2018-2019 FINANCIAL REPORT

Mississippi University for Women

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TABLE OF CONTENTS

Financial Report

Fiscal Year Ended June 30, 2019 and 2018

MISSISSIPPI UNIVERSITY FOR WOMEN

Statements of Net Position

June 30, 2019 and 2018

		2019	2018
Assets and Deferred Outflows			
Current Assets:			
Cash and cash equivalents	$	10,269,085	8,013,692
Accounts receivable, net		4,880,446	4,273,016
Student notes receivable, net		54,771	71,480
Prepaid expenses		89,253	255,471
Total current assets		15,293,555	12,613,659
Non-Current Assets:			
Restricted cash and cash equivalents		(1,247,192)	(695,130)
Endowment investments		4,108,125	3,976,112
Other long-term investments		8,072,072	9,357,683
Student notes receivable, net		629,870	822,023
Capital assets, net		108,439,479	105,646,036
Total noncurrent assets		120,002,354	119,106,724
Total assets		135,295,909	131,720,383
Deferred outflows of resources		2,374,180	4,603,081
Total assets and deferred outflows of resources	$	137,670,089	136,323,464
Liabilities, Deferred Inflows and Net Position			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	$	2,238,127	2,587,140
Unearned revenues		1,371,179	1,481,367
Accrued leave liabilities - current portion		43,689	48,061
Long-term liabilities - current portion		—	77,053
Other current liabilities		249,793	229,435
Total current liabilities		3,902,788	4,423,056
Noncurrent liabilities:			
Accrued leave liabilities		1,048,531	992,772
Net pension liability		38,566,359	39,274,129
Net OPEB liability		2,364,085	2,342,410
Other noncurrent liabilities		813,257	885,616
Total noncurrent liabilities		42,792,232	43,494,927
Total liabilities		46,695,020	47,917,983
Deferred inflows of resources		1,118,968	977,020
Total liabilities and deferred inflows of resources	$	47,813,988	48,895,003
Net Position:			
Net investment in capital assets	$	108,439,479	105,568,985
Restricted for:			
Nonexpendable:			
Scholarships and fellowships		855,689	824,371
Other purposes		286,659	286,659
Expendable:			
Scholarships and fellowships		429,133	442,566
Capital projects		1,670,289	1,757,469
Loans		170,084	182,853
Unrestricted		(21,995,232)	(21,634,442)
Total net position	$	89,856,101	87,428,461

See accompanying notes to financial statements.

MISSISSIPPI UNIVERSITY FOR WOMEN

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Tuition and fees:	$ 19,624,655	23,292,861
Less scholarship allowances	(6,487,669)	(8,755,753)
Less bad debt expense	(137,335)	(194,647)
Net tuition and fees	12,999,651	14,342,461
Federal grants and contracts	223,393	25,095
State grants and contracts	5,649,390	5,813,411
Nongovernmental grants and contracts	2,602,538	2,642,282
Sales and services of educational departments	1,455,488	1,392,881
Auxiliary enterprises:		
Student housing	2,452,254	2,435,446
Food services	1,958,306	1,937,161
Bookstore	117,660	101,762
Other auxiliary revenues	225,787	216,253
Less auxiliary enterprise scholarship allowances	(1,475,611)	(1,663,768)
Other operating revenues, net	207,454	79,394
Total operating revenues	26,416,310	27,322,378
Operating expenses:		
Salaries and wages	21,174,722	21,231,364
Fringe benefits	8,113,408	9,426,100
Travel	718,839	537,051
Contractual services	8,288,954	8,018,779
Utilities	2,683,472	2,643,272
Scholarships and fellowships	5,358,849	6,003,723
Commodities	2,026,367	1,586,730
Depreciation	2,570,409	2,598,088
Total operating expenses	50,935,020	52,045,107
Operating loss	(24,518,710)	(24,722,729)
Nonoperating revenues (expenses):		
State appropriations	14,962,901	14,861,213
Gifts and grants	6,530,645	6,455,782
Investment income, net of investment expense	497,773	61,912
Interest expense on capital asset-related debt	(1,063)	(5,259)
Other nonoperating revenues	266,754	231,904
Other nonoperating expenses	(533,616)	(695,719)
Total nonoperating revenues, net	21,723,394	20,909,833
Loss before other revenues, expenses, gains and losses	(2,795,316)	(3,812,896)
Other revenues, expenses, gains and losses:		
State appropriations restricted for capital purposes	5,332,583	6,929,126
Additions to permanent endowments	147,802	14,937
Other additions	10,838	15,042
Other deletions	(268,267)	(90,330)
Change in net position	2,427,640	3,055,879
Net position, beginning of the year	87,428,461	86,695,511
Effect of adoption of GASB 75	—	(2,322,929)
Net position, beginning of the year, as restated	87,428,461	84,372,582
Net position, end of the year	$ 89,856,101	87,428,461

See accompanying notes to financial statements.

MISSISSIPPI UNIVERSITY FOR WOMEN

Statements of Cash Flows

Years ended June 30, 2019 and 2018

	2019	2018
Operating activities:		
Tuition and fees	$ 13,364,414	14,488,068
Grants and contracts	7,664,463	9,713,645
Sales and services of educational departments	1,449,478	1,388,376
Payments to suppliers	(11,357,730)	(10,211,773)
Payments to employees for salaries and benefits	(27,774,207)	(27,942,366)
Payments for utilities	(2,683,472)	(2,643,272)
Payments for scholarships and fellowships	(5,358,849)	(6,003,723)
Auxiliary enterprise charges:		
Student housing	1,631,820	1,508,764
Food services	1,303,129	1,200,075
Bookstore	117,660	101,762
Other auxiliary enterprises	296,000	173,784
Other receipts	207,455	79,397
Net cash used in operating activities	(21,139,839)	(18,147,263)
Noncapital financing activities:		
State appropriations	14,962,901	14,861,213
Gifts and grants for other than capital purposes	6,797,399	6,687,686
Private gifts for endowment purposes	147,802	14,937
Federal loan program receipts	13,507,635	14,158,896
Federal loan program disbursements	(13,507,635)	(14,158,896)
Other sources	208,861	130,216
Other uses	(560,196)	(702,189)
Net cash provided by noncapital financing activities	21,556,767	20,991,863
Capital and related financing activities:		
Cash paid for capital assets	(5,857,746)	(8,480,160)
Capital appropriations received	5,332,583	6,929,126
Principal paid on capital debt and leases	(77,053)	(150,972)
Interest paid on capital debt and leases	(1,063)	—
Net cash used in capital and related financing activities	(603,279)	(1,702,006)
Investing activities:		
Proceeds from sales and maturities of investments	5,595,642	3,958,902
Interest received on investments	499,857	61,912
Purchases of investments	(4,205,817)	(4,127,909)
Net cash provided by (used in) investing activities	1,889,682	(107,095)
Net change in cash and cash equivalents	1,703,331	1,035,499
Cash and cash equivalents, beginning of the year	7,318,562	6,283,063
Cash and cash equivalents, end of the year	$ 9,021,893	7,318,562

MISSISSIPPI UNIVERSITY FOR WOMEN

Statements of Cash Flows

Years ended June 30, 2019 and 2018

		2019	2018
RECONCILIATION OF OPERATING Income (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	$	(24,518,710)	(24,722,729)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense		2,570,409	2,598,088
Provision for uncollectible receivables		137,335	246,837
Other		—	4,697,062
Changes in Assets and Liabilities:			
(Increase) Decrease in Assets:			
Receivables, Net		(398,568)	1,343,612
Prepaid Expenses		166,218	(158,553)
Deferred outflows of resources		2,228,901	4,645,524
Increase (Decrease) in Liabilities:			
Accounts Payables and Accrued Liabilities		(349,013)	(190,021)
Unearned Revenue		(110,188)	97,094
Accrued Leave Liability		57,171	(334,624)
Net pension liability		(707,770)	(2,310,640)
Net OPEB liability		(21,675)	(72,686)
Deferred inflows of resources		(141,948)	866,537
Other Liabilities		(52,001)	(4,852,764)
Total Adjustments		3,378,871	6,575,466
Net cash used in operating activities	$	(21,139,839)	(18,147,263)
		-	-
Reconciliation of cash and cash equivalents:			
Current assets - cash and cash equivalents	$	10,269,085	8,013,692
Noncurrent assets - restricted cash and cash equivalents		(1,247,192)	(695,130)
Cash and cash equivalents, end of the year	$	9,021,893	7,318,562
Noncash capital related financing and investing activities:			
Capital assets acquired through donations and capital leases	$	-	-
Capital assets appropriated by the State of Mississippi		5,332,583	6,929,126

See accompanying notes to financial statements.

Note 1

Summary of Significant Accounting Policies

(a) Nature of Operations

Mississippi University for Women (MUW) is a Carnegie Master's S public university that provides high-quality undergraduate and graduate education for women and men in a variety of liberal arts and professional programs, while maintaining its historic commitment to academic and leadership development for women. MUW emphasizes a personalized learning environment in all of its educational programs, which are offered through the College of Arts and Sciences, College of Business and Professional Studies, College of Education and Human Science, and College of Nursing and Speech Language Pathology. MUW delivers selected programs and courses through distance education formats to provide educational opportunities throughout Mississippi and the United States, while addressing the unique educational and public service needs of northeast Mississippi and adjoining counties in northwest Alabama. MUW supports research, scholarship, and creativity to enhance faculty development and student learning and to advance knowledge in the disciplines offered by the university.

(b) Reporting Entity

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

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

(c) Basis of Accounting

The financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The University follows the "business-type activities" reporting requirements of GASB Statement No. 34 which provides a comprehensive presentation of the University's financial activities.

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 reduced to a legal or contractual obligation to pay. All significant intra-institutional transactions have been eliminated.

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

(d) Recently Issued Accounting Standards

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

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard establishes accounting requirements for interest cost incurred before the end of a construction period. Such costs should now be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Statement reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. This Statement is effective for fiscal years beginning after December 15, 2019.

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

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

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

(e) Use of Estimates

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

Significant estimates also include the determination of the allowances for uncollectible accounts and notes receivable. As a result, there is at least a reasonable possibility that recorded estimates associated with these assets could change by a material amount in the near term.

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

(f) 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.

(g) Short-Term Investments

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

(h) 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 university grants and contracts. Accounts receivable are recorded net of an allowance for doubtful accounts.

(i) Student Notes Receivable, Net

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

(j) Prepaid Expenses

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

(k) Restricted Cash and Cash Equivalents

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

(l) Endowment Investments

Endowment investments 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.

(m) Other Long-Term Investments

Investments are reported at fair value. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position. Investments for which there are no quoted market prices are valued at net asset value as a practical expedient in determining fair value.

(n) Investment Valuation

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

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that the university 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;
- Level 3 inputs are unobservable inputs for the financial asset or liability.

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

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

(o) 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. For movable property, the University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional categories. See Note 5 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.

(p) Impairment of Capital Assets

Management reviews capital assets for impairment whenever events or changes in circumstances indicate that the service utility of an asset has declined significantly and unexpectedly. Any write-downs due to impairment are charged to operations at the time impairment is identified. No write-down of capital assets was required for the years ended June 30, 2019 and 2018.

(q) Deferred Inflows and Outflows

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.

Deferred outflows of resources are consumption of net assets by the university that are applicable to a future reporting period and include pension and OPEB related deferred outflows.

(r) Net Pension and OPEB Liabilities

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

(s) Accounts Payable and Accrued Liabilities

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

(t) Compensated Absences/Accrued Leave

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

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

(u) 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.

(v) Non-current Liabilities

Non-current liabilities include: (1) capital lease obligations; (2) estimated amounts of proportionate share of net pension and OPEB liabilities; (3) estimated amounts for accrued compensated absences 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.

(w) Income Taxes

The University is considered an agency of the State and is treated as a governmental entity for tax purposes. As such, the University generally is not subject to federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the University does 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 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.

(x) Classification of Revenues and Expenses

The University has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues and expenses have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances and bad debt expense; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) most Federal, state and local grants and contracts (non-Title IV financial aid); and (5) other operating revenue. Examples of operating expenses include (1) employee compensation, benefits and related expenses; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, commodities (supplies) and contractual services; (4) professional fees; and (5) depreciation expense related to certain capital assets.

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

(y) Auxiliary Enterprise Activities

Auxiliary enterprises typically exist to furnish goods or services to students, faculty or staff, and charge a fee directly related to, although not necessarily equal to, the cost of the goods or services. One distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities. Examples include residence halls, bookstore, convenience store, laundry, faculty and staff housing, food services and intercollegiate athletic programs (only if they are essentially self-supporting). The general public may be served incidentally by auxiliary enterprises.

(z) Scholarship Discounts and Allowances

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

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

(dd) Net Position

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

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

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

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

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

Note 2

Cash and Investments

Cash, Cash Equivalents and Short-Term Investments

Investment policies as set forth by the IHL Board of Trustees policy and state statute authorize the University to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, U.S. Government agency and sponsored enterprise obligations and repurchase agreements. Investment policy at the university 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 university had no investments exposed to custodial credit risk at June 30, 2019 and 2018.

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

		2019		2018
Cash	$	10,269,085		8,013,692
Restricted cash and cash equivalents		(1,247,192)		(695,130)
U.S. Treasury securities		349,605		497,656
U.S. government agency securities		11,055,678		11,656,756
Municipal bonds		618,314		1,022,783
Miscellaneous		156,600		156,600
Total Cash and Investments	$	**21,202,090**	**$**	**20,652,357**

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

		2019			
		Level 1	Level 2	Level 3	Total
Investment strategy:					
Fixed income:					
U.S. Treasury securities	$	349,605	—	—	349,605
U.S. government securities		—	11,055,678	—	11,055,678
Municipal bonds		—	618,314	—	618,314
Total fixed income investments	$	349,605	11,673,992	—	12,023,597
Investments measured at NAV as a practical expedient:					
Land grant					156,600
Total investments measured at NAV					156,600
Total investments measured at fair value					$ 12,180,197

	2018			
	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. Treasury securities	$ 497,656	—	—	497,656
U.S. government securities	—	11,656,756	—	11,656,756
Municipal bonds	—	1,022,783	—	1,022,783
Total fixed income investments	$ 497,656	12,679,539	—	13,177,195
Investments measured at NAV as a practical expedient:				
Land grant				156,600
Total investments measured at NAV				156,600
Total investments measured at fair value				$ 13,333,795

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent but not held in the government's name. The university had no investments exposed to custodial credit risk at June 30, 2019 and 2018.

Interest Rate Risk

Interest rate risk is defined as the risk a government may face should interest rate variances adversely affect the fair value of investments. The university does not presently have a formal policy that addresses interest rate risk. As of June 30, 2019 and 2018, the university had the following investments subject to interest rate risk:

	2019				
	Years to maturity				
Investment Type	Fair value	Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury Obligations	$ 349,605	349,605	-	-	-
U.S. Government Agency Obligations	11,055,678	1,244,424	6,683,285	1,300,911	1,827,058
Municipal obligations	618,314	-	504,445	113,869	-
Total	$ 12,023,597	1,594,029	7,187,730	1,414,780	1,827,058

	2018				
	Years to maturity				
Investment Type	Fair value	Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury Obligations	$ 497,656	497,656			
U.S. Government Agency Obligations	11,656,756	4,636,737	4,837,935	982,298	1,199,786
Municipal obligations	1,022,783	423,507	490,670	108,606	
Total	$ 13,177,195	5,557,900	5,328,605	1,090,904	1,199,786

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The university does not have a formal investment policy that addresses credit risk. As of June 30, 2019 and 2018, the university had the following investments recorded at fair value subject to credit risk:

		2019	2018
AA		618,314	1,022,782
AA+		9,228,620	9,984,897
Not rated or unavailable		1,827,058	1,671,860
Total	$	**11,673,992**	**12,679,539**

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

Concentration of Credit Risk

Concentration of credit risk is defined by GASB Statement No. 40, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than* Pensions, as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The university does not presently have a formal policy that addresses concentration of credit risk.

As of June 30, 2019 and 2018, the university had the following issuer holding investments recorded at fair value that exceeded 5% of total investments:

		2019	
Issuer		**Fair value**	**Percentage**
Federal Home Loan Bank notes	$	1,998,312	16.62%
Federal National Mortgage Association		1,592,439	13.24%
Federal Home Loan Mortgage Corporation		4,724,680	39.30%
Federal Farm Credit Bank notes		1,588,781	13.21%
Government National Mortgage Association		851,188	7.08%
Municipal bonds		618,314	5.14%

		2018	
Issuer		**Fair value**	**Percentage**
Federal Home Loan Bank notes	$	1,915,781	14.54%
Federal National Mortgage Association		1,556,590	11.81%
Federal Home Loan Mortgage Corporation		3,694,516	28.04%
Federal Farm Credit Bank notes		2,524,771	19.16%
Municipal bonds		1,022,783	7.76%

Note 3

Accounts Receivable, net

Accounts receivable consisted of the following at June 30, 2019 and 2018:

		2019	2018
Student tuition	$	4,697,140	4,676,588
Auxiliary enterprises and other operating activities		9,755	46,360
Contributions and gifts		-	-
Federal, state, and private grants and contracts		2,106,041	1,279,938
State Appropriations		307,095	326,626
Accrued Interest		146,909	149,087
Patient Income		-	-
Other		103,371	116,912
Total accounts receivable		7,370,311	6,595,511
Less bad debt provision		(2,489,865)	(2,322,495)
Net accounts receivable	$	4,880,446	4,273,016

Note 4

Student Notes Receivable, net

Notes receivable from students are payable in installments over a period of up to ten years, commencing twelve months from the date of separation from the institution or the date that the enrollment status of the student drops below half-time. The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the University at June 30, 2019 and 2018:

	Interest Rates		June 30, 2019	Current Portion	Non-current Portion
Perkins student loans	3% to 9%	$	1,214,456	54,771	1,159,685
Institutional loans	0% to 9%		1,365	-	1,365
Total notes receivable			1,215,821	54,771	1,161,050
Less allowance for doubtful accounts			(531,180)	-	(531,180)
Net notes receivable		$	684,641	54,771	629,870

	Interest Rates	June 30, 2018	Current Portion	Non-current Portion
Perkins student loans	3% to 9%	$ 1,369,103	71,480	1,297,623
Institutional loans	0% to 9%	1,365		1,365
Total notes receivable		1,370,468	71,480	1,298,988
Less allowance for doubtful accounts		(476,965)	-	(476,965)
Net notes receivable		$ 893,503	71,480	822,023

Note 5

Capital Assets

A summary of changes in capital assets for the years ended June 30, 2019 and 2018 is presented as follows:

	Balance June 30, 2018	Additions	Deletions/ transfers	Balance June 30, 2019
Nondepreciable Capital Assets:				
Land	$ 2,428,606	-	-	2,428,606
Construction in progress	12,312,486	5,332,585	-	17,645,071
Total nondepreciable capital assets	14,741,092	5,332,585	-	20,073,677
Depreciable capital assets:				
Buildings	123,429,266	-	-	123,429,266
Improvements other than buildings	8,371,743	-	-	8,371,743
Equipment	5,390,448	79,189	47,920	5,421,717
Library books	3,081,945	-	-	3,081,945
Total depreciable assets	140,273,402	79,189	47,920	140,304,671
Total capital assets	155,014,494	5,411,774	47,920	160,378,348
Less accumulated depreciation for:				
Buildings	38,420,169	2,220,154	-	40,640,323
Improvements other than buildings	3,604,941	232,732	-	3,837,673
Equipment	4,388,629	130,540	13,015	4,506,154
Library books	2,954,719	-	-	2,954,719
Total accumulated depreciation	49,368,458	2,583,426	13,015	51,938,869
Net capital assets	$ 105,646,036	2,828,348	34,905	108,439,479

	Balance June 30, 2017	Additions	Deletions/ transfers	Balance June 30, 2018
Nondepreciable Capital Assets:				
Land	$ 2,428,606	-	-	2,428,606
Construction in progress	5,664,677	8,084,469	1,436,660	12,312,486
Total nondepreciable capital assets	8,093,283	8,084,469	1,436,660	14,741,092
Depreciable capital assets:				
Buildings	122,761,343	667,923	-	123,429,266
Improvements other than buildings	7,854,044	517,699	-	8,371,743
Equipment	4,854,149	626,629	90,330	5,390,448
Library books	3,052,064	29,881	-	3,081,945
Total depreciable assets	138,521,600	1,842,132	90,330	140,273,402
Total capital assets	146,614,883	9,926,601	1,526,990	155,014,494
Less accumulated depreciation for:				
Buildings	36,212,260	2,207,909	-	38,420,169
Improvements other than buildings	3,392,918	212,023	-	3,604,941
Equipment	4,210,473	238,334	60,178	4,388,629
Library books	2,954,719	-	-	2,954,719
Total accumulated depreciation	46,770,370	2,658,266	60,178	49,368,458
Net capital assets	$ 99,844,513	7,268,335	1,466,812	105,646,036

As of June 30, 2019 and 2018, capital assets included assets under capital leases with an original cost basis of approximately $725,000 with accumulated amortization of $552,713 and $547,291, respectively.

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

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

Note 6

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension related (see note 14)	$ 2,201,496	$ 950,522
OPEB related (see note 15)	172,684	168,446
Totals	$ 2,374,180	$ 1,118,968

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension related (see note 14)	$ 4,484,088	$ 857,745
OPEB related (see note 15)	118,993	119,275
Totals	$ 4,603,081	$ 977,020

Note 7

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2019 and 2018 as follows:

	2019	2018
Payable to vendors and contractors	$ 689,761	978,659
Accrued salaries, wages and employee withholdings	1,498,886	1,559,803
Other	49,480	48,678
Total	$ 2,238,127	2,587,140

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

Note 8

Unearned Revenues

Unearned revenues as of June 30, 2019 and 2018 are as follows:

		2019		2018
Tuition and fees	$	1,273,579	$	1,398,403
Contracts and grants		97,600		-
Auxiliary and other activities				82,964
Total	$	1,371,179	$	1,481,367

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

Note 9

Long-Term Liabilities

Long-term liabilities consist of capital lease obligations and certain other liabilities that are expected to be liquidated at least one year from June 30, 2019 and 2018. The various leases cover a period not to exceed five years. Other long-term liabilities consist of accrued leave liabilities, net pension liability, net OPEB liability, and other liabilities (government advance refundables).

Information regarding original issue amounts, interest rates, and maturity dates for bonds, notes, and capital leases relative to the long-term liabilities as of June 30, 2019 and 2018 is listed in the following schedules:.

				Year ended June 30, 2019				
Description and Purpose	Original Issue	Interest Rate	Maturity (fiscal year)	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi University for Women:								
Capital Leases								
Network Core Upgrade and golf carts	10/10/2013	2.76%	10/10/2018	$ 77,053	—	77,053	—	—
Other Long-term Liabilities:								
Accrued leave liabilities				1,040,833	51,387	—	1,092,220	43,689
Net pension liability				39,274,129	—	707,770	38,566,359	—
Net OPEB liability				2,342,410	21,675	—	2,364,085	—
Federal Loan Fund Repayment Contingency				885,616	—	72,359	813,257	—
Total Other liabilities				43,542,988	73,062	780,129	42,835,921	43,689
Total				$ 43,620,041	73,062	857,182	42,835,921	43,689
Due within one year							(43,689)	
Total noncurrent liabilities							$ 42,792,232	

Description and Purpose	Original Issue	Interest Rate	Maturity (fiscal year)	Year ended June 30, 2018 Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi University for Women:								
Capital Leases								
Network Core Upgrade and golf carts	10/10/2013	2.76%	10/10/2018	$ 228,026	—	150,973	77,053	77,053
Other Long-term Liabilities								
Accrued leave liabilities				1,375,457	—	334,624	1,040,833	48,061
Net pension liability				41,584,769	7,778,562	10,089,202	39,274,129	—
Net OPEB liability *				2,415,096	—	72,686	2,342,410	—
Federal Loan Fund Repayment Contingency				883,492	2,124	—	885,616	—
Total Other liabilities				46,258,814	7,780,686	10,496,512	43,542,988	48,061
Total				$ 46,486,840	7,780,686	10,647,485	43,620,041	125,114
Due within one year							(125,114)	
Total noncurrent liabilities							$ 43,494,927	

* Net OPEB liability is recorded at the beginning of fiscal year 2018 in accordance with GASB Statement No. 75.

Note 10

Operating Expenses by Natural and Functional Classifications

The University's operating expenses by functional classification were as follows for the years ended June 30, 2019 and 2018:

Functional Classification	2019 Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Total
Instruction	$ 10,250,775	3,885,877	118,741	451,658	—	—	312,868	—	15,019,919
Research	16,306	5,676	13,340	452	—	—	6,309	—	42,083
Public Service	145,880	43,551	284	91,123	—	—	92,756	—	373,594
Academic Support	4,694,397	1,873,732	117,688	1,646,227	209,786	—	942,985	—	9,484,815
Student Services	2,092,410	804,378	396,265	650,294	—	—	346,098	—	4,289,445
Institutional Support	3,065,489	1,190,712	57,143	678,058	9,531	—	115,620	—	5,116,553
Operation of Plant	454,344	207,404	4,498	2,159,210	2,026,771	—	119,605	—	4,971,832
Student Aid	—	711	—	—	—	5,358,849	—	—	5,359,560
Auxiliary Enterprises	455,121	101,367	10,880	2,611,932	437,384	—	90,126	—	3,706,810
Depreciation	—	—	—	—	—	—	—	2,570,409	2,570,409
Total Operating Expenses	$ 21,174,722	8,113,408	718,839	8,288,954	2,683,472	5,358,849	2,026,367	2,570,409	50,935,020

		2018								
Functional Classification		Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Total
Instruction	$	10,265,684	4,505,533	113,596	652,039	—	—	360,684	—	15,897,536
Research		140,848	56,802	14,117	213,172	—	—	61,819	—	486,758
Public Service		184,703	65,294	2,133	107,702	—	—	92,076	—	451,908
Academic Support		4,709,501	2,143,609	110,953	1,654,320	219,887	—	307,012	—	9,145,282
Student Services		1,896,087	868,764	240,798	437,873	757	—	336,063	—	3,780,342
Institutional Support		3,153,025	1,433,168	50,600	538,980	8,654	—	99,416	—	5,283,843
Operation of Plant		436,636	223,034	441	1,898,578	1,957,295	—	186,511	—	4,702,495
Student Aid		—	—	—	—	—	6,003,723	—	—	6,003,723
Auxiliary Enterprises		444,880	129,895	4,413	2,516,115	456,679	—	143,149	—	3,695,131
Depreciation		—	—	—	—	—	—	—	2,598,088	2,598,088
Total Operating Expenses	$	21,231,364	9,426,100	537,051	8,018,779	2,643,272	6,003,723	1,586,730	2,598,088	52,045,107

Note 11

Operating Leases

The following is a schedule by year of the future minimum rental payments required under noncancelable operating leases:

		Amount
Year ending June 30,		
2020	$	57,980
2021		57,980
2022		57,980
2023		57,980
2024		9,663
Total minimum payments required	$	241,583

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the year ending June 30, 2019 and 2018 approximated $48,300 and $32,600, respectively.

Note 12

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 presented below:

	Remaining estimated cost to complete	Source of Funding			
		Federal	State	Institutional	Other
Campus Projects	4,365,311	—	4,249,569	115,742	—
Totals	$ 4,365,311	—	4,249,569	115,742	—

Note 13

Donor Restricted Endowments

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated $87,779 and $14,937 as of June 30, 2019 and 2018, respectively. This amount is included in the Statement of Net Position as endowment investments.

Note 14

Employee Benefits – Pension Plans

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

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

The employees of the University are covered by one of the pension plans outlined above (collectively, the Plans). The Plans do not provide for measurements of assets and pension benefit obligations for individual entities. The measurement date of the Plans is June 30, 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 report 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. Except for the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent.

Membership and Benefits Provided

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

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

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

Contributions

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

Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. PERS members were required to contribute 9.00% of their annual pay. The institution's contractually required contribution rate for the year ended June 30, 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 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 contribution to PERS for the years ended June 30, 2019 and 2018 was $2.3 million. The university's proportionate share was calculated based on historical contributions. Although GASB Statement No. 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocation based on 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:

Plan	Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount	Change in proportionate share of collective pension amount
PERS Defined Benefit:			
2019	$ 2,332,090	0.231867%	-0.004391%
2018	2,387,085	0.236258%	0.003453%

Net Pension Liability

The university's proportion of the net pension liability at June 30, 2019 and 2018 are as follows:

Plan	Proportion of net pension liability	Proportionate share of net pension liability
PERS Defined Benefit:		
2019	0.231867%	$ 38,566,359
2018	0.236258%	39,274,129

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 in assumptions and contributions made after the measurement date. The difference between expected and actual experience regarding 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
$ 169,072	22,753	(257,442)	2,267,113	2,201,496	766,647	21,299	162,576	950,522

Contributions subsequent to the measurement date of $2.3 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
$ 564,244	872,910	735,429	2,311,505	4,484,088	504,251	66,922	286,572	857,745

Contributions subsequent to the measurement date of $2.3 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.

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
$ 196,251	(107,329)	(154,538)	—	(65,616)

Deferred inflows of resources Year Ended June 30

2020	2021	2022	2023	Total
$ (284,554)	143,671	917,969	173,436	950,522

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

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

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

Long-Term Expected Rate of Return

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

Asset class	Target allocation	Long-term expected real rate of return
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
	100.00	

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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
University's proportionate share of net pension liability:			
2019	$ 50,780,829	$ 38,566,359	$ 28,414,523
2018	51,510,642	39,274,129	29,115,164

(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 $872,242 and $847,482, respectively, which equaled its required contribution for the period.

Note 15

Postemployment Health Care and Life Insurance Benefits

Plan Description

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

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

Membership and Benefits Provided

The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges and school districts. A trust was created June 28, 2018 for the OPEB Plan and, 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.

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 $2.4 million and $2.3 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 0.31% and 0.30%, respectively.

For the years ended June 30, 2019 and 2018, the University recognized OPEB expense of $113,019 and $116,265, respectively.

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

2019						
Deferred outflows				Deferred inflows		
Differences between expected and actual experience	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Implicit rate subsidy	Total deferred outflows of resources	Changes of assumptions	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Total deferred inflows of resources
4,813	64,963	102,908	172,684	168,446	—	168,446

$102,908 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				
Deferred outflows			Deferred inflows	
Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Implicit rate subsidy	Total deferred outflows of resources	Changes of assumptions	Total deferred inflows of resources
19,133	99,860	118,993	119,275	119,275

$99,860 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.

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
(20,614)	(20,614)	(20,614)	(20,614)	(15,196)	(1,018)	(98,670)

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% 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:

	Discount Rate Sensitivity		
	1% Decrease (2.89%)	Current discount rate (3.89%)	1% Increase (4.89%)
Mississippi University for Women proportionate share of net OPEB liability 2019	$ 2,620,529	$ 2,364,085	$ 2,143,534

	Discount Rate Sensitivity		
	1% Decrease (2.56%)	Current discount rate (3.56%)	1% Increase (4.56%)
Mississippi University for Women proportionate share of net OPEB liability 2018	$ 2,404,271	$ 2,342,410	$ 2,296,341

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

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

	Health Care Cost Trend Rates Sensitivity		
	1% Decrease	Current discount rate	1% Increase
Mississippi University for Women proportionate share of net OPEB liability			
2019	$ 2,189,924	$ 2,364,085	$ 2,561,882
2018	2,163,372	2,342,410	2,546,799

Non-cash Impact on Fringe Benefits Expense

For the years ended June 30, 2019 and 2018, the non-cash impact of GASB Statement No. 68 on fringe benefits expense was $1,667,599 and $3,108,972, respectively. For the years ended June 30, 2019 and 2018, the non-cash impact of GASB Statement No. 75 on fringe benefits expense was $17,155 and $19,763, respectively.

Year ended June 30, 2019			
Total fringe benefits expense	Non-cash change in net pension liability and related deferred inflows and outflows due to GASB 68	Non-cash change in net OPEB liability and related deferred inflows and outflows due to GASB 75	Fringe benefits expense excluding non-cash impact of GASB 68 and 75
8,113,408	(1,667,599)	(17,155)	6,428,654

Year ended June 30, 2018			
Total fringe benefits expense	Non-cash change in net pension liability and related deferred inflows and outflows due to GASB 68	Non-cash change in net OPEB liability and related deferred inflows and outflows due to GASB 75	Fringe benefits expense excluding non-cash impact of GASB 68 and 75
9,426,100	(3,108,972)	(19,763)	6,297,365

Note 16

Federal Direct Lending and Federal Family Education Loan (FFEL) Programs

The institution distributed $13,507,635 and $14,158,896 for the years ended June 30, 2019 and 2018, respectively, for student loans through the U.S. Department of Education lending programs. These distributions and their related funding sources are included as noncapital financing disbursements and receipts in the Statement of Cash Flows.

Note 17

Foundations and Affiliated Parties

The various institutions comprising the State of Mississippi Institutions of Higher Learning are each affiliated with one or more foundations, which are independent corporations formed for the purpose of receiving funds for the sole benefit of the respective institutions. These foundations and affiliated parties are separately audited and have not been included in these financial statements.

Note 18

Contingencies

In the normal course of its activities, the University has been a party in various legal actions. Historically, the University has not experienced significant losses from such actions. After taking into consideration legal counsel's evaluation of pending actions, the University is of the opinion that the outcome thereof will not have a material effect on its financial statements.

The University also participates in certain federally sponsored programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement from the granting agency for expenditures disallowed under the terms of the grant. Management believes disallowances, if any, will not have a material adverse impact on the financial position of the University.

Note 19

Risk Management

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

The Workers' Compensation program provides a mechanism for the University to fund and budget for the costs of providing worker compensation benefits to eligible employees. The program does not pay benefits directly to employees. Funds are set aside in trust, and a third-party administrator is utilized to distribute the benefits to eligible employees. Payments by the university to the Workers' Compensation Fund for the fiscal years ended June 30, 2019 and 2018 were $106,116 and $95,168, respectively.

The Unemployment Trust Fund operates in the same manner as the Workers' Compensation Fund. The fund does not pay benefits directly to former employees. The Fund reimburses the Mississippi Department of Employment Security (MDES) for benefits the MDES pays directly to former employees. Payments by the university to the Unemployment Trust Fund for the fiscal years ended June 30, 2019 and 2018 were $10,160 and $1,728, respectively.

The Tort Liability Fund was established in accordance with Section 11-46 of Mississippi State Law. The Mississippi Tort Claims Board authorized the IHL to establish a fund in order to self-insure a certain portion of its liability under the Mississippi Tort Claims Act. Effective July 1, 1993, Mississippi statute permitted tort claims to be filed against public institutions. A maximum liability limit of $500,000 per occurrence is currently permissible. During the year ended June 30, 2003, the IHL Board authorized the Tort Fund and subsequently acquired an educator's legal liability policy with a deductible of $1,000,000. The IHL Board designated $1,000,000 of IHL Tort Fund net assets towards any future payment of this deductible. The Tort claims pool also purchases a fleet automobile policy. The University does not participate in the Tort Liability Fund. However, the university's payments for the fleet automobile policy and a blanket public official bond for the fiscal years 2019 and 2018 were as follows:

		2019	2018
Fleet Automobile Policy	$	18,309	15,864
Blanket Public Official Bond		4,200	4,200

Mississippi University of Women

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	0.22%	27,087,951	13,636,438	199.00%	67.00%
2016	0.23%	35,499,410	14,347,232	247.43%	61.70%
2017	0.23%	41,584,769	14,893,092	279.22%	57.47%
2018	0.24%	39,274,129	15,156,095	259.13%	61.49%
2019	0.23%	38,566,359	14,806,921	260.46%	62.54%

See accompanying independent auditors' report.

Mississippi University of Women

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	2,243,470	2,243,470	-	14,244,254	15.75%
2016	2,316,938	2,316,938	-	14,710,717	15.75%
2017	2,333,680	2,333,680	-	14,817,016	15.75%
2018	2,311,505	2,311,505	-	14,676,222	15.75%
2019	2,267,113	2,267,113	-	14,394,367	15.75%

See accompanying independent auditors' report.

Mississippi University for Women
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net OPEB Liability
GASB 74 Paragraph 36(a)
June 30, 2019

	Proportionate share of the net OPEB liability	**Proportionate share of the net OPEB liability**	**Covered-employee payroll**	**Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll**	**Plan fiduciary net position as a percentage of the total OPEB liability**
2018	0.30%	2,342,410	13,412,798	17.46%	0.00%
2019	0.31%	2,364,085	13,822,757	17.10%	0.00%

See accompanying independent auditors' report.

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

	Contractually required contribution	**Contributions in relation to the contractually required contribution**	**Contribution deficiency (excess)**	**Covered-employee payroll**	**Contributions as a percentage of covered-employee payroll**
2018	130,383	92,167	38,217	13,412,798	0.69%
2019	143,853	105,281	38,572	13,822,757	0.76%

See accompanying independent auditors' report.

1. **Net pension liability**

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

   This schedule presents historical trend information about the IHL System's proportionate share of the net pension liability for its employees who participate in the PERS. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the plan. Information related to previous years is not available, therefore, trend information will be accumulated to display a ten-year presentation.

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

   The required contributions and percentage of those contributions actually made are presented in the schedule. Information related to previous years is not available, therefore, trend information will be accumulated to display a ten-year presentation.

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

   Changes of assumptions:

   - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022;
   - The wage inflation assumption was reduced from 3.75% to 3.25%;
   - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience; and
   - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
   - In fiscal year 2018, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

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

2. **Net OPEB liability**

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

   This schedule presents historical trend information about the IHL System's proportionate share of the net OPEB liability for its employees who participate in the State and School Employees' Life and Health Insurance Plan. The net OPEB liability is measured as the total OPEB liability less the amount of the fiduciary net position of the plan. 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 3.56% for the prior measurement date to 3.89% to the current measurement date.

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