



GASB 2018 - 2019

MISSISSIPPI VALLEY STATE
UNIVERSITY®



MISSISSIPPI VALLEY STATE
UNIVERSITY.

September 25, 2019

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

Dear Dr. Briggs:

We are submitting the Annual GASB Financial Report of Mississippi Valley State University for the year ending June 30, 2019 for your review.

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

Respectfully,

Joyce A. Dixon
Vice President/CFO

OFFICE OF
BUSINESS AND FINANCE



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**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

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, 2019 and 2018 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, 2019, with selected comparative information for the year ended June 30, 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Statement of Net Position

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

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

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

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

Restricted net position is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position is composed of donor restricted endowment funds. Expendable restricted net position is available for expenditure 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 OPEB and other purposes. Unrestricted net



**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

position reflects the effect adoption of GASB 68, Accounting and Reporting of Pension and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The condensed Statement of Net Position for the years ended June 30, 2019 and 2018 is as follows:

Summary of Net Position (Condensed)				
	FY 2019	FY 2018	Difference	%I(D)
Assets:				
Current assets	\$ 26,403,520	\$ 23,941,934	\$ 2,461,586	10%
Non-current assets	114,499,936	107,540,520	6,959,416	6%
Deferred outflows of resources	3,380,837	4,524,598	(1,143,761)	-25%
Total assets and deferred outflows of resources	<u>\$ 144,284,293</u>	<u>\$ 136,007,052</u>	<u>\$ 8,277,241</u>	6%
Liabilities:				
Current liabilities	\$ 3,106,250	\$ 2,837,230	\$ 269,020	9%
Non-current liabilities	63,659,578	64,140,824	(481,246)	-1%
Deferred inflows of resources	1,307,503	1,078,952	228,551	21%
Total liabilities and deferred inflow of resources	<u>\$ 68,073,331</u>	<u>\$ 68,057,006</u>	<u>\$ 16,325</u>	0%
Net Position:				
Invested in capital assets, net of debt	\$ 93,272,941	\$ 85,547,423	\$ 7,725,518	9%
Restricted - Nonexpendable	1,062,980	971,830	91,150.0	9%
Restricted - Expendable	2,942,241	3,527,923	(585,682.0)	
Unrestricted - Operating	22,242,741	19,631,918	2,610,823.0	
Unrestricted - Pension & OPEB	(43,309,941)	(41,729,048)	(1,580,893.0)	4%
Total net position	<u>\$ 76,210,962</u>	<u>\$ 67,950,046</u>	<u>\$ 8,260,916</u>	12%

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 due to an increase in cash and cash equivalents, which reflects the net cash from operations.

Noncurrent assets increase is attributed to capital asset additions offset by depreciation and return on investments.

Current liabilities increase primarily resulted from an increase in accrued salaries and wages and receipt of unearned summer tuition and fees.

Non-current liabilities include accrued leave liability, long-term debt, pension liability (GASB 68) and OPEB liability (GASB 75 other postretirement employee benefits). The decrease is attributable to debt principal payments offset by a net increase in pension liabilities.

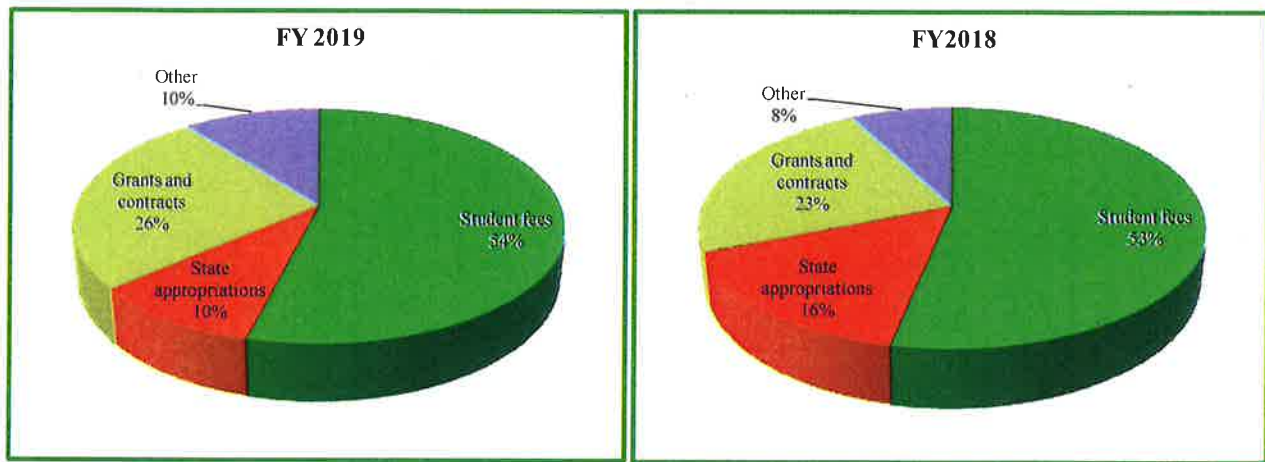


**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

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

Accounts Receivables, net

Accounts receivables compilation for the years ended June 30, 2019 and 2018 are as follows.



Accounts receivable at June 30, 2019 and 2018 are as follows:

Type of Receivable	FY 2019	FY 2018	Difference	%I(D)
Student fees	\$ 10,408,491	\$ 10,042,058	\$ 366,433	4%
State appropriations	377,106	583,533	(206,427)	-35%
Grants and contracts	1,008,834	871,745	137,089	16%
Other	410,964	291,724	119,240	41%
Total accounts receivable	12,205,395	11,789,060	416,335	4%
Less: bad debt provision	(8,305,293)	(8,050,946)	(254,347)	3%
Net accounts receivable	\$ 3,900,102	\$ 3,738,114	\$ 161,988	4%

- Student fees increase resulted from the timing of billing and subsequent collections of financial aid and payments from parents. The increase in bad debts is a derivative of the increase in student fees receivables.
- State appropriations decline reflects a 2% reduction in operating support and timely collections.
- Grants and contracts increase reflect growth in grant awards and draw down timing difference.
- Other receivables reflect amount due from various sources not classified elsewhere.



**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

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. Other revenues, expenses, gains and losses are almost entirely State appropriation for major capital acquisitions and renovations.

The condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2019 and 2018 is as follows:

Summary of Revenues, Expenses, and Changes in Net Position (Condensed)				
	<u>FY 2019</u>	<u>FY 2018</u>	<u>Difference</u>	<u>% I(D)</u>
Operating revenues	\$ 25,059,424	\$ 24,998,350	\$ 61,074	0%
Operating expenses	51,599,046	50,891,160	707,886	1%
Operating loss	(26,539,622)	(25,892,810)	(646,812)	2%
Non-operating revenues and expenses	25,385,627	25,421,951	(36,324)	0%
Income (loss) before other revenues, expenses, gains, or losses	(1,153,995)	(470,859)	(683,136)	145%
Other revenues, expenses, gains or losses	9,414,911	3,448,638	5,966,273	173%
Increase in net position	8,260,916	2,977,779	5,283,137	177%
Net position - beginning of the year	67,950,046	64,972,267	2,977,779	5%
Net position - end of the year	<u>\$ 76,210,962</u>	<u>\$ 67,950,046</u>	<u>\$ 8,260,916</u>	12%

The loss before other revenues, expenses, gain, or losses reflects actuarial benefit costs of \$1,580,893.

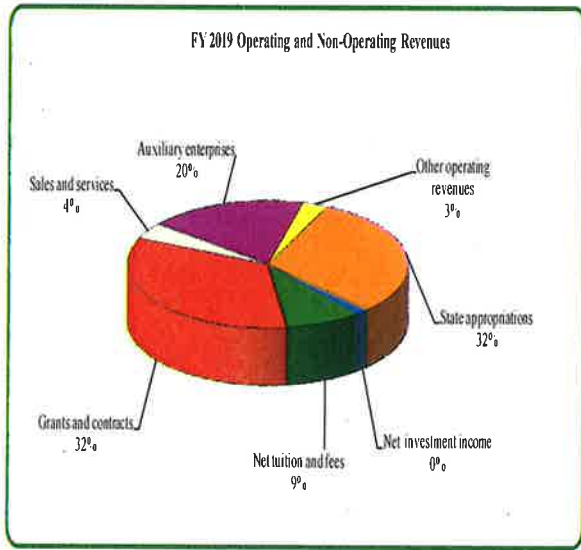


**Management’s Discussion and Analysis
For the Year Ended June 30, 2019**

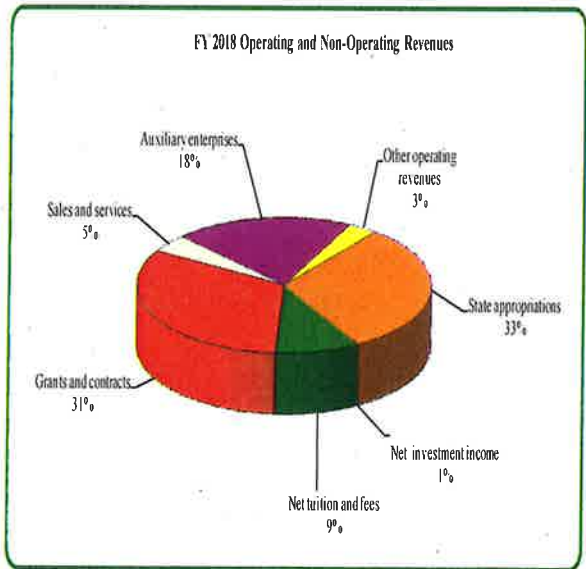
Sources of operating and non-operating revenues for the years ended June 30, 2019 and 2018 are as follows:

University’s sources of funding are consistent between years.

Operating and non-operating revenues for the years ended June 30, 2019 and 2018 are as follows:



Revenues	FY 2019	FY 2018	I(D)	I(D) %
Net tuition and fees	\$ 4,526,824	\$ 4,711,448	\$ (184,624)	-4%
Grants and contracts	17,243,266	16,513,400	729,866	4%
Sales and services	2,065,729	2,175,195	(109,466)	-5%
Auxiliary enterprises	9,413,560	10,080,845	(667,285)	-7%
Other operating revenues	1,457,780	1,612,858	(155,078)	-10%
State appropriations	15,585,964	15,915,705	(329,741)	-2%
Net investment income	756,445	25,665	730,780	2847%
Total revenues	\$ 51,049,568	\$ 51,035,116	\$ 14,452	0%



Changes in revenues resulted from the following reasons.

- Net tuition and fees declined due to a reduction in enrollment.
- Grant and contracts revenues reflect an increase in sponsored projects offset by a decline in federal financial aid grants.
- Sales and services revenue declined as a result of fewer football and basketball game guarantees.
- Auxiliary enterprises revenues reflect fewer students utilizing campus services due to a decline in enrollment.
- Other operating revenues are from various sources.
- State appropriation for campus operations declined.
- Net investment income reflects a robust capital markets.

Revenues from all sources for the year ending June 30, 2019 were flat. The graphs show that the

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.



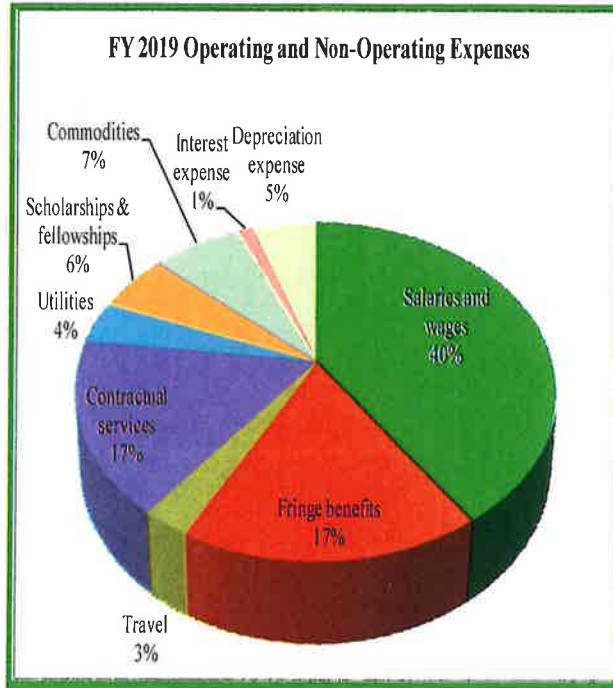
**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

The use of operating and non-operating expenses by natural classification for the years ended June 30, 2019 and 2018 is as follows:

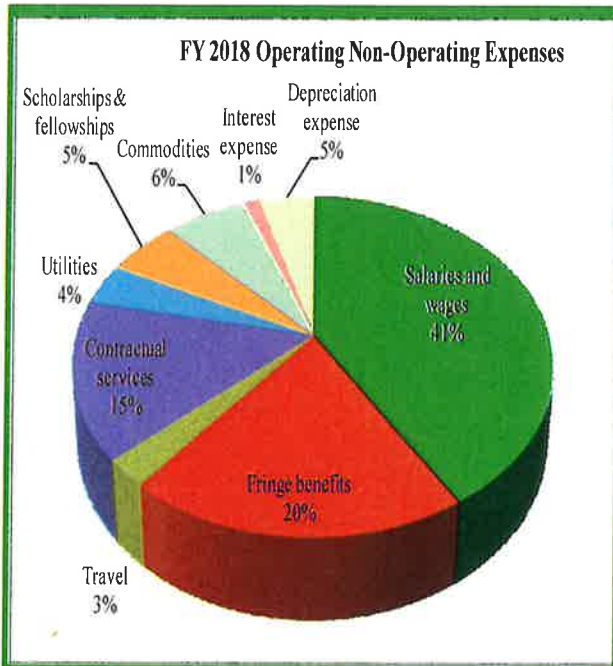
Total expenses showed a modest increase of one percent. Resources are reallocated and deployed for the required purposes which changes annually.

FY 2019 compensation as a percent of the total operating and non-operating expenses was reduced to 57% compared to 61% in 2018.

A chart of expenses by natural classification for the years ended June 30, 2019 and 2018 is as follows:



	FY 2019	FY 2018	(D)	(D) %
Salaries and wages	\$ 21,080,419	\$ 21,180,676	(100,257)	-0.47%
Fringe benefits	9,025,447	10,095,249	(1,069,802)	-10.60%
Travel	1,417,677	1,316,164	101,513	7.71%
Contractual services	8,643,139	7,718,807	924,332	11.98%
Utilities	2,123,028	2,083,755	39,273	1.88%
Scholarships & fellowships	2,893,186	2,798,140	95,046	3.40%
Commodities	3,670,050	3,340,504	329,546	9.87%
Interest expense	604,517	614,815	(10,298)	-1.67%
Depreciation expense	2,746,100	2,357,865	388,235	16.47%
Total	\$ 52,203,563	\$ 51,505,975	697,588	1.35%



Total expenses increased after offsetting a reduction in fringe benefits from pension and OPEB actuarial calculations. Some significant variances are as follows:

- Fringe benefit decline is the direct result of \$1 million less in actuarial pension and OPEB expenses.
- Travel increased primarily due to athletic game-guarantees.
- Contractual services increase in FY 2019 was due to construction-in-progress projects being expensed.
- Commodities increase in FY 2019 was due to the campus lighting project where old lights were replaced with high efficiency units.



**Management’s Discussion and Analysis
For the Year Ended June 30, 2019**

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, 2019 and 2018 are as follows:

Summary of Cash Flows (Condensed)				
	FY 2019	FY 2018	Difference	%I(D)
Cash provided (used) by:				
Operating activities	\$ (22,228,263)	\$ (21,711,939)	\$ (516,324)	2%
Non-capital financing activities	25,531,276	26,655,910	(1,124,634)	-4%
Capital financing activities	(1,391,442)	(1,127,149)	(264,293)	23%
Investing activities	568,600	(248,817)	817,417	329%
Net change in cash	2,480,171	3,568,005	(1,087,834)	-30%
Cash, beginning of year	16,591,766	13,023,761	3,568,005	27%
Cash, end of year	\$ 19,071,937	\$ 16,591,766	\$ 2,480,171	15%

The University’s cash reserves from operations at June 30, 2019 increased 15% over June 30, 2018. Employees, invoices and debt service were all paid on a timely basis.

Non-capital financing activities for the year ended June 30, 2019 was 4% less than June 30, 2018 due to reduction in state appropriations and financial aid grants received.

Capital financing activities increase in FY 2019 reflects the purchase of capital assets not funded by State appropriation for capital uses.

Cash from investing activities in FY 2019 reflects higher investment returns from the capital markets.

Designated Revenues

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

Bond indentures previously issued, and those that may be issued in the future by the University’s Educational Building Corporations (EBC) are payable from designated revenues. The IHL covenants under terms of its various bond agreements that if designated revenues are insufficient to satisfy the University’s obligations, the IHL Board will provide amounts from any other legally available source and will then allocate the same



**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

to cure the insufficiency. The following table provides a history of all designated revenues from fiscal years 2015 through 2019.

Designated Revenues					
	Years Ended June 30				
	2015	2016	2017	2018	2019
Tuition & fees, net (1)	\$ 6,649,895	\$ 4,311,694	\$ 4,955,898	\$ 4,711,448	\$ 4,526,824
Sales and services	1,714,379	2,194,183	2,610,546	2,175,195	2,065,729
Auxiliary enterprises	9,525,897	9,295,309	9,584,255	10,080,845	9,413,560
Other (2)	957,370	1,059,238	1,396,709	1,612,858	1,457,780
Sub-total	18,847,541	16,860,424	18,547,408	18,580,346	17,463,893
State appropriations	17,857,290	17,595,330	17,233,120	15,915,705	15,585,964
Total	\$ 36,704,831	\$ 34,455,754	\$ 35,780,528	\$ 34,496,051	\$ 33,049,857

- (1) Tuition and auxiliary enterprise revenues are net of scholarship allowances in the form of reduced tuition, room and board.
- (2) Other designated revenues include other revenues and interest earned on investments on unrestricted investments.

Financial Summary and Outlook

In fiscal year 2019, 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 continue to lag and the University does not anticipate increases in appropriations to outpace inflation over next few years. Despite tough economic times and slight enrollment declines, the University finances are stable and evidenced by increases cash and investments, and 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.*



STATEMENTS OF NET POSITION

	Year ended June 30	
	2019	2018
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 19,071,937	\$ 16,591,766
Short term investments	2,859,454	3,075,813
Accounts receivables, net	3,900,102	3,738,114
Inventories	456,581	505,714
Prepaid expenses	115,446	30,527
Total current assets	26,403,520	23,941,934
Noncurrent assets:		
Restricted cash and cash equivalents		
Restricted short-term investments	301,363	309,633
Endowment investments	2,687,459	2,133,718
Other long term investments	1,105,766	1,247,033
Capital assets, net	110,243,811	103,679,019
Other noncurrent assets	161,537	171,117
Total noncurrent assets	114,499,936	107,540,520
Total assets	140,903,456	131,482,454
Deferred outflows of resources	3,380,837	4,524,598
Total assets and deferred outflows of resources	144,284,293	136,007,052
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Accounts payable and accrued liabilities	1,715,054	1,726,049
Unearned revenues	452,870	222,429
Accrued leave liabilities - current portion	166,109	156,329
Long-term liabilities - current portion	708,102	666,264
Other current liabilities	64,115	66,159
Total current liabilities	3,106,250	2,837,230
Noncurrent liabilities:		
Accrued leave liabilities	1,454,033	1,451,895
Deposits refundable	47,288	31,151
Long-term liabilities	16,774,983	17,483,085
Net pension liability	42,303,133	41,999,298
Net OPEB liability	3,080,141	3,175,395
Other noncurrent liabilities		
Total noncurrent liabilities	63,659,578	64,140,824
Total liabilities	66,765,828	66,978,054
Deferred inflows of resources	1,307,503	1,078,952
Total liabilities and deferred inflows of resources	68,073,331	68,057,006



STATEMENTS OF NET POSITION

	Year ended June 30	
	2019	2018
Net Position:		
Net investment in capital assets	93,272,941	85,547,423
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	1,062,980	971,830
Research		
Other purposes		
Expendable:		
Scholarships and fellowships	1,408,276	1,556,868
Research		
Capital projects	573,269	724,065
Debt service	349,345	632,236
Loans		
Other purposes	611,351	614,754
Unrestricted	(21,067,200)	(22,097,130)
Total net position	\$ 76,210,962	\$ 67,950,046



STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year ended June 30	
	2019	2018
Operating revenues:		
Tuition and fees:		
Tuition and fees:	\$ 13,733,636	\$ 14,470,255
Less scholarship allowances	(8,952,465)	(9,178,977)
Less bad debt expense	(254,347)	(579,830)
Net tuition and fees	<u>4,526,824</u>	<u>4,711,448</u>
Federal appropriations	-	-
Federal grants and contracts	7,503,560	6,375,804
State grants and contracts	91,971	42,200
Nongovernmental grants and contracts	-	-
Sales and services of educational departments	2,065,729	2,175,195
Auxiliary enterprises:		
Student housing	4,018,166	4,283,962
Food services	3,194,041	3,361,932
Bookstore	736,519	940,960
Athletics	-	-
Other auxiliary revenues	1,464,834	1,493,991
Less auxiliary enterprise scholarship allowances	-	-
Interest earned on loans to students	-	-
Patient care revenues, net	-	-
Other operating revenues, net	1,457,780	1,612,858
Total operating revenues	<u>25,059,424</u>	<u>24,998,350</u>
Operating expenses:		
Salaries and wages	21,080,419	21,180,676
Fringe benefits	9,025,447	10,095,249
Travel	1,417,677	1,316,164
Contractual services	8,643,139	7,718,807
Utilities	2,123,028	2,083,755
Scholarships and fellowships	2,893,186	2,798,140
Commodities	3,670,050	3,340,504
Depreciation	2,746,100	2,357,865
Other operating expenses	-	-
Total operating expenses	<u>51,599,046</u>	<u>50,891,160</u>
Operating loss	<u>(26,539,622)</u>	<u>(25,892,810)</u>
Nonoperating revenues (expenses):		
State appropriations	15,585,964	15,915,705
Gifts and grants	9,647,735	10,095,396
Investment income	756,445	25,665
Interest expense on capital asset-related debt	(604,517)	(614,815)
Other nonoperating revenues	-	-
Other nonoperating expenses	-	-
Total nonoperating revenues (expenses), net	<u>25,385,627</u>	<u>25,421,951</u>
Loss before other revenues, expenses, gains and losses	<u>(1,153,995)</u>	<u>(470,859)</u>



STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year ended June 30	
	2019	2018
Other revenues, expenses, gains and losses:		
Capital grants and gifts		
State appropriations restricted for capital purposes	9,323,761	3,290,722
Additions to permanent endowments	91,150	157,916
Other additions		
Other deletions		
Change in net position	<u>8,260,916</u>	<u>2,977,779</u>
Net position, beginning of the year	67,950,046	68,126,065
Effect of adoption of GASB 75	-	(3,153,798)
Net position, beginning of year, as restated	67,950,046	64,972,267
Net position, end of the year	<u>\$ 76,210,962</u>	<u>\$ 67,950,046</u>



STATEMENT OF CASH FLOWS

	Year ended June 30	
	2019	2018
Operating activities:		
Tuition and fees	\$ 4,577,703	\$ 4,194,186
Grants and contracts	7,542,055	6,638,898
Sales and services of educational departments	2,065,729	2,175,195
Payments to suppliers	(13,739,866)	(12,737,332)
Payments to employees for salaries and benefits	(28,409,770)	(28,704,184)
Payments for utilities	(2,123,028)	(2,083,755)
Payments for scholarships and fellowships	(2,893,186)	(2,798,140)
Loans Issued to students and employees	(3,811)	(10,924)
Collection of loans from students and employees		
Auxiliary enterprise charges:		
Student housing	4,018,166	4,283,962
Food services	3,194,041	3,361,932
Bookstore	736,519	940,960
Athletics		
Other auxiliary enterprises	1,464,834	1,371,778
Other receipts	1,342,351	1,655,485
Other payments		
Net cash used by operating activities	(22,228,263)	(21,711,939)
Noncapital financing activities:		
State appropriations	15,792,391	16,402,599
Gifts and grants for other than capital purposes	9,647,735	10,095,395
Private gifts for endowment purposes	91,150	157,916
Federal loan program receipts	17,445,192	19,068,480
Federal loan program disbursements	(17,445,192)	(19,068,480)
Other sources		
Other uses		
Net cash provided by noncapital financing activities	25,531,276	26,655,910
Capital and related financing activities:		
Proceeds from capital debt		-
Cash paid for capital assets	(130,241)	(187,448)
Capital appropriations received		
Capital grants and contracts received		
Proceeds from sales of capital assets		
Principal paid on capital debt and leases	(666,264)	(334,465)
Interest paid on capital debt and leases	(594,937)	(605,236)
Other sources		
Other uses		
Net cash used by capital and related financing activities	(1,391,442)	(1,127,149)
Investing activities:		
Proceeds from sales and maturities of investments	425,444	(91,208)
Interest received on investments	634,202	122,532
Purchases of investments	(491,046)	(280,141)
Net cash used by investing activities	568,600	(248,817)



STATEMENT OF CASH FLOWS

	<u>Year ended June 30</u>	
	<u>2019</u>	<u>2018</u>
Net change in cash and cash equivalents	2,480,171	3,568,005
Cash and cash equivalents - beginning of year	16,591,766	13,023,761
Cash and cash equivalents - end of year	<u>19,071,937</u>	<u>16,591,766</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	(26,539,622)	(25,892,810)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation expense	2,746,100	2,357,865
Self-insured claims expense		-
Provision for uncollectible receivables	254,347	579,830
Other	1,525,002	4,416,616
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Receivables, Net	(622,762)	(483,563)
Inventories	49,133	44,370
Prepaid Expenses	(84,919)	38,674
Loans to Students and Employees		-
Deferred outflow of resources	1,143,761	4,378,082
Other Assets	(9,580)	9,579
Increase (Decrease) in Liabilities:		
Accounts Payables and Accrued Liabilities	(10,995)	(98,885)
Unearned Revenue	230,441	(483,710)
Deposits Refundable	16,137	564
Accrued Leave Liability	11,918	(295,555)
Net pension liability	303,835	(2,720,379)
Net OPEB liability	(95,254)	(103,346)
Deferred inflow of resources	228,551	960,138
Other Liabilities	(1,374,356)	(4,419,409)
Total Adjustments	<u>4,311,359</u>	<u>4,180,871</u>
Net cash used in operating activities	<u>(22,228,263)</u>	<u>(21,711,939)</u>
Reconciliation of cash and cash equivalents:		
Current assets - cash and cash equivalents	19,071,937	16,591,766
Noncurrent assets - restricted cash and cash equivalents		-
Cash and cash equivalents, end of year	<u>19,071,937</u>	<u>16,591,766</u>
	19,071,937	16,591,766
ENTER NON-CASH TRANSACTIONS BELOW: (See GASB #9, Paragraph 37)		
State Appropriations Restricted for Capital Purposes	9,323,761	3,290,722
Donation of Capital Assets		-
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	<u>\$ 16,591,766</u>	<u>\$ 13,023,761</u>



STATEMENT OF CASH FLOWS

	Year ended June 30	
	2019	2018
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		



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 1: Summary of Significant Accounting Policies

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

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

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

Mississippi Valley State University has established its own educational building corporation (a nonprofit corporation incorporated in the State of Mississippi) in accordance with Section 37-101-61 of the Mississippi Code Annotated of 1972. The purpose of this corporation is for the acquisition, construction, and equipping of facilities and land for the University. In accordance with Governmental Accounting Standards Board Statement Number 14, this educational building corporation is deemed a component unit of the State of Mississippi Institutions of Higher Learning and is included as a blended component unit in the general purpose financial statements.

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

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



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Included in other noncurrent liabilities are unpaid claim liabilities relating to the IHL System's self-insured workers' compensation, unemployment compensation and tort claims. The liabilities for these unpaid claims and loss adjustment expenses are determined using both evaluations of each claim and statistical analyses and represent the estimated ultimate net cost of all claims payable include estimates that are particularly susceptible to change in the near term. Management believes that liabilities established for these unpaid claims at June 30, 2019 are adequate to cover the ultimate net cost of claims and contractual adjustments, but these liabilities are necessarily based upon estimates, and accordingly, the amount ultimately paid will be more or less than such estimates. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed, and any adjustments are reflected in the operations, currently.

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

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

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

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



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Investment Valuation Fair Value Measurement-Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 1: Summary of Significant Accounting Policies (Continued)

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that the government has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

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

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

Capital Assets - Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expenses are incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See Note 6 for additional details concerning useful lives, salvage values, and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

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

Impairment of Capital Assets - Management reviews capital assets for impairment whenever events or changes in circumstances indicate that the service utility of an asset has declined significantly and unexpectedly. Any write-downs due to impairment are charges to operations at the time impairment is identified. No write-down of capital assets was required for the year ended June 30, 2019.



Notes to Financial Statements
For Year Ended June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Nine-month employees earn major medical leave at a rate of 13.36 hours per month for one month to three years of service; 14 hours per month for three to eight years of service; 16 hours per month for eight to fifteen years of service; and 18 hours per month for fifteen years of service and above. There is no requirement that annual leave be taken, and there is no maximum accumulation. At termination, these employees are paid up to 240 hours of accumulated leave.

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



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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-



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 1: Summary of Significant Accounting Policies (Continued)

operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34. Interest expense is reported as non-operating.

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

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

The amount reported as operating expenses represents the portion of aid that was provided to students in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. Under the alternative method, these amounts are computed on a university basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

Net Position - GASB No. 34 reports equity as "Net Assets" rather than "Fund Balance." Net assets are classified according to external donor restrictions or availability of assets for satisfaction of 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.

Reclassifications

There were no reclassifications in FY 2019 for FY 2018.

Note 2: Cash and Investments

Cash Equivalents and Short-Term Investments

Investment policies as set forth by the IHL System's Board of Trustees policy and state statute authorize the University to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, U.S. Government agency and sponsored enterprise obligations and repurchase agreements. Investment



Notes to Financial Statements
For Year Ended June 30, 2019

Note 2: Cash and Investments (Continued)

policy at the IHL System is governed by State statute (Section 27-105-33, MS Code Ann. 1972) and the Uniform Management of Institutional Funds Act of 1998.

Custodial Credit Risk

Deposits Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent, but not held in the government's name. The IHL System had no investments exposed to custodial credit risk at June 30, 2018. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 of the Mississippi Code Annotated (1972). Under this program, the University's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of the failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Investment policies as set forth by Board policy as authorized by Section 37-101-15, Mississippi Code Annotated (1972), authorize the universities to invest in equity securities, bonds and other securities. Investments are reported at fair value.

A summary of cash and investments as of June 30, 2019 and 2018 are as follows:

	2019	2018
Cash	\$ 19,071,937	\$ 16,591,766
Restricted cash and cash equivalents		
U.S. Treasury securities	99,658	248,887
U.S. government agency securities	3,157,381	3,040,965
Commercial mortgage backed securities		
Collateralized mortgage obligations		
Asset backed securities		
Corporate bonds and notes	171,835	129,725
Certificates of deposit	877,479	870,334
Municipal bonds		
Money market funds	452,581	
Domestic equity securities	428,071	345,306
Fixed income mutual funds	537,028	722,104
International equity mutual funds	23,525	
Domestic equity mutual funds	1,170,192	857,213
Equity long/short hedge funds		
Private capital		
University of Mississippi Foundation investment pool		
Mississippi State Foundation Investment Pool		
Miscellaneous	36,292	551,663
Total Cash and Investments	<u>\$ 26,025,979</u>	<u>\$ 23,357,963</u>



Notes to Financial Statements
For Year Ended June 30, 2019

Note 2: Cash and Investments (Continued)

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

The following tables present the financial assets carried at fair value by level within the valuation hierarchy as well as the assets measured at the net present value (NPV) per share as a practical expedient as of June 30, 2019 and 2018:

	2019				2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investment strategy:								
Fixed income:								
U.S. Treasury securities	\$ 99,658			\$ 99,658	\$ 248,887			\$ 248,887
Fixed income mutual funds	537,028			537,028	722,104			722,104
U.S. Government agency securities		\$ 3,157,381		3,157,381		\$ 3,040,965		3,040,965
Mortgage obligations and asset backed securities								
Corporate bonds and notes		171,835		171,835		129,725		129,725
Certificates of deposit		877,479		877,479		870,334		870,334
Municipal bonds								
Money market funds	452,581			452,581				
Total fixed income	1,089,267	4,206,695	-	5,295,962	970,991	4,041,024	0	5,012,015
Equity securities:								
Domestic equity securities	428,071			428,071	345,306			345,306
Equity mutual funds	1,170,192			1,170,192	857,213			857,213
International equity mutual funds	23,525			23,525				
Total equities	1,621,788	-	-	1,621,788	1,202,519	0	0	1,202,519
Investments measured at NAV as a practical expedient:								
Equity long/short hedge funds								
Venture capital								
Mississippi State Foundation Investment Pool								
University of Mississippi Foundation Investment Pool								
Other miscellaneous investments				36,292				551,663
Total investments measured at NAV				36,292		0	0	551,663
Total investments measured at fair value	\$ 2,711,055	\$ 4,206,695	\$ -	\$ 6,954,042	\$ 2,173,510	\$ 4,041,024	\$ -	\$ 6,766,197

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

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. Investments are exposed to custodial risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent, but not held in the government's name. The IHL system had no investments exposed to custodial risk as of June 30, 2019.

Interest Rate Risk

Per GASB Statement No. 40, interest rate risk is defined as the risk a government may face should interest rate variances adversely affect the fair value of investments. The IHL System does not presently have a formal policy that addresses interest rate risk. The University had the following investments with interest rate risk as of June 30, 2019:



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 2: Cash and Investments (Continued)

Investment type	Fair value	2019			
		Years to maturity			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury obligations	\$ 99,658	\$ 99,658			
U.S. Government agency obligations	3,157,381	1,033,435	\$ 1,018,180	\$ 250,001	\$ 855,765
Corporate bonds & notes	171,835	171,835			
Certificates of deposit	877,479	877,479			
Fixed income mutual funds	537,028	537,028			
Total	\$ 4,843,381	\$ 2,719,435	\$ 1,018,180	\$ 250,001	\$ 855,765

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligation. The IHL System does not have a formal investment policy that addresses credit risk. As of June 30, 2019, the University had the following investments recorded at fair value subject to credit risk:

Ratings	2019	Reconciliation to total cash and investments:	
Aaa	\$ 1,018,180	Cash	\$ 14,721,937
A1	8,639	Restricted cash & cash equivalent	
A2	68,647	U.S. Treasury securities	99,658
A3	34,155	Certificates of deposit	877,479
Not rated, or rating unavailable	3,189,204	Money market funds	452,581
Total	\$ 4,318,825	Equity securities	1,621,788
		Investment measured at NAV	3,902,536
		Repurchase agreements	4,350,000
		Total	\$ 26,025,979

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

Concentration of Credit Risk

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



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 2: Cash and Investments (Continued)

At June 30, 2019 the University had the following issuers holding investments recorded at fair market value that represent more than 5% of total investments:

Issuer	2019		2018	
	Fair Value	Percentage	Fair Value	Percentage
Federal Home Loan Bank notes FNMA	\$ 250,494	3.60%	\$ 496,890	7.34%
FHLMC	1,266,626	18.21%	1,201,760	17.76%
FFCB	1,635,006	23.51%	1,334,342	19.72%
FMCC (Freddie Mac)				
Small Business Association participation certificates				
State of Mississippi Obligations				
Regions Bank	877,479	12.62%	870,334	12.86%
State Bank & Trust				
Trustmark Bank	253,603	3.65%		
River Hills Bank				
US Treasury Obligations	99,658	1.43%	248,887	3.68%
Renasant Bank				
BancorpSouth				
Hancock Bank				
GNMA Notes	5,782	0.08%	7,973	0.12%
GNC				
Municipal Tax Bonds				
FNDB				
Mississippi Development Bank notes				
Various (no single issuer exceeds 5% of total)	2,565,394	36.89%	2,606,011	38.52%
Total investments	<u>\$ 6,954,042</u>	<u>100.00%</u>	<u>\$ 6,766,197</u>	<u>100.00%</u>

Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The IHL System does not presently have a formal policy that addresses foreign currency risk. The IHL System's exposure to foreign currency risk is limited to investments in global or pooled non-U.S. equity mutual funds, which approximated \$20.8 million at June 30, 2018.



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 3: Accounts Receivable, net

Accounts receivable at June 30, 2019 and 2018 are as follows:

	2019	2018
Student tuition	\$ 10,408,491	\$ 10,042,058
Auxiliary enterprises and other operating activities		
Contributions and gifts		
Federal, state, and private grants and contracts	1,008,834	871,745
State Appropriations	377,106	583,533
Accrued Interest		
Patient Income		
Other	410,964	291,724
Total Accounts receivable	12,205,395	11,789,060
Less allowance for doubtful accounts	8,305,293	8,050,946
Net Accounts receivable	<u>\$ 3,900,102</u>	<u>\$ 3,738,114</u>
Current	\$ 3,900,102	\$ 3,738,114
Non-current		
	<u>\$ 3,900,102</u>	<u>\$ 3,738,114</u>

Note 4: Note Receivable from Students

The Perkins Loan Program was liquidated during FY 2010.

Note 5: Capital Assets

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Deletions/ Transfers	Balance June 30, 2019
Non-Depreciable Assets				
Land	\$ 47,500			\$ 47,500
Construction in progress	7,815,464	\$ 9,550,942	\$ 3,491,815	13,874,591
Livestock				
Total non-depreciable capital assets	<u>7,862,964</u>	<u>9,550,942</u>	<u>3,491,815</u>	<u>13,922,091</u>
Depreciable Capital Assets				
Buildings	113,740,768	3,104,638		116,845,406
Improvements other than buildings	20,410,174			20,410,174
Equipment	7,714,790	130,241	15,443	7,829,588
Library books	6,690,627	22,828		6,713,455
Total depreciable assets	<u>148,556,359</u>	<u>3,257,707</u>	<u>15,443</u>	<u>151,798,623</u>
Total capital assets	<u>156,419,323</u>	<u>12,808,649</u>	<u>3,507,258</u>	<u>165,720,714</u>
Less: Accumulated Depreciation for:				
Buildings	29,969,410	1,946,551		31,915,961
Improvements other than buildings	9,639,080	522,952		10,162,032
Equipment	6,534,956	252,930	9,501	6,778,385
Library books	6,596,858	23,667		6,620,525
Total accumulated depreciation	<u>52,740,304</u>	<u>2,746,100</u>	<u>9,501</u>	<u>55,476,903</u>
Net capital assets	<u>\$ 103,679,019</u>	<u>\$ 10,062,549</u>	<u>\$ 3,497,757</u>	<u>\$ 110,243,811</u>



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 5: Capital Assets (Continued)

Capitalized assets under lease and included in total capital assets at June 30, 2019 is as follows:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2019</u>
Assets under lease	\$407,504			\$407,504
Less: Accumulated depreciation	158,155	\$ 81,264		239,419
Net book value	<u>\$249,349</u>	<u>\$ 81,264</u>	<u>\$0</u>	<u>\$168,085</u>

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

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

Note 6 Deferred Outflows and Inflow of Resources

Deferred Outflows of Resources

The classifications of deferred outflows of resources at June 30, 2019 and 2018 are as follow:

	<u>6/30/2019</u>	<u>6/30/2018</u>
GASB Statement No. 68, Accounting and Reporting for Pensions:		
Difference between expected and actual experience	\$ 185,454	\$ 603,396
Changes in assumptions	24,958	933,480
Changes in proportionate share	467,718	294,469
Contributions subsequent to the measurement date	2,545,552	2,536,037
Net difference between projected and actual earnings on pension plan		
GASB Statement No. 75, Other Postemployment Benefits::		
Difference between expected and actual experience	6,271	
Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	18,011	21,844
Implicit rate subsidy	132,873	135,372
Accumulated deferred amount of debt refundings		
Total	<u>\$ 3,380,837</u>	<u>\$ 4,524,598</u>
Pension related	\$ 3,223,682	\$ 4,367,382
OPEB related	157,155	157,216
Other		
Total	<u>\$ 3,380,837</u>	<u>\$ 4,524,598</u>



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 6 Deferred Outflows and Inflow of Resources (Continued)

Deferred Inflows of Resources

The classifications of deferred inflows of resources at June 30, 2019 and 2018 are as follow:

	<u>6/30/2019</u>	<u>6/30/2018</u>
GASB Statement No. 68, Accounting and Reporting for Pensions:		
Net difference between projected and actual earnings on pension plan	\$ 840,929	539,240
Changes in assumptions	23,363	71,566
Difference between expected and actual experience	178,328	306,456
GASB Statement No. 75, Other Postemployment Benefits::		
Changes in assumptions	219,466	161,690
Change in proportion and differences between benefit payments and proportionate share of benefit payments	45,417	
Deferred amount of refundings		
Beneficial interest in irrevocable trusts		
Total	<u>\$ 1,307,503</u>	<u>\$ 1,078,952</u>
Pension related	\$ 1,042,620	\$ 917,262
OPEB related	264,883	161,690
Beneficial interest in irrevocable trusts		
Deferral on refundings		
Total	<u>\$ 1,307,503</u>	<u>\$ 1,078,952</u>

Note 7: Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are considered current and expected to be settled within one year for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Payable to vendors and contractors	\$ 692,109	\$ 818,308
Accrued salaries, wages and employee withholdings	1,022,945	907,741
Accrued interest		
Other		
Total	<u>\$ 1,715,054</u>	<u>\$ 1,726,049</u>



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 8: Unearned Revenues

Unearned revenues for the years ending June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Tuition and fees	\$ 324,484	\$ 177,656
Contracts and grants	128,386	44,773
Auxiliary and other activities		
Total	<u>\$ 452,870</u>	<u>\$ 222,429</u>

Note 9: Material Blended Component Units of the University

In accordance with GASB Statement No. 61, the educational building corporations are deemed to be material component units of the University, but are presented on a blended basis in the accompanying financial statements due to the significance of their activities to the University's operations. These blended component units provide services entirely, or almost entirely, to the University. Condensed financial information as of June 30, 2019 is as follows.

	Building Corporation Information (ONLY)	
	<u>2019</u>	<u>2018</u>
Total Current Assets	-	
Total Noncurrent Assets	\$ 17,315,000	\$ 17,900,000
Total Assets	<u>17,315,000</u>	<u>17,900,000</u>
Deferred Outflows of Resources	-	-
Total Current Liabilities	\$ 625,000	\$ 585,000
Total Noncurrent Liabilities	16,690,000	17,315,000
Total Liabilities	<u>\$ 17,315,000</u>	<u>\$ 17,900,000</u>
Deferred Inflows of Resources	-	-
Total Net Position	<u>-</u>	<u>-</u>
Total Operating Revenues	1,184,361	862,861
Total Operating Expenses	1,184,361	862,861
Operating Income (Loss)	<u>-</u>	<u>-</u>
Total Nonoperating Revenues	-	-
Total Nonoperating Expenses	-	-
Change in Net Position	<u>-</u>	<u>-</u>



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 10: Long-term Liabilities

Long-term liabilities of the University consist of bonds payable, capital lease obligations, and certain other liabilities that are expected to be liquidated at lease one year from June 30, 2019. The leases cover a period not to exceed five years. The University has the option to prepay all outstanding obligations less any unearned interest to fully satisfy the obligation. There is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period. Other long-term liabilities consist of accrued leave liabilities, deposit refundable, net pension liability, net OPEB liability.

	Original issue	Annual Interest Rate	Maturity (fiscal year)	6/30/2018	Additions	Deletions	6/30/2019	Due within 1 year
Mississippi Valley State University								
Bonded debt								
EBC Bonds - 2007	\$ 19,015,000	4.00%	2022	\$ 715,000		\$ 180,000	\$ 535,000	\$ 180,000
EBC Bonds - 2015	17,270,000	2.00%	2037	17,185,000		405,000	16,780,000	445,000
Total bonded debt	<u>\$ 36,285,000</u>			<u>17,900,000</u>	<u>-</u>	<u>585,000</u>	<u>17,315,000</u>	<u>625,000</u>
Capital lease	407,504			249,348	-	81,264	168,084	83,102
Total capital leases	<u>407,504</u>			<u>249,348</u>	<u>-</u>	<u>81,264</u>	<u>168,084</u>	<u>83,102</u>
Other long-term liabilities:								
Accrued leave liability				1,608,224	11,919		1,620,143	166,109
Net pension liability				41,999,298	303,835		42,303,133	
Net OPEB liability				3,175,395		95,254	3,080,141	
Deposit refundable				31,152	16,136		47,288	
Total other long-term liabilities				<u>46,814,069</u>	<u>331,890</u>	<u>95,254</u>	<u>47,050,705</u>	<u>166,109</u>
Total				<u>\$64,963,417</u>	<u>\$ 331,890</u>	<u>\$ 761,518</u>	<u>64,533,789</u>	<u>\$ 874,211</u>
Due within one year							<u>(874,211)</u>	
Total long-term liabilities							<u>\$ 63,659,578</u>	

The annual debt service requirement of the outstanding debt as of June 30, 2019 is as follows:

Fiscal year	Bonded debt	Capital lease	Notes payable	Total interest	Total principal and interest
2020	\$ 625,000	\$ 83,102		\$ 574,443	\$ 1,199,443
2021	675,000	84,982		556,643	1,231,643
2022	725,000			537,906	1,262,906
2023	575,000			514,506	1,089,506
2024	625,000			497,256	1,122,256
2025-2029	3,940,000			2,201,899	6,141,899
2030-2034	5,675,000			1,453,200	7,128,200
2035-2037	4,475,000			341,576	4,816,576
Total	<u>\$ 17,315,000</u>	<u>\$ 168,084</u>	<u>\$ -</u>	<u>\$ 6,677,429</u>	<u>\$ 23,992,429</u>



Notes to Financial Statements
For Year Ended June 30, 2019

Note 11: Natural Classifications Natural and Functional Classifications

Operating expenses by natural and functional classifications for the fiscal years ended June 30, 2019 and 2018 are as follows:

2019									
Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships & fellowships	Commodities	Depreciation expense	Total
Instruction	\$ 8,752,432	3,828,245	287,892	616,502	1,152	57,206	449,687	-	13,993,116
Research	13,022	2,369	-	6,839	-	-	4,471	-	26,701
Public service	1,555,255	633,981	124,236	577,174	-	4,096	375,282	-	3,270,024
Academic support	1,382,870	634,265	58,405	1,283,469	-	-	270,517	-	3,629,526
Student services	2,608,378	1,144,990	773,375	1,138,528	2,450	9,487	423,255	-	6,100,463
Institutional support	3,093,492	1,283,768	155,190	919,733	-	8,620	183,559	-	5,644,362
Operation of plant	1,896,101	923,048	6,594	954,259	1,362,467	-	1,089,294	-	6,231,763
Student aid	586,420	-	-	332,053	-	2,813,777	58,055	-	3,790,305
Auxiliary enterprises	1,192,449	574,781	11,985	2,814,582	756,959	-	815,930	-	6,166,686
Depreciation expense	-	-	-	-	-	-	-	2,746,100	2,746,100
Total	\$ 21,080,419	9,025,447	1,417,677	8,643,139	2,123,028	2,893,186	3,670,050	2,746,100	51,599,046

2018									
Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships & fellowships	Commodities	Depreciation expense	Total
Instruction	\$ 8,768,517	4,342,045	223,046	528,991	16,322	60,163	535,303	-	14,474,387
Research	30,778	6,191	3,621	21,676	-	1,168	106,103	-	169,537
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

Note 12: Operating Leases

Lease expenses totaled \$66,000, \$66,000 and \$62,377 for the fiscal years ending June 30, 2019, 2018 and 2017.

2020	\$ 55,000
2021	-
2022	-
2023	-
2024	-
2025 - 2029	-
2030 - 2034	-
2035 - 2039	-
Payments Required	\$ 55,000



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 13: Construction Commitments and Financing

The University has contracted for various construction projects as of June 30, 2019. Estimated costs to complete the various projects and the sources of anticipated funding are as follows:

Construction projects	Cost to complete	Funded by		
		State sources	Institutional funds	Other (private)
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		
Lighting Project	500,571		\$ 250,571	\$ 250,000
Auditorium Improvement	250,000	250,000		
Aquatic Facility Improvement	250,000	250,000		
Fire Suppression Delta Sands	198,907		198,907	
Emergency Management	145,000		145,000	
Camera Project	113,688		82,033	31,655
Old Laundry Remodel	49,526		49,526	
New Laundry	48,850		48,850	
Total	\$ 21,257,319	\$ 20,200,777	\$ 774,887	\$ 281,655

Note 14: Donor Restricted Endowments

Donor restricted endowments were \$1,062,980 for the fiscal years ended June 30, 2019 is reported in the accompanying statement of net position as "net assets – non-expendable for scholarships and fellowships". During fiscal year 2019 the restriction on donor restricted endowments totaling \$1,624,480 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 15: Employee Benefits –Pension Plans

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

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

The employees of the University are covered by one of the pension plans outlined above (collectively, the Plans). The Plans do not provide for measurements of assets and pension



Notes to Financial Statements
For Year Ended June 30, 2019

Note 15: Employee Benefits –Pension Plans (continued)

benefit obligations for individual entities. The measurement date of the Plans is June 30, 2018 for fiscal year 2019 and June 30, 2017 for fiscal year 2018.

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 2019 and 2018 include all disclosures for GASB Statement No. 68 using the latest valuation reports available (June 30, 2018). For fiscal year 2019, the measurement date for the PERS defined benefit plan is June 30, 2018. For fiscal year 2018, the measurement date for the PERS defined benefit plan is June 30, 2017. The University is presenting net pension liability as of June 30, 2018 and 2017 for the fiscal years 2019 and 2018 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 Safety Patrol, other public employees whose employers have elected to participate in PERS, elected members of the State Legislature and the President of the Senate. PERS administers a cost-sharing, multiple-employer defined benefit pension plan. PERS is administered by a 10-member Board of Trustees that includes the State Treasurer; one gubernatorial appointee who is a member of PERS; two state employees; two PERS retirees; and one representative each from public schools and community colleges, state universities, municipalities and counties. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent.

Membership and Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts. Members and employers are statutorily required to contribute certain percentages of salaries and wages as



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 15: Employee Benefits –Pension Plans (continued)

specified by the Board of Trustees. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

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

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

Contributions

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

Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. PERS members were required to contribute 9.00% of their annual pay. The institution's contractually required contribution rate for the years ended June 30, 2019 and 2018 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



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 15: Employee Benefits –Pension Plans (continued)

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

The University’s contributions to PERS for the years ended June 30, 2019 and 2018 were \$2,577,026 and \$2,558,051, respectively. 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. 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 University’s contributions used in the determination of its proportionate share of collective pension amount reported:

<u>Plan</u>	<u>Proportionate share of contributions</u>	<u>Allocation percentage of proportionate share of collective pension amount</u>	<u>Change in proportionate share of collective pension amount</u>
PERS Defined Benefit:			
2019	\$ 2,558,051	0.254333%	0.001681%
2018	2,552,721	0.252652%	0.002297%

Net Pension Liability

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

<u>Plan</u>	<u>Proportion of net pension liability</u>	<u>Proportionate share of net pension liability</u>
PERS Defined Benefit:		
2019	0.254333%	\$ 42,303,133
2018	0.252652%	41,999,298



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 15: Employee Benefits –Pension Plans (continued)

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

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

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

2019								
Deferred outflows					Deferred inflows			
Differences between expected and actual experience	Changes of assumptions	Changes in proportion and differences between employer contributions and proportionate share of contributions	Contributions subsequent to the measurement date	Total deferred outflows of resources	Net difference between projected and actual investment earnings on pension plan investment	Changes of assumptions	Differences between expected and actual experience	Total deferred inflows of resources

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 year ended June 30, 2020.

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	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

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 year ended June 30, 2019.



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 15: Employee Benefits –Pension Plans (continued)

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

Deferred outflows of resources Year Ended June 30				
2020	2021	2022	2023	Total
\$ 472,045	130,004	76,081	—	678,130

Deferred inflows of resources Year Ended June 30				
2020	2021	2022	2023	Total
\$ (312,125)	157,592	1,006,913	190,240	1,042,620

Actuarial Methods and Assumptions

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

	2019	2018
Valuation date	June 30, 2018	June 30, 2017
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Inflation rate	3.00 %	3.00 %
Salary increases	3.25	3.25
Investment rate of return	7.75	7.75

Mortality

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



Note 15: Employee Benefits –Pension Plans (continued)

Discount Rate

For the years ended June 30, 2019 and 2018, 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, 2019 and 2018. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 and 2018 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
U.S. Broad	27.00 %	4.60 %
International equity	18.00	4.50
Emerging markets equity	4.00	4.75
Global	12.00	4.75
Fixed income	18.00	0.75
Real assets	10.00	3.50
Private equity	8.00	5.10
Emerging debt	2.00	2.25
Cash	1.00	0.00
	<u>100.00</u>	

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following table presents the University’s proportionate share of the net pension liability of the cost-sharing plan for 2019 and 2018, 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:



Note 15: Employee Benefits –Pension Plans (Continued)

(b) Optional Retirement Plan, a defined contribution plan

The Optional Retirement Plan (ORP) was established by the Mississippi Legislature in 1990 to help attract qualified and talented institutions of higher learning faculty. The membership of the ORP is composed of teachers and administrators appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. The ORP provides funds at retirement for employees, and in the event of death, the ORP provides funds for their beneficiaries through an arrangement by which contributions are made to this plan. The current contribution rate of both the employee and the University are identical to that of the PERS defined benefit plan.

The ORP uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices. Employees immediately vest in plan contributions upon entering the plan. The University's contributions to the ORP for the years ended June 30, 2019 and 2018 were \$87,309 and \$100,645, which equaled its required contribution for the period.

Note 16: Postemployment Health Care and Life Insurance Benefits

Plan Description

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

The 14-member board is comprised of the Chairman of the Workers' Compensation Commission; the State Personnel Director; the Commissioner of Insurance; the Commissioner of Higher Education; the State Superintendent of Public Education; the Executive Director of the Department of Finance and Administration; the Executive Director of the Mississippi Community College Board; the Executive Director of the Public Employees' Retirement System; two appointees of the Governor; the Chairman of the Senate Insurance Committee, or his 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



**Notes to Financial Statements
For Year Ended June 30, 2019**

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

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

Contributions

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

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

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

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

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

At June 30, 2018 and 2017, the Plan provided health coverage to 327 and 334 employer units, respectively.



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

Disclosures under GASB Statement No. 75

The disclosures that follow for fiscal years 2019 and 2018 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2018). For fiscal year 2019, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2018. 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, 2018 and 2017 for the fiscal years 2019 and 2018 financials, respectively.

Proportionate Share Allocation Methodology

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

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

At June 30, 2019 and 2018, the University reported a liability of \$3.1 million and \$3.2 million, respectively, for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2019, the NOL was measured as of June 30, 2018, 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, 2019 and 2018, the University's proportion was 0.40%.

For the years ended June 30, 2019 and 2018, the University recognized OPEB expense of \$147,252 and \$157,610, respectively.

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



Notes to Financial Statements
For Year Ended June 30, 2019

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

2019						
Differences between expected and actual experience	Deferred outflows			Total deferred outflows of resources	Changes of assumptions	Deferred inflows
	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments					Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments
6,271	18,011	Implicit rate subsidy	132,873	157,155	219,466	45,417

\$132,873 reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ending June 30, 2020.

2018					
Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Deferred outflows			Deferred inflows	
	Implicit rate subsidy	Total deferred outflows of resources	Changes of assumptions	Total deferred inflows of resources	
21,844	135,372	157,216	161,690	161,690	

\$135,372 reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date was recognized as a reduction of the NOL in 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, 2018 measurement period is 6.4 years. 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.



**Notes to Financial Statements
For Year Ended June 30, 2019**

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

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

Deferred outflows (inflows) of resources year ended June 30						
2020	2021	2022	2023	2024	Thereafter	Total
(47,678)	(47,678)	(47,678)	(47,678)	(40,453)	(9,436)	(240,601)

Actuarial Methods and Assumptions

The following table provides a summary of the actuarial methods and assumptions used to determine the discount rate reported for OPEB for the years ended June 30, 2019 and 2018:

	2019	2018
Valuation date	June 30, 2018	June 30, 2017
Measurement date	June 30, 2018	June 30, 2017
Experience study	April 18, 2017	April 18, 2017
Actuarial assumptions:		
Cost method	Entry age normal	Entry age normal
Inflation rate	3.00 %	3.00 %
Long-term expected rate of return	4.50 %	N/A
Discount rate	3.89 %	3.56 %
Projected cash flows	N/A	N/A
Projected salary increases	3.25% - 18.50%	3.25% - 18.50%
Healthcare cost trend rates	7.75% decreasing to 4.75% by 2028	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% f



Notes to Financial Statements
For Year Ended June 30, 2019

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

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.

Discount Rate

For the years ended June 30, 2019 and 2018, the discount rate used to measure the total OPEB liability was 3.89% and 3.56%, respectively. The discount rate is based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

Long-term Expected Rate of Return

At June 30, 2019, the long-term expected rate of return, net of OPEB plan investment expense, including inflation was 4.50%. For fiscal year ended June 30, 2018, since there were no assets in a trust as of the measurement date, there was no projection of cash flows for the plan and no long-term expected rate of return on plan assets.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following tables presents the University's proportionate share of the NOL for 2019 and 2018, calculated using the discount rate of 3.56% and 3.89%, respectively, as well as what the University's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:



**Notes to Financial Statements
For Year Ended June 30, 2019**

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

	Discount Rate Sensitivity		
	1% Decrease	Current	1% Increase
	(2.89%)	discount rate (3.89%)	(4.89%)
Mississippi Valley State University proportionate share of net OPEB liability 2019	\$ 3,414,259	\$ 3,080,141	\$ 2,792,788

	Discount Rate Sensitivity		
	1% Decrease	Current	1% Increase
	(2.56%)	discount rate (3.56%)	(4.56%)
Mississippi Valley State University proportionate share of net OPEB liability 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	1% Increase
		discount rate	
Mississippi Valley State University proportionate share of net OPEB liability 2019	\$ 2,853,228	\$ 3,080,141	\$ 3,337,848
2018	2,932,690	3,175,395	3,452,468

Note 17: Self-Insured Workers Compensation Fund

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 \$349,860 and \$387,626 for the fiscal years ended June 30, 2019 and 2018.



**Notes to Financial Statements
For Year Ended June 30, 2019**

Note 18: Unemployment Trust Fund

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 \$104,933 and \$137,351 for the fiscal years ended June 30, 2019 and 2018, respectively.

Note 19: Tort Liability and Other Contingencies

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 filed 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 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 \$36,618 and \$78,726 for fiscal years ended June 30, 2019 and 2018, respectively.

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 20: Sub-Recipients

The University provided \$15,774 in federal award to a sub-recipient for the fiscal year ended June 30, 2019.



Notes to Financial Statements
For Year Ended June 30, 2019

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
GASB 67 Paragraph 32(b)
Year ended June 30, 2019

	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%
2019	0.25%	42,303,133	16,241,594	260.46%	62.54%

See accompanying independent auditors' report.

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Contributions
GASB 67 Paragraph 32(c)
Year ended June 30, 2019

	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%
2019	2,545,552	2,545,552	-	16,162,235	15.75%

See accompanying independent auditors' report.



**Notes to Financial Statements
For Year Ended June 30, 2019**

Schedule of Proportionate Share of the Net OPEB Liability
GASB 74 Paragraph 36(a)
June 30, 2019

	<u>Proportionate share of the net OPEB liability</u>	<u>Proportionate share of the net OPEB liability</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2018	0.40%	\$ 3,175,395	\$ 18,182,528	17.46%	0.00%
2019	0.40%	3,080,141	18,009,522	17.10%	0.00%

See accompanying independent auditors' report.

Mississippi Valley State University
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Employer Contributions
GASB 74 Paragraph 36(c)
June 30, 2019

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2018	\$ 176,749	\$ 124,942	\$ 51,807	\$ 18,182,528	0.69%
2019	187,424	137,170	50,255	18,009,522	0.76%

See accompanying independent auditors' report.



Notes to Required Supplementary Information (Unaudited)
June 30, 2019

(1) Schedule of Proportionate Share of 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.

(2) Schedule of Proportionate Share of Contributions

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.

(3) Changes in Assumptions and Benefit Terms

Changes of assumptions for 2019:

- 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 2019, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Amounts reported for fiscal year 2018 reflect no changes in assumptions. In fiscal year 2016, price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Changes of assumptions for 2018:

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

Changes of benefit terms: Amounts reported for fiscal year 2019 and 2018 reflect no changes in benefit terms.



1. 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 3.56% to current measurement date.

Changes of benefit terms: Amounts reported for fiscal year 2019 and 2018 reflect no changes in benefit terms.