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 University 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.

The Unrestricted Net Assets of the University include certain amounts, which have been designated for financial resource utilization in future periods. Unrestricted net assets include designations as of June 30, 2018 and 2017, which follows:

	2018	2017
Reserves held for inventories	$ 505,714	$ 550,084
Reserves held for prepaid expenses	30,527	69,201
Auxiliary operations	8,889,427	6,868,138
Designated	2,233,799	1,841,679
Remaining purposes	7,972,451	6,943,900
Pension	(41,729,048)	(39,214,552)
Total	$ (22,097,130)	$ (22,941,550)

Note 2: Reclassifications

There were no reclassifications in FY 2018 for FY 2017.

Note 3: Cash and Investments

Policies - Cash and Short-term Investments - Investment policies for cash and short-term investments as set forth by IHL Board of Trustees policy and state statute authorize the University to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, and repurchase agreements. 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. Cash equivalents representing assets of endowment of the University are included in non-current investments.

The collateral for public entities deposits in financial institutions is now 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 Miss. Code Ann. (1972). Under this program, the funds of the University 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 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 Depository Insurance Corporation. Investment policies, as set forth by the Board of Trustees policy, and state statute also authorize the University to invest in equity securities, bonds, and other securities. Investments are reported at fair market value.

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:

- 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.

Note 3: 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 of June 30, 2018 and 2017:

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment strategy:				
Fixed income:				
U.S. Government securities	$ 292,963	$ 2,996,889		$ 3,289,852
Corporate bonds	129,725			129,725
Certificates of deposit	870,334			870,334
Other fixed income securities	722,104			722,104
Total fixed income	2,015,126	2,996,889	-	5,012,015
Equities:				
Common stocks	345,306			345,306
Common stock funds				-
Mutual funds	857,213			857,213
Index funds				-
Total equities	1,202,519	-	-	1,202,519
Hedge funds				
Venture capital				
Other short-term investments	551,664			551,664
Total investments	$ 3,769,308	$ 2,996,889	$ -	$ 6,766,197

Note 3: Cash and Investments (continued)

	2017			
	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. Government securities	$ 248,790	$ 3,097,254		$ 3,346,044
Corporate bonds	144,000			144,000
Certificates of deposit	869,874			869,874
Other fixed income securities	442,760			442,760
Total fixed income	1,705,424	3,097,254	-	4,802,678
Equities:				
Common stocks	358,514			358,514
Common stock funds				-
Mutual funds	992,009			992,009
International equity				-
Partnerships				-
Index funds				-
Total equities	1,350,523	-	-	1,350,523
Hedge funds				-
Venture capital				-
				-
Land				-
Other short-term investments	338,513			338,513
Total investments	$ 3,394,460	$ 3,097,254	$ -	$ 6,491,714

Interest Rate Risk - Per GASB Statement No. 40, interest rate risk is defined as the risk a government may face should interest rate variances affect the fair value of investments. The State of Mississippi Institutions of Higher Learning System does not presently have a formal policy that addresses interest rate risk. The University had investments with interest rate risk as of June 30, 2018, which are as follows:

		Years to maturity			
	Fair value	Less than 1	1 to 5	6 to 10	More than 10
U. S. Government obligations	$ 3,040,965	$ 1,088,749	$ 705,183	$ 247,690	$ 999,343
U. S. Treasury notes	248,887	-	248,887		
Corporate bonds and notes	129,725	129,725	-		-
Domestic bond mutual funds	466,062	466,062		-	-
Total	$ 3,885,639	$ 1,684,536	$ 954,070	$ 247,690	$ 999,343

Note 3: Cash and Investments (continued)

Credit Risk - The State of Mississippi Institutions of Higher Learning System does not have a formal investment policy that addresses credit risk. As of June 30, 2018, the University had the following investment credit profile:

		Credit Risk Ratings					
Investment type	Fair Value	Aa1	Aaa	A1	A2	A3	Rating not available
Federal Home Loan Mortgage Corp	$ 1,201,760		$ 954,070				$ 247,690
Federal Farm Credit	1,088,749						1,088,749
Federal Home Loan Bank Series	496,890						496,890
Federal Farm Credit Bank	245,593						245,593
U. S. Treasury note	248,887						248,887
Government Mortgage Assn. Series	7,973						7,973
Domestic bond mutual funds	466,062						466,062
Corporate bonds and notes	129,725			$ 6,466	$ 45,512	$ 25,843	51,904
Total	$ 3,885,639		$ 954,070	$ 6,466	$ 45,512	$ 25,843	$ 2,853,748

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 University had the following investments that represent more than 5 percent of net investments as of June 30, 2018.

Issuer	Fair value	Percentage
U S Government obligations	$ 3,289,852	54.51%
Domestic mutual funds	1,063,642	17.62%
Certificate of deposit	870,334	14.42%
Domestic bond mutual funds	466,062	7.72%
Domestic equity securities	345,306	5.72%

Note 4: Accounts Receivable

Accounts receivable at June 30, 2018 and 2017 are as follows:

Type of Receivable	2018	2017
Student fees	$ 10,042,058	$ 9,155,967
State appropriation	583,533	1,070,427
Grants and contracts	871,745	1,156,266
Employees	1,671	2,994
Other	290,053	210,466
Total accounts receivable	11,789,060	11,596,120
Less: bad debt provision	(8,050,946)	(7,274,845)
Net accounts receivable	$ 3,738,114	$ 4,321,275

Note 5: Note Receivable from Students

The Perkins Loan Program was liquidated during FY 2010.

Note 6: Capital Assets

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Additions	Deletions/ Transfers	Balance June 30, 2018
Non-Depreciable Assets				
Land	$ 47,500			$ 47,500
Construction in progress	24,263,772	$ 3,257,129	$ 19,705,438	7,815,463
Total non-depreciable capital assets	24,311,272	3,257,129	19,705,438	7,862,963
Depreciable Capital Assets				
Improvements other than buildings	20,410,174			20,410,174
Buildings	94,041,065	19,699,703		113,740,768
Equipment	8,128,311	212,578	626,099	7,714,790
Library books	6,676,429	14,198		6,690,627
Total depreciable assets	129,255,979	19,926,479	626,099	148,556,359
Total capital assets	153,567,251	23,183,608	20,331,537	156,419,322
Less: Accumulated Depreciation				
Improvements other than buildings	9,079,277	559,803		9,639,080
Buildings	28,446,113	1,523,297		29,969,410
Equipment	6,902,966	251,827	619,837	6,534,956
Library books	6,573,920	22,938		6,596,858
Total accumulated depreciation	51,002,276	2,357,865	619,837	52,740,304
Net capital assets	$ 102,564,975	$ 20,825,744	$ 19,711,700	$ 103,679,019

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 7: Long-term Liabilities

Long-term liabilities of the University, which consist of bonds payable and certain other liabilities expected to be liquidated within one year from June 30, 2018, are as follows:

	Date of issue	Maturity date	Interest rate	Principal interest date	Original issue	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018	Due within 1 year
Bonded debt and capital lease:										
Education Building Corporation '07	3/28/2007	3/1/2022	4.0%	Mar 1/Sept 1	$ 19,015,000	$ 885,000		$ 170,000	$ 715,000	$ 180,000
Education Building Corporation '15	9/30/2015	4/1/2037	2% to 3.75%	July 1/Jun 30	17,270,000	17,270,000		85,000	17,185,000	405,000
Capital lease	5/19/2016	4/10/20121	2.25%	Oct 10/Apr 10	407,504	328,814	-	79,466	249,349	81,264
Total bonded debt and capital lease					$ 36,692,504	18,483,814	-	334,466	18,149,349	666,264
Other long-term liabilities:										
Accrued leave liability						1,903,779		295,555	1,608,224	156,329
Deposit refundable						30,587	564		31,151	-
Total other long-term liabilities						1,934,366	564	295,555	1,639,375	156,329
Total						$ 20,418,180	$ 564	$ 630,021	19,788,724	$ 822,593
Due within one year									(822,593)	
Total long-term liabilities									$ 18,966,131	

Annual requirements to amortize outstanding long-term liabilities are as follows:

Fiscal year	Bonded debt principal	Total interest	Total principal and interest
2019	$ 585,000	$ 586,606	$ 1,171,606
2020	625,000	571,306	1,196,306
2021	675,000	555,206	1,230,206
2022	725,000	537,906	1,262,906
2023	575,000	514,506	1,089,506
2024-2028	3,655,000	2,306,105	5,961,105
2029-2033	5,285,000	1,634,675	6,919,675
2034-2037	5,775,000	553,151	6,328,151
Total	$ 17,900,000	$ 7,259,461	$ 25,159,461

Fiscal year	Capital lease principal	Total interest	Total principal and interest
2019	$ 81,264	$ 5,156	$ 86,420
2020	83,102	3,137	86,239
2021	84,982	1,437	86,419
Total	$ 249,348	$ 9,730	$ 259,078

Note 8: Operating Leases

Lease expenses totaled $66,000 and $62,377 for the fiscal years ending June 30, 2018 and 2017.

Note 9: Natural Classifications with Functional Classifications

Operating expenses by functional classifications for the fiscal years ended June 30, 2018 and 2017 are as follows:

2018

Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships & fellowships	Commodities	Depreciation expense	Total
Instruction	$ 8,771,017	4,342,045	223,046	528,991	16,322	60,163	535,303	-	14,476,887
Research	28,278	6,191	3,621	21,676	-	1,168	106,103	-	167,037
Public service	1,474,021	656,840	94,982	573,551	-	10,295	373,751	-	3,183,440
Academic support	1,365,697	686,553	64,262	981,000	-	-	49,136	-	3,146,648
Student services	2,661,706	1,279,100	764,895	1,195,894	2,450	11,418	490,732	-	6,406,195
Institutional support	3,217,390	1,476,177	149,689	819,541	2,025	9,107	207,461	-	5,881,390
Physical plant	1,930,078	1,015,504	4,598	916,610	1,335,885	-	549,189	-	5,751,864
Student aid	526,437	-	-	41,195	-	2,705,989	118,279	-	3,391,900
Auxiliary enterprises	1,206,052	632,839	11,071	2,640,349	727,073	-	910,550		6,127,934
Depreciation expense								2,357,865	2,357,865
Total	$21,180,676	10,095,249	1,316,164	7,718,807	2,083,755	2,798,140	3,340,504	2,357,865	50,891,160

2017

Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships & fellowships	Commodities	Depreciation expense	Total
Instruction	$ 8,948,587	4,454,026	273,103	856,241	1,062	89,011	400,528	-	15,022,558
Research	12,450	3,121	-	2,288	-	-	173,867	-	191,726
Public service	1,263,791	593,404	107,071	631,404	-	11,989	197,231	-	2,804,890
Academic support	1,415,898	721,163	62,674	1,034,809	-	-	127,166	-	3,361,710
Student services	2,742,549	1,336,573	872,713	932,002	2,450	19,047	633,725	-	6,539,059
Institutional support	3,404,257	1,596,162	187,310	832,741	2,875	7,975	225,245	-	6,256,565
Physical plant	1,935,527	1,038,397	2,503	3,738,726	1,376,604	-	729,896	-	8,821,653
Student aid	526,158	-	-	29,097	-	3,017,609	135,050	-	3,707,914
Auxiliary enterprises	1,183,561	653,964	8,262	279,652	765,194	-	1,040,364		3,930,997
Depreciation expense								2,337,693	2,337,693
Total	$21,432,778	10,396,810	1,513,636	8,336,960	2,148,185	3,145,631	3,663,072	2,337,693	52,974,765

Note 10: Construction Commitments and Financing

The University has contracted for various construction projects as of June 30, 2018. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

		Funded by		
Construction projects	Cost to complete	State sources	Institutional funds	Other (private)
College Hall I	$ 9,250,000	$ 9,250,000		
Edna Horton	8,700,000	8,700,000		
Student Union Reroof	910,777	910,777		
Technical Education Building	840,000	840,000		
Fire Suppression Delta Sands	198,907		$ 198,907	
Total	$ 19,899,684	$ 19,700,777	$ 198,907	-

Note 11: Pension and Other Employee Benefit Plans

Mississippi Valley State University participates in the following separately administered plans maintained by the 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, 2017 and 2016 for fiscal years 2018 and 2017, respectively.

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

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

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

Disclosures under GASB Statement No. 68

The pension disclosures that follow for fiscal years 2018 and 2017 include all disclosures for GASB Statement No. 68 using the latest valuation reports available (June 30, 2017). For fiscal year 2018, the measurement date for the PERS defined benefit plan is June 30, 2017. For fiscal year 2017, the measurement date for the PERS defined benefit plan is June 30, 2016. The University is presenting net pension liability as of June 30, 2017 and 2016 for the fiscal years 2018 and 2017 financials, respectively.

(a) PERS Defined Benefit Plan

Plan Description

The PERS of Mississippi was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway

Note 11: Pension and Other Employee Benefit Plans (Continued)

Safety Patrol, other public employees whose employers have elected to participate in PERS, and 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

Note 11: Pension and Other Employee Benefit Plans (Continued)

service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

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

Contributions

Plan provisions and the board of trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature.
Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. PERS members were required to contribute 9.00% of their annual pay. The institution's contractually required contribution rate for the years ended June 30, 2018 and 2017, was 15.75% for each year of annual payroll. Employer contribution rates consist of an amount for service cost; the amount estimated to finance benefits earned by current members during the year; and an amount for amortization of the unfunded actuarial accrued liability. For determining employer contribution rates, the actuary evaluates the assets of the plans based on a five-year smoothed expected return with 20.00% of a year's excess or shortfall of expected return recognized each year for five years. Contribution rates are determined using the entry age actuarial cost method and include provisions for an annual 3.00% cost-of-living increase calculated according to the terms of the respective plan. Contributions from the University are recognized when legally due, based on statutory requirements.

Employer Contributions

Mississippi Valley State University's contributions to PERS for the years ended June 30, 2018 and 2017 were $2.6 million. The University's proportionate share was calculated on the basis of historical contributions. Although GASB Statement No. 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocation on the basis of historical employer contributions is considered acceptable.

Note 11: Pension and Other Employee Benefit Plans (Continued)

Employer contributions recognized by the University that are not representative of future contribution effort are excluded in the determination of employer's proportionate share. Examples of employer contributions not representative of future contribution efforts are contributions towards the purchase of employee service and employer contributions paid by employees in connection with early retirement.

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

Plan	Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount	Change in proportionate share of collective pension amount
PERS Defined Benefit:			
2018	$ 2,552,721	0.25%	0.00%
2017	2,522,492	0.25%	0.01%

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis, in which best estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 and 2017 are summarized in the following table:

Note 11: Pension and Other Employee Benefit Plans (Continued)

	Year ended June 30, 2018		Year ended June 30, 2017	
Asset class	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
U.S. Broad	27.00 %	4.60 %	34.00 %	5.20 %
International equity	18.00	4.50	19.00	5.00
Emerging markets equity	4.00	4.75	8.00	5.45
Global	12.00	4.75	--	--
Fixed income	18.00	0.75	20.00	0.25
Real assets	10.00	3.50	10.00	4.00
Private equity	8.00	5.10	8.00	6.15
Emerging debt	2.00	2.25	--	--
Cash	1.00	0.00	1.00	(0.50)
	100.00		100.00	

Net Pension Liability

Mississippi Valley State University's proportion of the net pension liability at June 30, 2018 and 2017 is as follows:

Plan	Proportion of net pension liability	Proportionate share of net pension liability
PERS Defined Benefit:		
2018	0.25%	$ 41,999,298
2017	0.25%	44,719,678

Discount rate

For the years ended June 30, 2018 and 2017, the discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%) for the years ended June 30, 2018 and 2017. 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.

Note 11: Pension and Other Employee Benefit Plans (Continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following table presents Mississippi Valley State University's proportionate share of the net pension liability of the cost-sharing plan for 2018 and 2017, calculated using the discount rate of 7.75%, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
Mississippi Valley State University proportionate share of net pension liability			
2018	55,084,883	41,999,298	31,135,418
2017	57,340,653	44,719,678	34,248,359

Actuarial Assumptions and Methods

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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016.

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the years ended June 30, 2018 and 2017:

	2018	2017
Valuation date	June 30, 2017	June 30, 2016
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Inflation rate	3.00 %	3.00 %
Salary increases	3.25	3.75
Investment rate of return	7.75	7.75

Note 11: Pension and Other Employee Benefit Plans (Continued)

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022 with rates set forward one year for males with adjustments.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Unaudited)
For the years ended June 30, 2018 and 2017, the non-cash impact of GASB Statement No. 68 on fringe benefits was $2.5 million and $2.6 million, respectively.

Total fringe benefits expense	Non-cash change in net pension liability and related deferred inflows and outflows due to GASB 68	Fringe benefits expense excluding non-cash impact of GASB 68	Total fringe benefits expense	Non-cash change in net pension liability and related deferred inflows and outflows due to GASB 68	Fringe benefits expense excluding non-cash impact of GASB 68
10,095,249	(2,514,496)	7,580,753	10,396,810	(2,632,916)	7,763,894

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

MISSISSIPPI VALLEY STATE UNIVERSITY

Note 11: Pension and Other Employee Benefit Plans (Continued)

See the following tables for deferred outflows and inflows of resources for the University:

2018

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	Net difference between projected and actual investment earnings on pension plan investment	Changes of assumptions	Differences between expected and actual experience	Total deferred inflows of resources
603,396	933,480	294,469	2,526,292	—	4,357,636	539,240	233,256	306,456	1,078,952

2017

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	Net difference between projected and actual investment earnings on pension plan investment	Changes of assumptions	Differences between expected and actual experience	Total deferred inflows of resources
1,247,134	2,107,812	(115,822)	2,509,604	3,029,009	8,777,737		118,814	—	118,814

Contributions subsequent to the measurement date of \$2.5 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the years ended June 30, 2019 and 2018.

Other amounts reported as net deferred outflows of resources and net deferred inflows of resources related to pensions as of June 30, 2018, will be recognized in pension expense as follows:

Deferred outflows of resources year ended June 30

2019	2020	2021	2022	2023	Total
1,399,487	386,432	45,426			1,831,344

Deferred inflows of resources year ended June 30

2019	2020	2021	2022	2023	Total
637,466	499,044	32,434	811,274	-	917,262

(b) ORP Defined Contribution Plan

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

Note 11: Pension and Other Employee Benefit Plans (Continued)

membership of the ORP is composed of teachers and administrators of Mississippi Valley State University 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 University employees and in the event of death, 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 contribution plan.

The ORP uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices. Employees immediately vest in plan contributions upon entering the plan. The University's contributions to the ORP for the years ended June 30, 2018 and 2017 were $100,645 and $112,349, respectively, which equaled its required contribution for the period.

Note 12: Donor Restricted Endowments

Donor restricted endowments were $971,830 for the fiscal years ended June 30, 2018 is reported in the accompanying statement of net position as "net assets – non-expendable for scholarships and fellowships". During fiscal year 2018 the restriction on a donor restricted endowments totaling $1,161,888 were released and accordingly reclassified to "net assets – unrestricted".

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 13: Federal Direct Lending and FFEL Programs

In 2013, the University began participating in the Federal Direct Loan Program. The University distributed $19,068,480 and $18,920,384 student loans for the fiscal years ended June 30, 2018 and 2017 from the U.S. Department of Education lending programs. These distributions and their related funding sources are included as "Non-capital Financing: distributions and receipts in the Cash Flow Statement."

Note 14: Foundations and Affiliated Parties

The 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.

Note 15: Postemployment Health Care and Life Insurance Benefits

Plan Description

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

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

Membership and Benefits Provided

The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges and school districts. A trust was created June 28, 2018 for the OPEB Plan and, while no trust was in place for the June 30, 2017 plan year-end, for

Note 15: Postemployment Health Care and Life Insurance Benefits (continued)

purpose of comparability for future periods, terminology used herein is based on the plan being a cost-sharing multiple-employer defined benefit OPEB plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age-adjusted.

Contributions

Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance will have the full cost of such insurance premium deducted monthly from his 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.

Note 15: Postemployment Health Care and Life Insurance Benefits (continued)

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

At June 30, 2017, the Plan provided health coverage to 334 employer units.

Disclosures under GASB Statement No. 75

The disclosures that follow for fiscal year 2018 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2017). For fiscal year 2018, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2017. The University is presenting net OPEB liability as of June 30, 2017 for the fiscal year 2018 financials.

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, 2018, the University reported a liability of $3.2 million for its proportionate share of the net OPEB liability (NOL). The NOL was measured as of June 30, 2017, 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, 2018, the University's proportion was 0.40%.

For the year ended June 30, 2018, the University recognized OPEB expense of $157,610. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Note 15: Postemployment Health Care and Life Insurance Benefits (continued)

Deferred outflows			Deferred inflows	
Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Implicit rate sibsidy	Total deferred outflows of resources	Changes of assumptions	Total deferred inflows of resources
21,844	135,372	157,216	161,690	161,690

OPEB payments subsequent to the measurement date (implicit rate subsidy) of $135,372 reported as deferred outflows of resources will be recognized as a reduction of the NOL for the year ended June 30, 2019.

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, 2017 measurement period is 6.7 years. Employers are required to recognize pension expense based on their proportionate share of collective OPEB expense plus amortization of employer specific deferrals.

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

Deferred outflows (inflows) of resources year ended June 30						
2019	2020	2021	2022	2023	Thereafter	Total
(24,534)	(24,534)	(24,534)	(24,534)	(24,534)	(17,176)	(139,846)

Actuarial Methods and Assumptions

The net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions:

Note 15: Postemployment Health Care and Life Insurance Benefits (continued)

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Experience study	April 18, 2017
Actuarial assumptions:	
Cost method	Entry age normal
Inflation rate	3.00 %
Long-term expected rate of return	N/A
Discount rate	3.56 %
Projected cash flows	N/A
Projected salary increases	3.25% - 18.50%
Healthcare cost trend rates	7.75% decreasing to 5.00% by 2023

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

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, male rates set forward 1 year and adjusted by 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females.

Long-term Expected Rate of Return

Since there were no assets in a trust as of the measurement date, there is no projection of cash flows for the plan and no long-term expected rate of return on plan assets.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2017 (measurement date) was 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 15: Postemployment Health Care and Life Insurance Benefits (continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following table presents the NOL of the University, calculated using the discount rate of 3.56%, as well as what the University's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	Discount Rate Sensitivity		
	1% Decrease (2.56%)	Current discount rate (3.56%)	1% Increase (4.56%)
Mississippi Valley State University proportionate share of NOL 2018	3,259,255	3,175,395	3,112,944

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

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

	Health Care Cost Trend Rates Sensitivity		
	1% Decrease	Current discount rate	1% Increase
Mississippi Valley State University proportionate share of NOL 2018	2,932,690	3,175,395	3,452,468

Non-cash Impact on Fringe Benefits Expense

For the year ended June 30, 2018, the non-cash impact of GASB Statement Nos. 68 and 75 on fringe benefits expense was $2.5 million and $26,071, respectively.

Note 15: Postemployment Health Care and Life Insurance Benefits (continued)

Year ended June 30, 2018			
Total fringe benefits expense	Non-cash change in net pension liability and related deferred inflows and outflows due to GASB 68	Non-cash change in net OPEB liability and related deferred inflows and outflows due to GASB 75	Fringe benefits expense excluding non-cash impact of GASB 68 and 75
10,095,249	(2,488,424)	(26,071)	7,580,754

Note 16: 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 handle the risks. One of these methods is the pooling of resources among the institutions. Mississippi Valley State University and the remaining seven public universities, as well as the Executive Office of the Mississippi Board of Trustees 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 institutions 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. The payments by the University to the Workers' Compensation fund totaled $387,626 and $391,452 for the fiscal years ended June 30, 2018 and 2017.

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 Employment Security Commission for benefits that the Commission pays directly to former employees. The payments by the University to the Unemployment Trust Fund totaled $137,351 and $149,087 for the fiscal years ended June 30, 2018 and 2017, respectively.

The Tort Liability Fund was established in accordance with Section 11-46 of Mississippi State Law. The Mississippi Tort Claims Board has authorized the Board of Trustees of State Institutions of Higher Learning (IHL Board) to establish a fund in order to self-insure certain portion of its liability under the Mississippi Tort Claims Act. Effective July 1, 1993, Mississippi statute permitted tort claims to be files against public institutions. A maximum liability limit of $500,000 per occurrence is currently permissible. The IHL Board has authorized the Tort Liability fund to acquire an educator's legal liability policy with a deductible of $1,000,000. Further, the IHL Board

Note 16: Risk Management (Continued)

has designated that $1,000,000 be reserved from the IHL Tort Liability Fund Net Assets to be used towards any future payment of this insurance deductible. The IHL Tort Liability claims pool also purchases insurance premiums for fleet automobile policies and blanket public officials bond annually. The share of the annual payments to the Fund and the various insurance premiums by the University totaled $78,726 and $175,047 for fiscal years ended June 30, 2018 and 2017, respectively.

Note 17: Contingent Liabilities

The University is party to various lawsuits arising out of the normal course of operations. In the opinion of University 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 did not provide federal awards to sub-recipients for the fiscal year ended June 30, 2018.

Note 19: Subsequent Events

There have been no events subsequent to June 30, 2018, which would materially affect the financial statements as presented.

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Net Pension Liability
GASB 67 Paragraph 32(b)
Year ended June 30, 2018

	Proportionate share of the net pension liability	Proportionate share of the net pension liability	Estimated Covered-employee payroll provided by PERS	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	PERS fiduciary net position as a percentage of the total pension liability
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%

Schedule of Proportionate Share of Contributions
GASB 67 Paragraph 32(c)
Year ended June 30, 2018

	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered-employee payroll	Contribution as a percentage of covered-employee payroll
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%

Schedule of Proportionate Share of the Net OPEB Liability
GASB 74 Paragraph 36(a)
June 30, 2018

	Proportionate share of the net OPEB liability	Proportionate share of the net OPEB liability	Covered-employee payroll	Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.40%	3,175,395	18,182,528	17.46%	0.00%

Schedule of Proportionate Share of Employer Contributions
GASB 74 Paragraph 36(c)
June 30, 2018

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2018	176,749	124,942	51,807	18,182,528	0.69%

Notes to Required Supplementary Information (Unaudited)
June 30, 2018

1. Net pension liability

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

This schedule presents historical trend information about the University'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. Information related to previous years is not available; therefore, 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. Information related to previous years is not available; therefore, trend information will be accumulated to display a ten-year presentation.

(c) Changes in Assumptions and Benefit Terms (pension plan)

Changes of assumptions:

- 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%.
- In fiscal year 2018, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Changes of benefit terms: Amounts reported for fiscal year 2018 reflect no changes in benefit terms.

2. Net OPEB liability

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

This schedule presents historical trend information about the University'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. Information related to previous years is not available; therefore, 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. Information related to previous years is not available; therefore, trend information will be accumulated to display a ten-year presentation.

(c) Changes in Assumptions and Benefit Terms (OPEB plan)

Changes of assumptions: The SEIR was changed from 3.01% for the prior measurement date to 3.5.