



**2019-2020  
FINANCIAL  
REPORT**

**Mississippi University  
for Women**

FOUNDED 1884 COEDUCATIONAL SINCE 1982

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**Financial Report**

**Fiscal Year Ended June 30, 2020 and 2019**

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**MISSISSIPPI UNIVERSITY FOR WOMEN**

Statements of Net Position

June 30, 2020 and 2019

|   | <u>2020</u>           | <u>2019</u>         |
|---|-----------------------|---------------------|
| <b>Assets and Deferred Outflows</b>                   |                       |                     |
| Current Assets:                                       |                       |                     |
| Cash and cash equivalents                             | \$ 11,269,789         | 10,269,085          |
| Accounts receivable, net                              | 5,431,085             | 4,880,446           |
| Student notes receivable, net                         | 24,749                | 54,771              |
| Prepaid expenses                                      | <u>(27,650)</u>       | <u>89,253</u>       |
| Total current assets                                  | <u>16,697,973</u>     | <u>15,293,555</u>   |
| Non-Current Assets:                                   |                       |                     |
| Restricted cash and cash equivalents                  | (1,389,414)           | (1,247,192)         |
| Endowment investments                                 | 4,201,766             | 4,108,125           |
| Other long-term investments                           | 9,350,555             | 8,072,072           |
| Student notes receivable, net                         | 284,626               | 629,870             |
| Capital assets, net                                   | <u>109,402,968</u>    | <u>108,439,479</u>  |
| Total noncurrent assets                               | <u>121,850,501</u>    | <u>120,002,354</u>  |
| Total assets  | 138,548,474           | 135,295,909         |
| Deferred outflows of resources                        | <u>2,064,778</u>      | <u>2,374,180</u>    |
| Total assets and deferred outflows of resources       | <u>\$ 140,613,252</u> | <u>137,670,089</u>  |
| <b>Liabilities, Deferred Inflows and Net Position</b> |                       |                     |
| Liabilities:  |                       |                     |
| Current liabilities:                                  |                       |                     |
| Accounts payable and accrued liabilities              | \$ 2,332,632          | 2,238,127           |
| Unearned revenues                                     | 1,627,043             | 1,371,179           |
| Accrued leave liabilities - current portion           | 45,152                | 43,689              |
| Other current liabilities                             | <u>282,113</u>        | <u>249,793</u>      |
| Total current liabilities                             | <u>4,286,940</u>      | <u>3,902,788</u>    |
| Noncurrent liabilities:                               |                       |                     |
| Accrued leave liabilities                             | 1,083,643             | 1,048,531           |
| Net pension liability                                 | 39,373,621            | 38,566,359          |
| Net OPEB liability                                    | 2,567,364             | 2,364,085           |
| Other noncurrent liabilities                          | <u>594,099</u>        | <u>813,257</u>      |
| Total noncurrent liabilities                          | <u>43,618,727</u>     | <u>42,792,232</u>   |
| Total liabilities                                     | 47,905,667            | 46,695,020          |
| Deferred inflows of resources                         | <u>664,333</u>        | <u>1,118,968</u>    |
| Total liabilities and deferred inflows of resources   | <u>\$ 48,570,000</u>  | <u>47,813,988</u>   |
| Net Position:   |                       |                     |
| Net investment in capital assets                      | \$ 109,402,967        | 108,439,479         |
| Restricted for:                                       |                       |                     |
| Nonexpendable:  |                       |                     |
| Scholarships and fellowships                          | 876,734               | 855,689             |
| Other purposes  | 286,659               | 286,659             |
| Expendable:   |                       |                     |
| Scholarships and fellowships                          | 412,605               | 429,133             |
| Capital projects                                      | 1,959,000             | 1,670,289           |
| Loans   | 245,146               | 170,084             |
| Unrestricted  | <u>(21,139,859)</u>   | <u>(21,995,232)</u> |
| Total net position                                    | <u>\$ 92,043,252</u>  | <u>89,856,101</u>   |

See accompanying notes to financial statements.

**MISSISSIPPI UNIVERSITY FOR WOMEN**  
 Statements of Revenues, Expenses and Changes in Net Position  
 Years ended June 30, 2020 and 2019

|  | <b>2020</b>   | <b>2019</b>  |
|--|---------------|--------------|
| Operating revenues:                                    |               |              |
| Tuition and fees:                                      | \$ 20,470,613 | 19,624,655   |
| Less scholarship allowances                            | (6,635,777)   | (6,487,669)  |
| Less bad debt expense                                  | (217,002)     | (137,335)    |
| Net tuition and fees                                   | 13,617,834    | 12,999,651   |
| Federal grants and contracts                           | 417,459       | 223,393      |
| State grants and contracts                             | 6,234,587     | 5,649,390    |
| Nongovernmental grants and contracts                   | 2,902,512     | 2,602,538    |
| Sales and services of educational departments          | 1,019,186     | 1,455,488    |
| Auxiliary enterprises:                                 |               |              |
| Student housing  | 1,923,671     | 2,452,254    |
| Food services  | 1,575,797     | 1,958,306    |
| Bookstore  | 101,706       | 117,660      |
| Other auxiliary revenues                               | 204,801       | 225,787      |
| Less auxiliary enterprise scholarship allowances       | (1,150,598)   | (1,475,611)  |
| Other operating revenues, net                          | 137,334       | 207,454      |
| Total operating revenues                               | 26,984,289    | 26,416,310   |
| Operating expenses:                                    |               |              |
| Salaries and wages                                     | 21,822,061    | 21,174,722   |
| Fringe benefits  | 7,895,831     | 8,113,408    |
| Travel   | 578,106       | 718,839      |
| Contractual services                                   | 8,486,231     | 8,288,954    |
| Utilities  | 2,508,143     | 2,683,472    |
| Scholarships and fellowships                           | 7,137,324     | 5,358,849    |
| Commodities  | 1,922,043     | 2,026,367    |
| Depreciation   | 2,387,643     | 2,570,409    |
| Total operating expenses                               | 52,737,382    | 50,935,020   |
| Operating loss   | (25,753,093)  | (24,518,710) |
| Nonoperating revenues (expenses):                      |               |              |
| State appropriations                                   | 15,286,561    | 14,962,901   |
| Gifts and grants                                       | 6,587,916     | 6,530,645    |
| Investment income, net of investment expense           | 273,450       | 497,773      |
| Interest expense on capital asset-related debt         | —             | (1,063)      |
| Other nonoperating revenues                            | 232,434       | 266,754      |
| Other nonoperating expenses                            | (582,603)     | (533,616)    |
| Total nonoperating revenues, net                       | 21,797,758    | 21,723,394   |
| Loss before other revenues, expenses, gains and losses | (3,955,335)   | (2,795,316)  |
| Other revenues, expenses, gains and losses:            |               |              |
| State appropriations restricted for capital purposes   | 3,978,504     | 5,332,583    |
| Additions to permanent endowments                      | 101,736       | 147,802      |
| Other additions  | 2,187,708     | 10,838       |
| Other deletions  | (125,462)     | (268,267)    |
| Change in net position                                 | 2,187,151     | 2,427,640    |
| Net position, beginning of the year                    | 89,856,101    | 87,428,461   |
| Net position, end of the year                          | \$ 92,043,252 | 89,856,101   |

See accompanying notes to financial statements.

**MISSISSIPPI UNIVERSITY FOR WOMEN**

Statements of Cash Flows  
Years ended June 30, 2020 and 2019

|   | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|
| Operating activities:                                     |                     |                     |
| Tuition and fees  | \$ 13,617,834       | 13,364,414          |
| Grants and contracts                                      | 9,810,422           | 7,664,463           |
| Sales and services of educational departments             | 947,957             | 1,449,478           |
| Payments to suppliers                                     | (10,961,810)        | (11,357,730)        |
| Payments to employees for salaries and benefits           | (28,816,009)        | (27,774,207)        |
| Payments for utilities                                    | (2,508,143)         | (2,683,472)         |
| Payments for scholarships and fellowships                 | (7,137,324)         | (5,358,849)         |
| Collection of loans from students and employees           | 375,266             | —                   |
| Auxiliary enterprise charges:                             |                     |                     |
| Student housing   | 1,291,183           | 1,631,820           |
| Food services   | 1,057,687           | 1,303,129           |
| Bookstore   | 101,706             | 117,660             |
| Other auxiliary enterprises                               | 200,599             | 296,000             |
| Other receipts  | 137,334             | 207,455             |
| Net cash used in operating activities                     | <u>(21,883,298)</u> | <u>(21,139,839)</u> |
| Noncapital financing activities:                          |                     |                     |
| State appropriations                                      | 14,794,513          | 14,962,901          |
| Gifts and grants for other than capital purposes          | 6,587,916           | 6,797,399           |
| Private gifts for endowment purposes                      | —                   | 147,802             |
| Federal loan program receipts                             | 13,173,031          | 13,507,635          |
| Federal loan program disbursements                        | (13,173,031)        | (13,507,635)        |
| Other sources   | 2,420,142           | 208,861             |
| Other uses  | (708,065)           | (560,196)           |
| Net cash provided by noncapital financing activities      | <u>23,094,506</u>   | <u>21,556,767</u>   |
| Capital and related financing activities:                 |                     |                     |
| Cash paid for capital assets                              | (3,351,132)         | (5,857,746)         |
| Capital appropriations received                           | 3,978,504           | 5,332,583           |
| Principal paid on capital debt and leases                 | —                   | (77,053)            |
| Interest paid on capital debt and leases                  | —                   | (1,063)             |
| Net cash used in capital and related financing activities | <u>627,372</u>      | <u>(603,279)</u>    |
| Investing activities:                                     |                     |                     |
| Proceeds from sales and maturities of investments         | 26,105,436          | 5,595,642           |
| Interest received on investments                          | 338,626             | 499,857             |
| Purchases of investments                                  | (27,424,160)        | (4,205,817)         |
| Net cash provided by (used in) investing activities       | <u>(980,098)</u>    | <u>1,889,682</u>    |
| Net change in cash and cash equivalents                   | 858,482             | 1,703,331           |
| Cash and cash equivalents, beginning of the year          | <u>9,021,893</u>    | <u>7,318,562</u>    |
| Cash and cash equivalents, end of the year                | <u>\$ 9,880,375</u> | <u>9,021,893</u>    |

**MISSISSIPPI UNIVERSITY FOR WOMEN**

Statements of Cash Flows

Years ended June 30, 2020 and 2019

|   | <u>2020</u>                | <u>2019</u>             |
|---|----------------------------|-------------------------|
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES         |                            |                         |
| Operating loss  | \$ (25,753,093)            | (24,518,710)            |
| Adjustments to reconcile operating loss to net cash used in operating activities: |                            |                         |
| Depreciation expense  | 2,387,643                  | 2,570,409               |
| Self-insured claims expense   | -                          | -                       |
| Provision for uncollectible receivables   | 272,735                    | 137,335                 |
| Other   | -                          | -                       |
| Changes in Assets and Liabilities:  |                            |                         |
| (Increase) Decrease in Assets:  |                            |                         |
| Receivables, Net  | 27,100                     | (398,568)               |
| Inventories   | -                          | -                       |
| Prepaid Expenses  | 116,903                    | 166,218                 |
| Loans to Students and Employees   | -                          | -                       |
| Deferred outflows of resources  | 309,402                    | 2,228,901               |
| Other Assets  | -                          | -                       |
| Increase (Decrease) in Liabilities:   |                            |                         |
| Accounts Payables and Accrued Liabilities   | 94,505                     | (349,013)               |
| Unearned Revenue  | 255,864                    | (110,188)               |
| Deposits Refundable   | -                          | -                       |
| Accrued Leave Liability   | 36,575                     | 57,171                  |
| Net pension liability   | 807,262                    | (707,770)               |
| Net OPEB liability  | 203,279                    | (21,675)                |
| Deferred inflows of resources   | (454,635)                  | (141,948)               |
| Other Liabilities   | <u>(186,838)</u>           | <u>(52,001)</u>         |
| Total Adjustments   | <u>3,869,795</u>           | <u>3,378,871</u>        |
| Net cash used in operating activities   | \$ <u>(21,883,298)</u>     | <u>(21,139,839)</u>     |
| Reconciliation of cash and cash equivalents:                                      |                            |                         |
| Current assets - cash and cash equivalents  | \$ 11,269,789              | 10,269,085              |
| Noncurrent assets - restricted cash and cash equivalents                          | <u>(1,389,414)</u>         | <u>(1,247,192)</u>      |
| Cash and cash equivalents, end of the year  | \$ <u><u>9,880,375</u></u> | <u><u>9,021,893</u></u> |
| Noncash capital related financing and investing activities:                       |                            |                         |
| Capital assets acquired through donations and capital leases                      | \$ -                       | -                       |
| Capital assets appropriated by the State of Mississippi                           | 3,978,504                  | 5,332,583               |

See accompanying notes to financial statements.

# MISSISSIPPI UNIVERSITY for WOMEN

## Notes to Financial Statements

June 30, 2020 and 2019

### 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) New Accounting Standards

During fiscal year 2020, the University adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The requirements of this Statement apply to the financial statements of all state and local governments. The following recently issued accounting standards were affected by this postponement.

# MISSISSIPPI UNIVERSITY for WOMEN

## Notes to Financial Statements

June 30, 2020 and 2019

### **(e) 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. The original effective date of this Statement was for fiscal years beginning after December 15, 2019. This Statement is now effective for fiscal years beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard establishes accounting requirements for interest cost incurred before the end of a construction period. Such costs should now be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Statement reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The original effective date of this Statement was for fiscal years beginning after December 15, 2019. This Statement is now effective for fiscal years beginning after December 15, 2020.

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. The original effective date of this Statement was for fiscal years beginning after December 15, 2018. This Statement is now effective for fiscal years beginning after December 15, 2019.

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

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

### **(f) Use of Estimates**

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

Significant estimates 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.



# MISSISSIPPI UNIVERSITY for WOMEN

## Notes to Financial Statements

June 30, 2020 and 2019

### **(g) 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.

### **(h) Short-Term Investments**

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

### **(i) Accounts Receivable, Net**

Accounts receivable consist of tuition and fee charges to students. 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.

### **(j) Student Notes Receivable, Net**

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

### **(k) Prepaid Expenses**

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

### **(l) 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.

### **(m) 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.

### **(n) 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.

### **(o) 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:

# MISSISSIPPI UNIVERSITY for WOMEN

## Notes to Financial Statements

June 30, 2020 and 2019

- 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.

### **(p) 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.

### **(q) 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, 2020 and 2019.

### **(r) 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.

### **(s) 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.

# MISSISSIPPI UNIVERSITY for WOMEN

## Notes to Financial Statements

June 30, 2020 and 2019

### **(t) 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.

### **(u) 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.

### **(v) 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.

### **(w) 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.

### **(x) 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.

### **(y) 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*

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*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.

### **(z) 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.

### **(aa) 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.

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### 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, 2020 and 2019.

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, 2020 and 2019 is as follows:

|                                      | <u>2020</u>          | <u>2019</u>       |
|--------------------------------------|----------------------|-------------------|
| Cash                                 | \$ 11,269,789        | 10,269,085        |
| Restricted cash and cash equivalents | (1,389,414)          | (1,247,192)       |
| U.S. Treasury securities             | —                    | 349,605           |
| U.S. government agency securities    | 12,765,829           | 11,055,678        |
| Municipal bonds                      | 629,892              | 618,314           |
| Miscellaneous                        | 156,600              | 156,600           |
| Total Cash and Investments           | <u>\$ 23,432,696</u> | <u>21,202,090</u> |

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, 2020 and 2019:

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|   | <b>2020</b>    |                |                |                      |
|---|----------------|----------------|----------------|----------------------|
|   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>         |
| Investment strategy:                                  |                |                |                |                      |
| Fixed income:   |                |                |                |                      |
| U.S. government securities                            | \$ —           | 12,765,829     | —              | 12,765,829           |
| Municipal bonds                                       | —              | 629,892        | —              | 629,892              |
| Total fixed income investments                        | \$ —           | 13,395,721     | —              | 13,395,721           |
| Investments measured at NAV as a practical expedient: |                |                |                |                      |
| Other miscellaneous investments                       |                |                |                | 156,600              |
| Total investments measured at NAV                     |                |                |                | 156,600              |
| Total investments measured at fair value              |                |                |                | \$ <u>13,552,321</u> |

|   | <b>2019</b>    |                |                |                      |
|---|----------------|----------------|----------------|----------------------|
|   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>         |
| 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              |                |                |                | \$ <u>12,180,197</u> |

### 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, 2020 and 2019.

### 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, 2020 and 2019, the university had the following investments subject to interest rate risk:

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| Investment Type                    | 2020              |             |           |           |              |
|------------------------------------|-------------------|-------------|-----------|-----------|--------------|
|                                    | Years to maturity |             |           |           |              |
|                                    | Fair value        | Less than 1 | 1 - 5     | 6 - 10    | More than 10 |
| U.S. Government Agency Obligations | \$ 12,765,829     | 500,000     | 6,933,986 | 1,805,354 | 3,526,489    |
| Municipal obligations              | 629,892           | —           | 513,445   | 116,447   | —            |
| Total                              | \$ 13,395,721     | 500,000     | 7,447,431 | 1,921,801 | 3,526,489    |

| Investment Type                    | 2019              |             |           |           |              |
|------------------------------------|-------------------|-------------|-----------|-----------|--------------|
|                                    | Years to maturity |             |           |           |              |
|                                    | 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    |

**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, 2020 and 2019, the university had the following investments recorded at fair value subject to credit risk:

|                          | 2020          | 2019       |
|--------------------------|---------------|------------|
| AA                       | \$ 629,892    | 618,314    |
| AA+                      | 8,189,086     | 9,228,620  |
| Not rated or unavailable | 4,576,743     | 1,827,058  |
| Total                    | \$ 13,395,721 | 11,673,992 |

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, 2020 and 2019, the university had the following issuer holding investments recorded at fair value that exceeded 5% of total investments:

| Issuer                                   | 2020         |            |
|--|--------------|------------|
|  | Fair value   | Percentage |
| Federal Home Loan Bank notes             | \$ 1,428,032 | 10.66%     |
| Federal Home Loan Mortgage Corporation   | 4,562,149    | 34.06%     |
| Federal Farm Credit Bank notes           | 5,210,615    | 38.90%     |
| Government National Mortgage Association | 765,198      | 5.71%      |

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| Issuer                                   | 2019         |            |
|--|--------------|------------|
|  | 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%      |

**Note 3**

**Accounts Receivable, net**

Accounts receivable consisted of the following at June 30, 2020 and 2019:

|  | 2020         | 2019        |
|--|--------------|-------------|
| Student tuition                                      | \$ 4,880,342 | 4,697,140   |
| Auxiliary enterprises and other operating activities | 13,957       | 9,755       |
| Federal, state, and private grants and contracts     | 2,263,838    | 2,106,041   |
| State Appropriations                                 | 799,143      | 307,095     |
| Accrued Interest                                     | 116,795      | 146,909     |
| Other  | 119,609      | 103,371     |
| Total accounts receivable                            | 8,193,684    | 7,370,311   |
| Less bad debt provision                              | (2,762,599)  | (2,489,865) |
| Net accounts receivable                              | \$ 5,431,085 | 4,880,446   |

**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, 2020 and 2019:

|                                      | Interest Rates | June 30, 2020 | Current Portion | Non-current Portion |
|--------------------------------------|----------------|---------------|-----------------|---------------------|
| Perkins student loans                | 3% to 9%       | \$ 839,190    | 24,749          | 814,441             |
| Institutional loans                  | 0% to 9%       | 1,365         | —               | 1,365               |
| Total notes receivable               |                | 840,555       | 24,749          | 815,806             |
| Less allowance for doubtful accounts |                | (531,180)     | —               | (531,180)           |
| Net notes receivable                 |                | \$ 309,375    | 24,749          | 284,626             |



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|                                      | <b>Interest Rates</b> | <b>June 30, 2019</b> | <b>Current Portion</b> | <b>Non-current Portion</b> |
|--------------------------------------|-----------------------|----------------------|------------------------|----------------------------|
| 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                    |

**Note 5**

**Capital Assets**

A summary of changes in capital assets for the years ended June 30, 2020 and 2019 is presented as follows:

|   | <b>Balance June 30, 2019</b> | <b>Additions</b> | <b>Deletions/ transfers</b> | <b>Balance June 30, 2020</b> |
|---|------------------------------|------------------|-----------------------------|------------------------------|
| <b>Nondepreciable Capital Assets:</b>     |                              |                  |                             |                              |
| Land                                      | \$ 2,428,606                 | —                | —                           | 2,428,606                    |
| Construction in progress                  | 17,645,071                   | 3,444,361        | 1,048,323                   | 20,041,109                   |
| Total nondepreciable capital assets       | 20,073,677                   | 3,444,361        | 1,048,323                   | 22,469,715                   |
| <b>Depreciable capital assets:</b>        |                              |                  |                             |                              |
| Buildings                                 | 123,429,266                  | 1,041,295        | —                           | 124,470,561                  |
| Improvements other than buildings         | 8,371,743                    | —                | —                           | 8,371,743                    |
| Equipment                                 | 5,421,717                    | 145,125          | 231,325                     | 5,335,517                    |
| Library books                             | 3,081,945                    | —                | —                           | 3,081,945                    |
| Total depreciable assets                  | 140,304,671                  | 1,186,420        | 231,325                     | 141,259,766                  |
| Total capital assets                      | 160,378,348                  | 4,630,781        | 1,279,648                   | 163,729,481                  |
| <b>Less accumulated depreciation for:</b> |                              |                  |                             |                              |
| Buildings                                 | 40,640,323                   | 2,221,890        | —                           | 42,862,213                   |
| Improvements other than buildings         | 3,837,673                    | 232,731          | —                           | 4,070,404                    |
| Equipment                                 | 4,506,154                    | 139,430          | 206,407                     | 4,439,177                    |
| Library books                             | 2,954,719                    | —                | —                           | 2,954,719                    |
| Total accumulated depreciation            | 51,938,869                   | 2,594,051        | 206,407                     | 54,326,513                   |
| Net capital assets                        | \$ 108,439,479               | 2,036,730        | 1,073,241                   | 109,402,968                  |

**MISSISSIPPI UNIVERSITY for WOMEN**

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|  | <b>Balance<br/>June 30,<br/>2018</b> | <b>Additions</b> | <b>Deletions/<br/>transfers</b> | <b>Balance<br/>June 30,<br/>2019</b> |
|--|--------------------------------------|------------------|---------------------------------|--------------------------------------|
| Nondepreciable Capital Assets:         |                                      |                  |                                 |                                      |
| Land                                   | \$ 2,428,606                         | -                | -                               | 2,428,606                            |
| Construction in progress               | 12,312,486                           | 5,332,585        | -                               | 17,645,071                           |
| Total nondepreciable<br>capital assets | <u>14,741,092</u>                    | <u>5,332,585</u> | <u>-</u>                        | <u>20,073,677</u>                    |
| 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               | <u>140,273,402</u>                   | <u>79,189</u>    | <u>47,920</u>                   | <u>140,304,671</u>                   |
| 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<br>depreciation      | <u>49,368,458</u>                    | <u>2,583,426</u> | <u>13,015</u>                   | <u>51,938,869</u>                    |
| Net capital assets                     | \$ <u>105,646,036</u>                | <u>2,828,348</u> | <u>34,905</u>                   | <u>108,439,479</u>                   |

As of June 30, 2020 and 2019, capital assets included assets under capital leases with an original cost basis of approximately \$725,000 with accumulated amortizations of \$558,134 and \$552,713, 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<br>useful life | Salvage<br>value | Capitalization<br>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                 | —                | —                           |

MISSISSIPPI UNIVERSITY for WOMEN

Notes to Financial Statements

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**Note 6**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

The classifications of deferred outflows of resources and deferred inflows of resources at June 30, 2020 and 2019 are as follow:

|                               | <b>2020</b>                                   |  |
|-------------------------------|---|--|
|                               | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| Pension related (see note 14) | \$ 1,720,393                                  | \$ 473,149                                   |
| OPEB related (see note 15)    | 344,385                                       | 191,184                                      |
| Totals                        | \$ 2,064,778                                  | \$ 664,333                                   |

  

|                               | <b>2019</b>                                   |  |
|-------------------------------|---|--|
|                               | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
| 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                                 |

**Note 7**

**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities as of June 30, 2020 and 2019 as follows:

|   | <b>2020</b>  | <b>2019</b> |
|---|--------------|-------------|
| Payable to vendors and contractors                | \$ 852,147   | 689,761     |
| Accrued salaries, wages and employee withholdings | 1,430,217    | 1,498,886   |
| Other   | 50,268       | 49,480      |
| Total   | \$ 2,332,632 | 2,238,127   |

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

**Note 8**

**Unearned Revenues**

Unearned revenues as of June 30, 2020 and 2019 are as follows:

|                      | <b>2020</b>  | <b>2019</b>  |
|----------------------|--------------|--------------|
| Tuition and fees     | \$ 1,520,397 | \$ 1,273,579 |
| Contracts and grants | 106,646      | 97,600       |
| Total                | \$ 1,627,043 | \$ 1,371,179 |

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

**MISSISSIPPI UNIVERSITY for WOMEN**

Notes to Financial Statements

June 30, 2020 and 2019

**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, 2020 and 2019. 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, 2020 and 2019 is listed in the following schedules:

| Description and Purpose                 | Year ended June 30, 2020 |           |           |                |                     |
|---|--------------------------|-----------|-----------|----------------|---------------------|
|   | Beginning balance        | Additions | Deletions | Ending balance | Due within one year |
| Mississippi University for Women:       |                          |           |           |                |                     |
| Other Long-term Liabilities:            |                          |           |           |                |                     |
| Accrued leave liabilities               | \$ 1,092,220             | 36,575    | —         | 1,128,795      | 45,152              |
| Net pension liability                   | 38,566,359               | 807,262   | —         | 39,373,621     | —                   |
| Net OPEB liability                      | 2,364,085                | 203,279   | —         | 2,567,364      | —                   |
| Federal Loan Fund Repayment Contingency | 813,257                  | —         | 219,158   | 594,099        | —                   |
| Total Other liabilities                 | \$ 42,835,921            | 1,047,116 | 219,158   | 43,663,879     | 45,152              |
| Due within one year                     |                          |           |           | (45,152)       |                     |
| Total noncurrent liabilities            |                          |           |           | \$ 43,618,727  |                     |

| Description and Purpose                 | Original Issue | Interest Rate | Maturity (fiscal year) | Year ended June 30, 2019 |           |           |                |                     |
|---|----------------|---------------|------------------------|--------------------------|-----------|-----------|----------------|---------------------|
|   |                |               |                        | 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  |                     |

MISSISSIPPI UNIVERSITY for WOMEN

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**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, 2020 and 2019:

| 2020                      |                    |                 |         |                      |           |                              |             |                      |            |
|---------------------------|--------------------|-----------------|---------|----------------------|-----------|------------------------------|-------------|----------------------|------------|
| Functional Classification | Salaries and wages | Fringe benefits | Travel  | Contractual services | Utilities | Scholarships and fellowships | Commodities | Depreciation expense | Total      |
| Instruction               | \$ 10,579,390      | 3,765,501       | 69,403  | 457,951              | —         | —                            | 221,665     | —                    | 15,093,910 |
| Research                  | 51,043             | 18,155          | 7,163   | 11,489               | —         | —                            | 91,487      | —                    | 179,337    |
| Public Service            | 127,059            | 40,271          | —       | 53,956               | —         | —                            | 45,296      | —                    | 266,582    |
| Academic Support          | 4,981,778          | 1,863,118       | 63,719  | 1,480,892            | 200,208   | —                            | 776,546     | —                    | 9,366,261  |
| Student Services          | 2,143,517          | 793,532         | 395,166 | 762,549              | —         | —                            | 319,184     | —                    | 4,413,948  |
| Institutional Support     | 3,064,185          | 1,139,860       | 37,440  | 918,706              | 3,159     | —                            | 84,186      | —                    | 5,247,536  |
| Operation of Plant        | 435,196            | 188,253         | 3,535   | 2,947,961            | 1,889,818 | —                            | 72,166      | —                    | 5,536,929  |
| Student Aid               | —                  | —               | —       | —                    | —         | 7,137,324                    | —           | —                    | 7,137,324  |
| Auxiliary Enterprises     | 439,893            | 87,141          | 1,680   | 1,852,727            | 414,958   | —                            | 311,513     | —                    | 3,107,912  |
| Depreciation              | —                  | —               | —       | —                    | —         | —                            | —           | 2,387,643            | 2,387,643  |
| Total Operating Expenses  | \$ 21,822,061      | 7,895,831       | 578,106 | 8,486,231            | 2,508,143 | 7,137,324                    | 1,922,043   | 2,387,643            | 52,737,382 |

| 2019                      |                    |                 |         |                      |           |                              |             |                      |            |
|---------------------------|--------------------|-----------------|---------|----------------------|-----------|------------------------------|-------------|----------------------|------------|
| Functional Classification | 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 |

MISSISSIPPI UNIVERSITY for WOMEN

Notes to Financial Statements

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**Note 11**

**Operating Leases**

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

|                                 | <u>Amount</u>     |
|---------------------------------|-------------------|
| Year ending June 30,            |                   |
| 2021                            | \$ 57,980         |
| 2022                            | 57,980            |
| 2023                            | 57,980            |
| 2024                            | <u>9,663</u>      |
| Total minimum payments required | <u>\$ 183,603</u> |

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, 2020 and 2019 approximated \$57,980 and \$48,300, respectively.

**Note 12**

**Construction Commitments and Financing**

The University has contracted for various construction projects as of June 30, 2020. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

|                               | <u>Remaining<br/>estimated<br/>cost to<br/>complete</u> | <u>Funded by</u>           |                          |                                  |                          |
|-------------------------------|---|----------------------------|--------------------------|----------------------------------|--------------------------|
|                               |   | <u>Federal<br/>Sources</u> | <u>State<br/>Sources</u> | <u>Institutional<br/>Sources</u> | <u>Other<br/>Sources</u> |
| Demolition of Taylor and Keim | 1,109,990   |                            | \$1,109,990              |                                  |                          |
| Electrical System Upgrade     | 2,500,000   | —                          | 2,500,000                |                                  | —                        |
| Stark HVAC                    | <u>302,482</u>  |                            |                          | <u>302,482</u>                   |                          |
| Total                         | <u>\$ 3,912,472</u>                                     | <u>—</u>                   | <u>3,609,990</u>         | <u>302,482</u>                   | <u>—</u>                 |

**Note 13**

**Donor Restricted Endowments**

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated \$41,713 and \$87,779 as of June 30, 2020 and 2019, respectively. This amount is included in the Statement of Net Position as endowment investments.

# MISSISSIPPI UNIVERSITY for WOMEN

## Notes to Financial Statements

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### Note 14

#### EMPLOYEE BENEFITS – PENSION PLANS

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

| <u>Plan Type</u>                        | <u>Plan Name</u>   |
|---|--|
| Multiple-employer, defined benefit      | PERS Defined Benefit Plan                                |
| Multiple-employer, defined contribution | Optional Retirement Plan (ORP) Defined Contribution Plan |

The employees of the 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, 2019 for fiscal year 2020 and June 30, 2018 for fiscal year 2019.

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](http://www.pers.ms.gov).

#### Disclosures under GASB Statement No. 68

The pension disclosures that follow for fiscal years 2020 and 2019 include all disclosures for GASB Statement No. 68 using the latest valuation reports available (June 30, 2019). For fiscal year 2020, the measurement date for the PERS defined benefit plan is June 30, 2019. For fiscal year 2019, the measurement date for the PERS defined benefit plan is June 30, 2018. The University is presenting net pension liability as of June 30, 2019 and 2018 for the fiscal years 2020 and 2019 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 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.

# MISSISSIPPI UNIVERSITY for WOMEN

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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, 2020 and 2019 was 17.40% and 15.75%, respectively, 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 contributions to PERS for the years ended June 30, 2020 and 2019 were \$2,633,194 and \$2,295,807, 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:



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Notes to Financial Statements

June 30, 2020 and 2019

| <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: |   |  |   |
| 2020                  | \$ 2,295,807                                | 0.223816%  | -0.008051%  |
| 2019                  | 2,332,090                                   | 0.231867%  | -0.004391%  |

**Net Pension Liability**

The University's proportion of the net pension liability at June 30, 2020 and 2019 is as follows:

| <u>Plan</u>           | <u>Proportion of net pension liability</u> | <u>Proportionate share of net pension liability</u> |
|-----------------------|--|---|
| PERS Defined Benefit: |  |   |
| 2020                  | 0.223816%                                  | \$ 39,373,621                                       |
| 2019                  | 0.231867%                                  | 38,566,359  |

**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:

| 2020   |                        |   |  |                                      |  |                        |  |                                     |
|--|------------------------|---|--|--------------------------------------|--|------------------------|--|-------------------------------------|
| Deferred outflows                                  |                        |   |  |                                      | Deferred inflows   |                        |  |                                     |
| Differences between expected and actual experience | Changes of assumptions | Changes in proportion and differences between employer contributions and proportionate share of contributions | Contributions subsequent to the measurement date | Total deferred outflows of resources | 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 |
| \$ 23,293  | 386,022                | (1,294,472)   | 2,605,550  | 1,720,393                            | 430,767  | —                      | 42,382   | 473,149                             |

Contributions subsequent to the measurement date of \$2.6 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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Notes to Financial Statements

June 30, 2020 and 2019

| 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.

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 |           |           |      |           |
|---|-----------|-----------|------|-----------|
| 2021  | 2022      | 2023      | 2024 | Total     |
| \$ (333,434)                                      | (380,383) | (171,341) | —    | (885,158) |

| Deferred inflows of resources Year Ended June 30 |         |          |           |         |
|--|---------|----------|-----------|---------|
| 2021   | 2022    | 2023     | 2024      | Total   |
| \$ (41,077)                                      | 706,334 | (12,348) | (179,761) | 473,148 |

**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 four-year period ending June 30, 2018.

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the year ended June 30, 2020 and 2019:

MISSISSIPPI UNIVERSITY for WOMEN

Notes to Financial Statements

June 30, 2020 and 2019

|                           | <u>2020</u>   | <u>2019</u>   |
|---------------------------|---------------|---------------|
| Valuation date            | June 30, 2019 | June 30, 2018 |
| Asset valuation method    | Market value  | Market value  |
| Actuarial assumptions:    |               |               |
| Inflation rate            | 2.75 %        | 3.00 %        |
| Salary increases          | 3.00          | 3.25          |
| Investment rate of return | 7.75          | 7.75          |

**Mortality**

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

**Discount Rate**

For the years ended June 30, 2020 and 2019, the discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40% and 15.75%, respectively) for the years ended June 30, 2020 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, 2020 and 2019 are summarized in the following table:

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| Asset class             | Year ended June 30, 2020 |  | Year ended June 30, 2019 |  |
|-------------------------|--------------------------|--|--------------------------|--|
|                         | Target allocation        | Long-term expected real rate of return | Target allocation        | Long-term expected real rate of return |
| Domestic Equity         | 27.00 %                  | 4.90 %                                 | 27.00 %                  | 4.60 %                                 |
| International equity    | 22.00                    | 4.75                                   | 18.00                    | 4.50                                   |
| Emerging markets equity |                          |  | 4.00                     | 4.75                                   |
| Global Equity           | 12.00                    | 5.00                                   | 12.00                    | 4.75                                   |
| Fixed income            | 20.00                    | 1.50                                   | 18.00                    | 0.75                                   |
| Real assets             | 10.00                    | 4.00                                   | 10.00                    | 3.50                                   |
| Private equity          | 8.00                     | 6.25                                   | 8.00                     | 5.10                                   |
| Emerging debt           |                          |  | 2.00                     | 2.25                                   |
| Cash                    | 1.00                     | 0.25                                   | 1.00                     | 0.00                                   |
|                         | <u>100.00</u>            |  | <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 2020 and 2019, 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<br>(6.75%) | Current Discount<br>Rate (7.75%) | 1% Increase<br>(8.75%) |
|---|------------------------|----------------------------------|------------------------|
| University's proportionate share<br>of net pension liability: |                        |                                  |                        |
| 2020  | \$ 51,757,989          | \$ 39,373,621                    | \$ 29,151,437          |
| 2019  | 50,780,829             | 38,566,359                       | 28,414,523             |

**(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, 2020 and 2019 were \$981,539 and \$872,242, respectively, which equaled its required contribution for the period.

# MISSISSIPPI UNIVERSITY for WOMEN

## Notes to Financial Statements

June 30, 2020 and 2019

### 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.

# MISSISSIPPI UNIVERSITY for WOMEN

## Notes to Financial Statements

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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](http://knowyourbenefits.dfa.ms.gov).

At June 30, 2019 and 2018, the Plan provided health coverage to 321 and 327 employer units, respectively.

### Disclosures under GASB Statement No. 75

The disclosures that follow for fiscal years 2020 and 2019 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2019). For fiscal year 2020, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2019. For fiscal year 2019, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2018. The IHL System is presenting net OPEB liability as of June 30, 2019 and 2018 for the fiscal years 2020 and 2019 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, 2020 and 2019, the University reported a liability of \$2,567,364 and \$2,364,085, respectively, for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2020, the NOL was measured as of June 30, 2019, 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, 2020 and 2019, the University's proportion was 0.30% and 0.31%, respectively.

For the years ended June 30, 2020 and 2019, the University recognized OPEB expense of \$142,349 and \$113,019, respectively.

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

| 2020   |  |                       |   |                       |                                      |                       |  |   |                                     |         |
|--|--|-----------------------|---|-----------------------|--------------------------------------|-----------------------|--|---|-------------------------------------|---------|
| Deferred outflows                                  |  |                       |   |                       | Deferred inflows                     |                       |  |   |                                     |         |
| Differences between expected and actual experience | Net difference between projected and actual investment on OPEB Plan investment | Change of assumptions | Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments | Implicit rate subsidy | Total deferred outflows of resources | Change of assumptions | Differences between expected and actual experience | Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments | Total deferred inflows of resources |         |
|  | investment   |                       | proportionate share of OPEB benefit payments  |                       |                                      |                       | proportionate share of OPEB benefit payments       |   |                                     |         |
| \$   | 3,882  | 48                    | 191,404   | 52,497                | 96,554                               | 344,385               | 133,130  | 36,749  | 21,305                              | 191,184 |

\$96,554 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, 2021.

MISSISSIPPI UNIVERSITY for WOMEN

Notes to Financial Statements

June 30, 2020 and 2019

| 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 was recognized as a reduction of the NOL in the year ending June 30, 2020.

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, 2019 and 2018 measurement periods is 6.4 years. Employers are required to recognize pension expense based on their proportionate share of collective OPEB expense plus amortization of employer specific deferrals.

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 |         |         |       |        |            |        |
|---|---------|---------|-------|--------|------------|--------|
| 2021  | 2022    | 2023    | 2024  | 2025   | Thereafter | Total  |
| \$ (4,685)  | (4,685) | (4,685) | 1,678 | 22,426 | 46,598     | 56,647 |

**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, 2020 and 2019:

|                                   | 2020                              | 2019                              |
|-----------------------------------|-----------------------------------|-----------------------------------|
| Valuation date                    | June 30, 2019                     | June 30, 2018                     |
| Measurement date                  | June 30, 2019                     | June 30, 2018                     |
| Experience study                  | April 2, 2019                     | April 18, 2017                    |
| Actuarial assumptions:            |                                   |                                   |
| Cost method                       | Entry age normal                  | Entry age normal                  |
| Inflation rate                    | 2.75 %                            | 3.00 %                            |
| Long-term expected rate of return | 3.50 %                            | 4.50 %                            |
| Discount rate                     | 3.50 %                            | 3.89 %                            |
| Projected cash flows              | N/A                               | N/A                               |
| Projected salary increases        | 3.00% - 18.25%                    | 3.25% - 18.50%                    |
| Healthcare cost trend rates       | 7.00% decreasing to 4.75% by 2028 | 7.25% decreasing to 4.75% by 2028 |

# MISSISSIPPI UNIVERSITY for WOMEN

## Notes to Financial Statements

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

### Mortality

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

### Discount Rate

For the years ended June 30, 2020 and 2019, the discount rate used to measure the total OPEB liability was 3.50% and 3.89%, respectively. The discount rate is based on an average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System).

### Long-term Expected Rate of Return

At June 30, 2020 and 2019, the long-term expected rate of return, net of OPEB plan investment expense, including inflation was 3.50% and 4.50%, respectively.

### Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following tables presents the University's proportionate share of the NOL for 2020 and 2019, calculated using the discount rate of 3.50% 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               | Current                  | 1% Increase  |
|   | (2.50%)                   | discount rate<br>(3.50%) | (4.50%)      |
| Mississippi University for Women<br>proportionate share of net OPEB liability<br>2020 | \$ 2,851,894              | \$ 2,567,364             | \$ 2,323,923 |

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

### 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:



MISSISSIPPI UNIVERSITY for WOMEN

Notes to Financial Statements

June 30, 2020 and 2019

|   | Health Care Cost Trend Rates Sensitivity |               |              |
|---|--|---------------|--------------|
|   | Current                                  |               |              |
|   | 1% Decrease                              | discount rate | 1% Increase  |
| Mississippi University for Women<br>proportionate share of net OPEB liability |  |               |              |
| 2020  | \$ 2,379,059                             | \$ 2,567,364  | \$ 2,780,683 |
| 2019  | 2,189,924                                | 2,364,085     | 2,561,882    |

**Non-cash Impact on Fringe Benefits Expense**

For the years ended June 30, 2020 and 2019, the non-cash impact of GASB Statement No. 68 on fringe benefits expense was \$810,992 and \$1,667,599, respectively. For the years ended June 30, 2020 and 2019, the non-cash impact of GASB Statement No. 75 on fringe benefits expense was \$54,316 and \$17,155, respectively.

|             | Total fringe<br>benefits<br>expense | Non-cash change in<br>net pension liability<br>and related deferred<br>inflows and<br>outflows due to<br>GASB 68 | Non-cash change in<br>net OPEB liability<br>and related deferred<br>inflows and<br>outflows due to<br>GASB 75 | Fringe benefits<br>expense<br>excluding<br>non-cash<br>impact of<br>GASB 68 and 75 |
|-------------|-------------------------------------|--|---|--|
| <b>2020</b> | \$ 7,895,831                        | (810,992)  | (54,316)  | 7,030,523  |
| <b>2019</b> | 8,113,408                           | (1,667,599)  | (17,155)  | 6,428,654  |

**Note 16**

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

The institution distributed \$13,173,031 and \$13,507,635 for the years ended June 30, 2020 and 2019, 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.

MISSISSIPPI UNIVERSITY for WOMEN

Notes to Financial Statements

June 30, 2020 and 2019

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, 2020 and 2019 were \$85,104 and \$106,116, 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, 2020 and 2019 were \$8,007 and \$10,160, 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 2020 and 2019 were as follows:

|                              | <u>2020</u> | <u>2019</u> |
|------------------------------|-------------|-------------|
| Fleet Automobile Policy      | \$ 19,354   | 18,309      |
| Blanket Public Official Bond | 4,550       | 4,200       |

**Mississippi University of Women**  
 Required Supplementary Information (Unaudited)  
 Schedule of Proportionate Share of the Net Pension Liability  
*GASB 67 Paragraph 32(b)*  
 June 30, 2020

|      | <b>Proportionate<br/>share of the net<br/>pension liability</b> | <b>Proportionate<br/>share of the net<br/>pension liability</b> | <b>Estimated<br/>Covered-employee<br/>payroll provided<br/>by PERS</b> | <b>Proportionate<br/>share of the<br/>net pension<br/>liability as a<br/>percentage of<br/>its covered-<br/>employee<br/>payroll</b> | <b>PERS fiduciary<br/>net position as a<br/>percentage of the<br/>total pension<br/>liability</b> |
|------|---|---|--|--|---|
| 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%  |
| 2020 | 0.22%   | 39,373,621  | 13,194,292   | 298.41%  | 61.59%  |

See accompanying independent auditors' report.

**Mississippi University of Women**  
 Required Supplementary Information (Unaudited)  
 Schedule of Proportionate Share of Contributions  
*GASB 67 Paragraph 32(c)*  
 June 30, 2020

|      | <b>Proportionate<br/>share of<br/>contributions</b> | <b>Required<br/>contributions</b> | <b>Contribution<br/>deficiency<br/>(excess)</b> | <b>Actual<br/>Covered-<br/>employee payroll</b> | <b>Contribution as a<br/>percentage of<br/>covered-<br/>employee payroll</b> |
|------|---|-----------------------------------|---|---|--|
| 2015 | 2,243,470   | 2,243,470                         | -   | 14,244,254                                      | 15.75%   |
| 2016 | 2,316,938   | 2,316,938                         | -   | 14,710,717                                      | 15.75%   |
| 2017 | 2,333,680   | 2,333,680                         | -   | 14,817,016                                      | 15.75%   |
| 2018 | 2,311,505   | 2,311,505                         | -   | 14,676,222                                      | 15.75%   |
| 2019 | 2,267,113   | 2,267,113                         | -   | 14,394,367                                      | 15.75%   |
| 2020 | 2,823,856   | 2,823,856                         | -   | 16,229,057                                      | 17.40%   |

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, 2020

|      | <b>Proportionate<br/>share of the<br/>net OPEB<br/>liability</b> | <b>Proportionate<br/>share of the<br/>net OPEB<br/>liability</b> | <b>Covered-<br/>employee<br/>payroll</b> | <b>Proportionate<br/>share of the net<br/>OPEB liability<br/>as a percentage<br/>of its covered-<br/>employee<br/>payroll</b> | <b>Plan fiduciary<br/>net position as<br/>a percentage<br/>of the total<br/>OPEB<br/>liability</b> |
|------|--|--|--|---|--|
|      | <u>                    </u>                                      | <u>                    </u>                                      | <u>                    </u>              | <u>                    </u>   | <u>                    </u>  |
| 2018 | 0.30%  | 2,342,410  | 13,412,798                               | 17.46%  | 0.00%  |
| 2019 | 0.31%  | 2,364,085  | 13,822,757                               | 17.10%  | 0.00%  |
| 2020 | 0.30%  | 2,567,364  | 13,855,612                               | 18.53%  | 0.00%  |

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, 2020

|      | <b>Contractually<br/>required<br/>contribution</b> | <b>Contributions<br/>in relation to<br/>the<br/>contractually<br/>required<br/>contribution</b> | <b>Contribution<br/>deficiency<br/>(excess)</b> | <b>Covered-<br/>employee<br/>payroll</b> | <b>Contributions<br/>as a<br/>percentage of<br/>covered-<br/>employee<br/>payroll</b> |
|------|--|---|---|--|---|
| 2018 | 130,383  | 92,167  | 38,217  | 13,412,798                               | 0.69%   |
| 2019 | 143,853  | 105,281   | 38,572  | 13,822,757                               | 0.76%   |
| 2020 | 140,440  | 102,907   | 37,533  | 13,855,612                               | 0.74%   |

See accompanying independent auditors' report.

# MISSISSIPPI UNIVERSITY FOR WOMEN

## Notes to Required Supplementary Information (Unaudited)

June 30, 2020 and 2019

### 1. Net pension liability

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

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

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

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

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

*Changes of assumptions:*

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
  - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119;
  - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and
  - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
  - For males, 137% of male rates at all ages;
  - For females, 115% of female rates at all ages; and
  - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%;
- The wage inflation assumption was reduced from 3.25% to 3.00%;
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience; and
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

*Changes in benefit provisions:* Amounts reported for fiscal years 2020 and 2019 reflect no changes in benefit provisions.

### 2. Net OPEB liability

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

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

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

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

MISSISSIPPI UNIVERSITY FOR WOMEN

Notes to Required Supplementary Information (Unaudited)

June 30, 2020 and 2019

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

*Changes of assumptions:* In 2019, the SEIR was changed from 3.56% for the prior measurement date to 3.89% to the current measurement date. In 2020, the SEIR was changed from 3.89% for the prior measurement date to 3.50% to the current measurement date.

*Changes to benefit terms:* Amounts reported for fiscal years 2020 and 2019 reflect no changes to benefit terms.