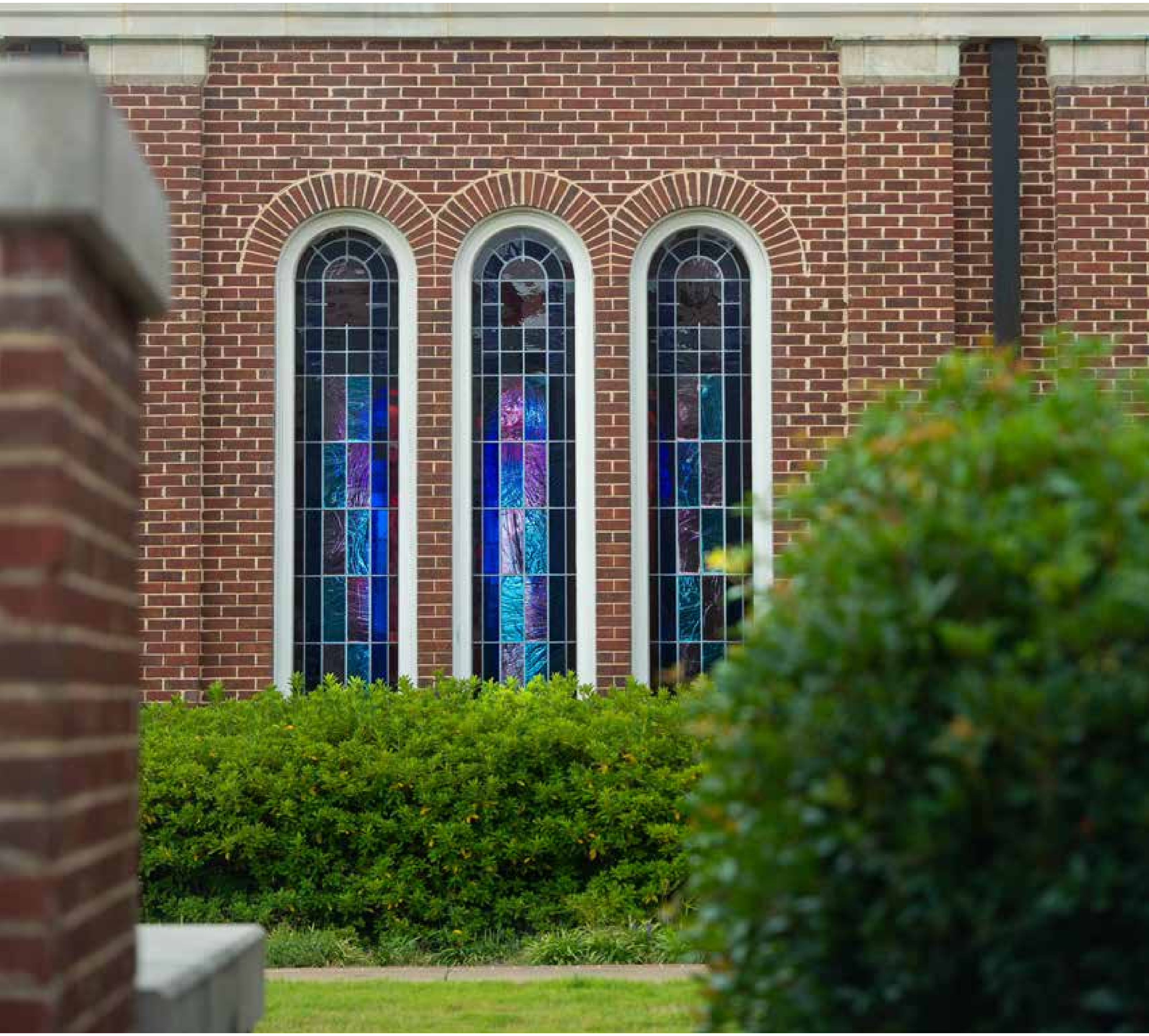
THE UNIVERSITY OF MISSISSIPPI

Financial Statements

Unaudited • Fiscal Year 2022



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MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and performance of the University of Mississippi (the University). This discussion and analysis have been prepared by management and should be considered in conjunction with the financial statements and accompanying note disclosures for the fiscal year ended June 30, 2022. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, financial statements and accompanying notes, are the responsibility of University management.

The Institution

The University of Mississippi is the oldest public higher education institution in the State of Mississippi, first opening its doors in 1848. The University is a comprehensive research institution that offers a broad range of undergraduate and graduate programs and opportunities for continuing study. The University is comprised of the main campus in Oxford, the Medical Center in Jackson, as well as educational centers in Southaven, Pearl, Tupelo, Booneville and Grenada. These campuses combined serve a student population of 21,856 and employ over 12,000 full-time employees, including more than 1,800 full-time faculty. The Oxford campus is comprised of 11 colleges and schools offering 179 degrees in 107 areas of study.

These enrollment and employment totals include the entirety of campuses and operations that report to the Chancellor of the University of Mississippi. However, the University of Mississippi Medical Center is treated as a separate entity for financial reporting purposes, and its financial position and performance are not included within this report. In addition, the financial position and performance for the University of Mississippi Foundation, Inc. and the Ole Miss Athletics Foundation are considered parts of the University of Mississippi financial reporting entity and are therefore discretely presented in this report.

Statement of Net Position

The Statement of Net Position provides a snapshot of the entity's financial position at a specific point in time. Condensed versions of these statements for the University are presented below for June 30, 2022 and 2021. These statements disclose all institutional assets, liabilities and net position in broad descriptive categories. Assets and liabilities are further classified as current and non-current in order to convey to readers a sense of the availability of assets on short and long-term bases. This provides insight into the institution's ability to meet immediate and future obligations. The net position (assets minus liabilities) section presents a picture of the University's overall cumulative net value. This section is also categorized in a manner that communicates the degree of availability of net position to meet institutional obligations.

Net position is divided into three major categories: Net Investment in Capital Assets, Restricted Net Position and Unrestricted Net Position. Net Investment in Capital Assets provides an aggregated summation of the University's investment, or net equity, in property, plant and equipment. Assets are classified as restricted when limitations or restrictions are placed on their use by external parties. Restricted net position is sub-divided into two categories, expendable and nonexpendable. Expendable restricted net position is available for expenditure by the University but must be used in accordance with the intent of the appropriate external parties. Nonexpendable restricted net position is only available for investment purposes and must remain intact in perpetuity. Unrestricted net position is available for use towards any lawful purpose of the institution. The University internally designates the majority of unrestricted net position to specific projects or departments.

Condensed Statements of Net Position
(thousands of dollars)

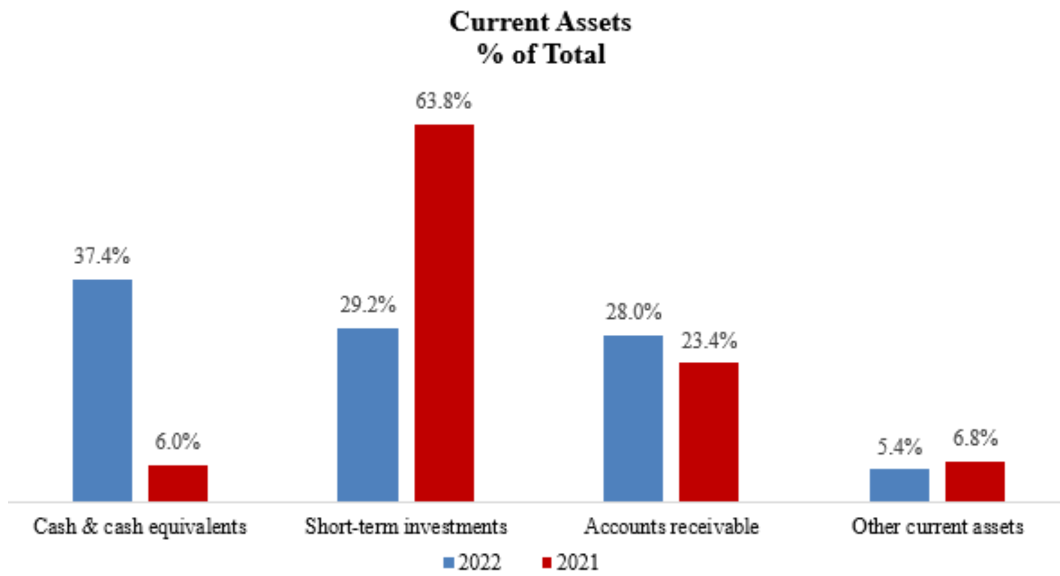
	2022	2021
Current assets	$ 176,983	$ 171,163
Non-current assets	1,693,182	1,698,744
Deferred outflows of resources	52,856	47,124
Total assets	$ 1,923,021	$ 1,917,031
Current liabilities	$ 111,242	$ 134,257
Non-current liabilities	521,877	630,996
Deferred inflow of resources	105,500	11,503
Total liabilities	$ 738,619	$ 776,756
Net investment in capital assets	$ 949,584	$ 917,772
Restricted, nonexpendable	55,927	54,159
Restricted, expendable	84,154	85,934
Unrestricted	94,737	82,410
Total net position	$ 1,184,402	$ 1,140,275

Total assets of the University remained consistent at $1.92 billion for the fiscal years ended June 30, 2022 and 2021. The University's $44.1 million increase in net position for fiscal year 2022 was primarily attributable to a $38.1 million decrease in total liabilities between 2022 and 2021.

The University's investments and cash and cash equivalents fluctuate based upon outlay requirements and timing for capital projects. State support is typically received in monthly installments on a reimbursement basis and is somewhat consistent with spending activity. Tuition and fees payments are predominantly received at the beginning of semesters and associated expenses occur throughout the semester.

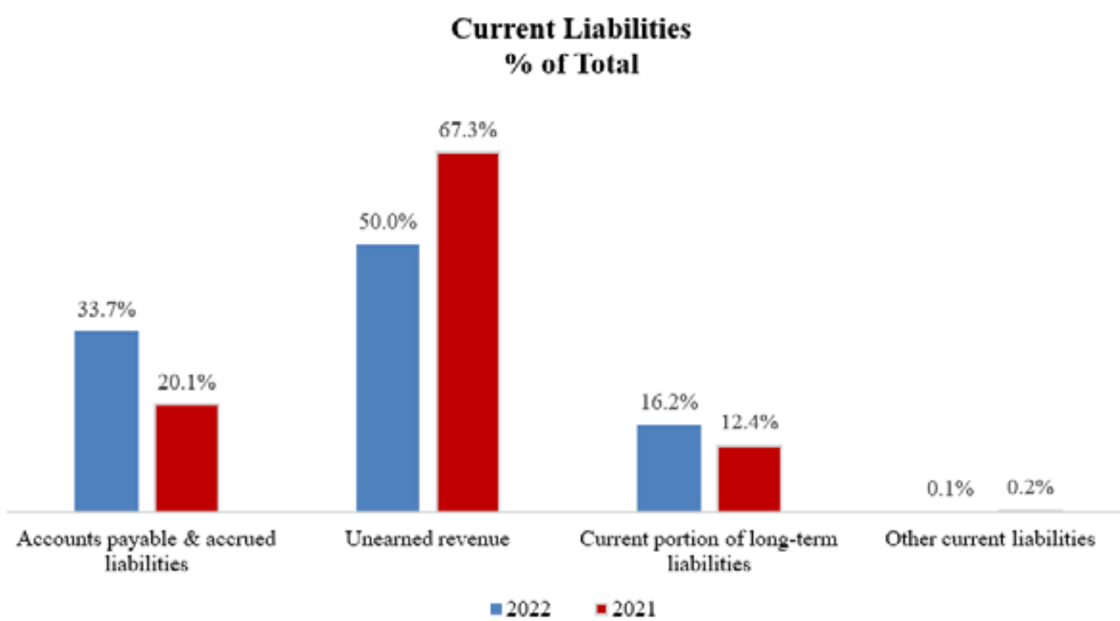
It should also be noted that a portion of cash and cash equivalents are classified as restricted non-current assets due to specific external restrictions regarding its use. These funds are held by the University, trustees and the State Treasury and are primarily restricted for use on specific capital projects. The decrease in restricted cash and cash equivalents at June 30, 2022 was due to the expenditure of $40 million of restricted cash for major construction during the fiscal year.

Cash, short-term investments, and accounts receivable comprised approximately 95% and 93% of current assets at June 30, 2022 and 2021, respectively. Short-term investments are comprised of U.S. Treasury Notes and Government Agency Obligations representing 29% and 64% of current assets for at June 30, 2022 and 2021, respectively.



The largest components of current liabilities are amounts payable to vendors and employees and unearned revenues. Unearned revenues include advance receipts for tuition, fees, sponsored programs and athletic tickets. Unearned revenues also included $40M in construction funds from the State Treasury as of June 30, 2021.

The current accrued leave liability represents an estimate of total accrued compensation to be paid in the twelve months immediately following June 30. This liability consists of unused personal and medical leave earned by employees as required by state statute. Disbursements from this account only occur upon termination of employment. The portion of accrued leave liabilities considered current was 13.8% and 11.9% of the total accrued leave liability as of June 30, 2022 and 2021, respectively.

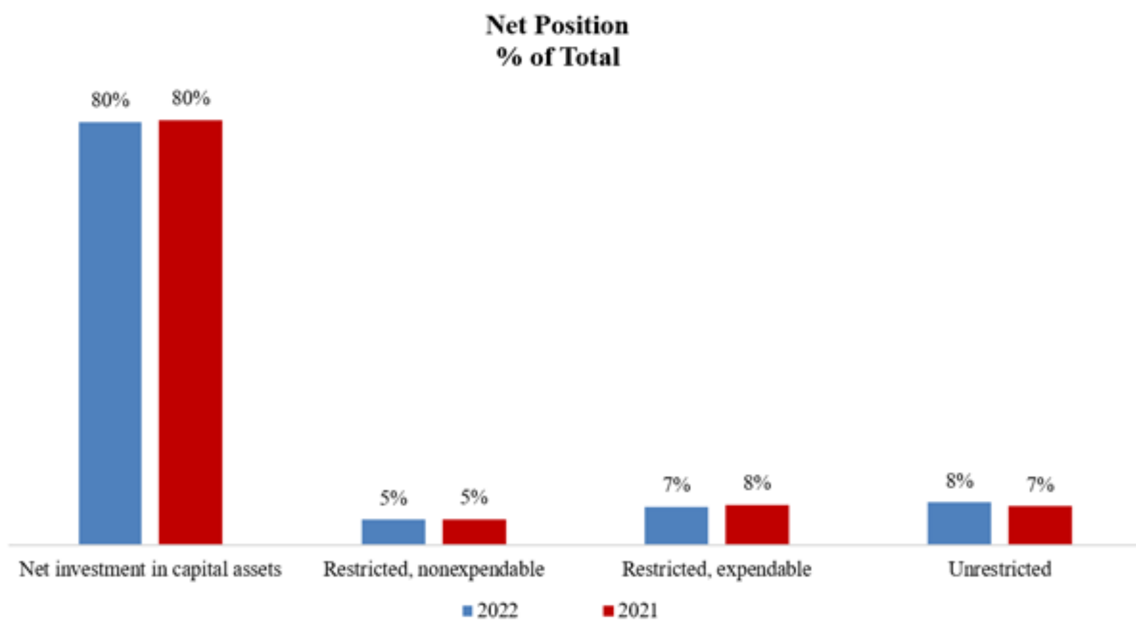


Non-current liabilities are those liabilities due and payable more than twelve months from June 30. The University's proportionate share of the collective net pension liability reported by the Public Employees' Retirement System of Mississippi (PERS) decreased by $90.7 million (24%) as of June 30, 2022. The University's proportionate share of the collective net OPEB liability reported by the State and School Employees' Life and Health Insurance Plan decreased by $3.7 million (18%) as of June 30, 2022. Net pension and OPEB liabilities comprised 56.9% and 62.0%

of non-current liabilities at June 30, 2022 and 2021 respectively. The vast majority of other non-current liabilities are the result of financing activities for capital projects through the issuance of bonds. Additional detail about long-term debt can be found in Note 8 of the Notes to *Financial Statements*.

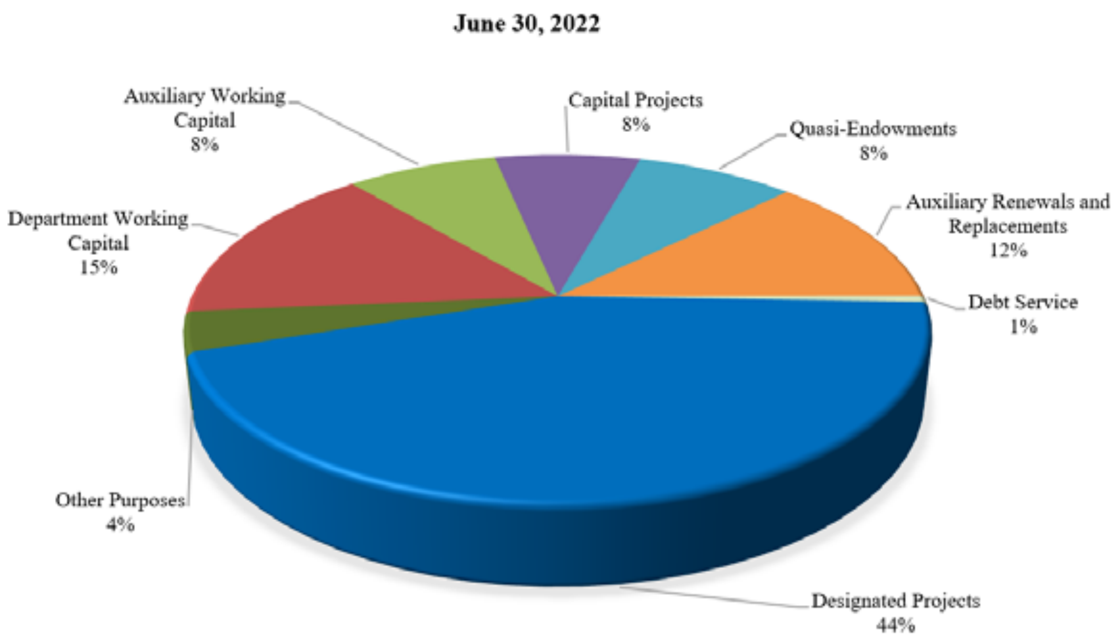
Deferred outflows of resources increased modestly by $5.7 million in fiscal year 2022 while deferred inflows of resources increased by $94.0 million. The University recorded $48.8 million of pension-related deferred outflows at the end of fiscal year 2022, primarily representing the deferral of pension contributions paid during the year for the University's participation in the cost-sharing, defined benefit pension plan administered by PERS. In addition, $89.2 million of pension-related deferred inflows at June 30, 2022, were recorded related to the University's proportionate share of collective deferred inflows reported by PERS. These deferred inflow amounts represent the difference between projected and actual investment earnings on pension plan assets during the measurement period, as well as the differences between expected and actual experience with regard to economic and demographic factors. Additionally, the University's adoption of GASB Statement No. 87, Leases as of June 30, 2022, contributed to $6.3 million of the fiscal year 2022 change with the majority of the increase being attributable to the increases in deferred outflows related to pensions and OPEB of $86.5 million and $1.6 million, respectively.

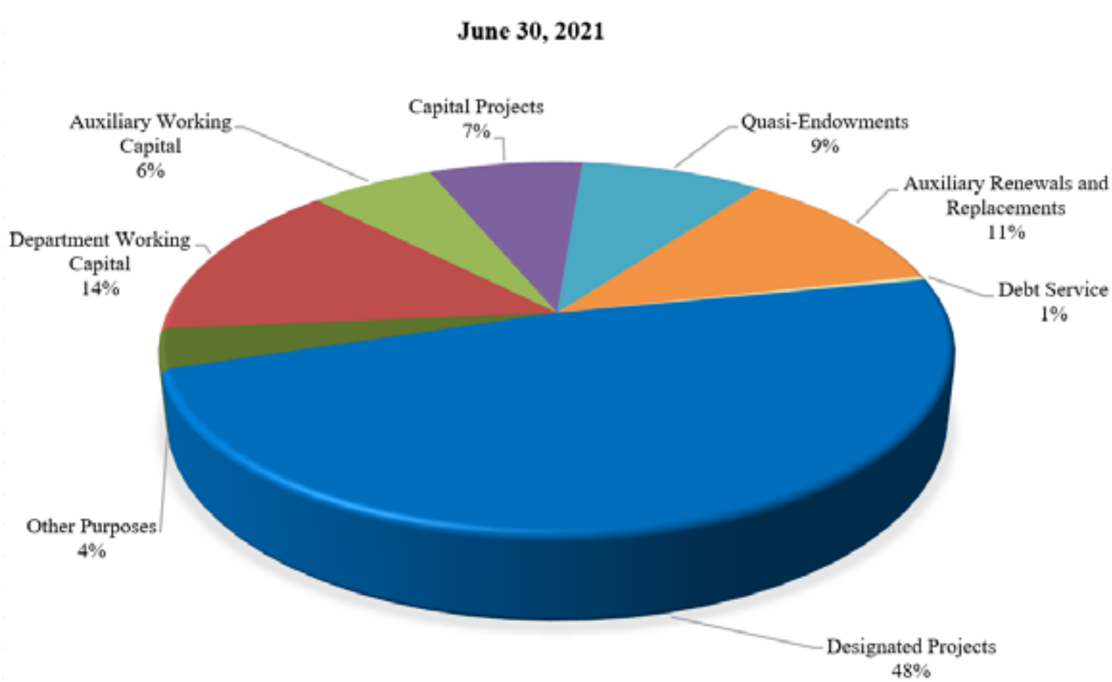
Net position was approximately $1.18 billion and $1.14 billion at June 30, 2022 and 2021, respectively. The University remains committed to the construction, renovation and improvement of buildings and infrastructure to accommodate current and projected growth as reflected in net investment in capital assets. The following chart depicts the components of net position for the current and prior fiscal years.



Net position balances for the fiscal year ended June 30, 2022, remained consistent with the prior year. The unrestricted component of net position is reflective of the largest percentage of institutional operations and serves as one measure of financial viability at fiscal year-end. The consistent investment in capital spending has been made possible by long-term financial planning that anticipated growth and the need for expansion.

The unrestricted component of net position consists of all assets except capital assets and those restricted by external parties. The University designates or reserves the majority of unrestricted net position as part of its fiscal management and long-term strategic planning. The unrestricted net position designations and reservations in place at June 30, 2022 and 2021 are depicted in the charts below.





Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents readers with an accounting of all revenues earned, expenses incurred as well as any other gains or losses for the fiscal year. Activities are categorized as either operating or non-operating. In general terms, operating revenues are revenues earned as a result of providing goods or services, and operating expenses are those expenses incurred to acquire or produce those goods and services or to support the mission of the University. All other revenues and expenses are categorized as non-operating. The net result of operating activities is presented as operating income or loss. The University has historically reported an operating loss due to the type and nature of revenues classified as non-operating. For example, state appropriations provide a material portion of revenues but are considered non-operating for reporting purposes. Therefore, management asserts that readers may find "increase in net position" a better indicator of overall annual financial results.

Condensed Statements of Revenues, Expenses and Changes in Net Position
(thousands of dollars)

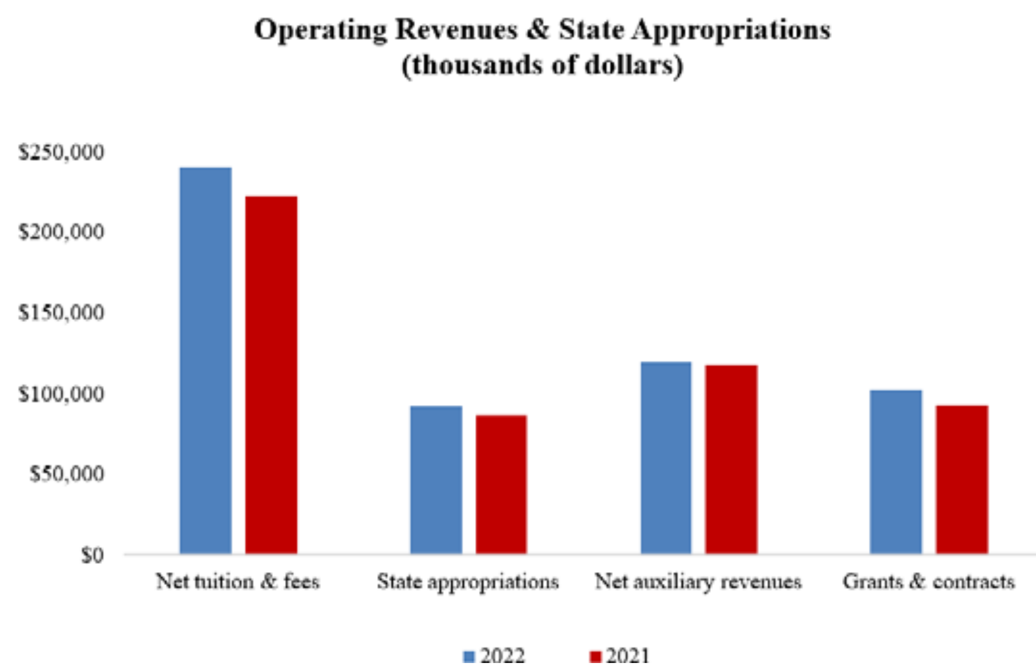
	2022	2021
Operating revenues	$ 482,542	$ 452,947
Operating expenses	598,111	550,977
Operating loss	(115,569)	(98,030)
Non-operating revenues and expenses	110,024	161,514
Income (loss) before other revenues, expenses, gains and losses	(5,545)	63,484
Other revenues, expenses, gains and losses	49,673	2,643
Increase in net position	44,128	66,127
Net position, beginning of year	1,140,274	1,074,147
Net position, end of year	$ 1,184,402	$ 1,140,274

The University is supported by a mixture of revenues that is heavily dependent upon tuition and state appropriations. Several notable items concerning these and other revenues during the current and prior fiscal years are included below:

- Student tuition and fees provided the largest source of institutional revenues.
    - Underlying the $354.6 million and $334.8 million gross tuition and fees revenue for fiscal years 2022 and 2021, respectively, were a 0.7% increase and a 3.9% decrease in headcount enrollment, respectively, combined with a 2.5% increase in tuition rates for fiscal year 2022 and no increase in tuition rates for fiscal year 2021.
    - After deducting allowances for scholarships and doubtful accounts, net tuition and fees were $240.8 million and $222.3 million for fiscal years 2022 and 2021, respectively.
- State appropriations for the current year of $91.9 million represented an increase from the prior fiscal year 2021 of 5.7%. Fiscal year 2021 state appropriations of $87.0 million represented a decrease of 3.5% over the fiscal year 2020 appropriation level.
- Nongovernmental grants and contracts increased 9% in fiscal year 2022 following a 5% decrease in fiscal year 2021. Federal grants and contracts increased by 14% for fiscal year 2022. Although the revenue has improved grants and contracts in recent years, the University acknowledges the possibility of future declines in contracts and grants revenues as long as economic weaknesses persist.

- For fiscal years 2022 and 2021, gifts and grants were $57.7 million and $51.8 million, respectively. This type of non-operating revenue is expected by management to fluctuate from year to year due to external influencing factors such as donor giving levels, the strength of the economy and financial markets.
- Investment income, net of investment expense, was $28.9 million for the fiscal year ended June 30, 2021. The University had a $34.4 million net investment loss caused by unrealized losses as of June 30, 2022. Investment income is ordinarily influenced by fluctuations in market performance, shifts in interest rates and the amount of funds available for investment in a given fiscal year. The University purchased longer-term US treasury and agency bonds to maximize returns in prior years when interest rates were low. As interest rates improved during fiscal year 2022, the market value of these longer-term investments declined. The University intends to hold these investments to maturity and does not anticipate incurring realized losses.

The following chart depicts the breakdown of selected operating revenues and state appropriations.

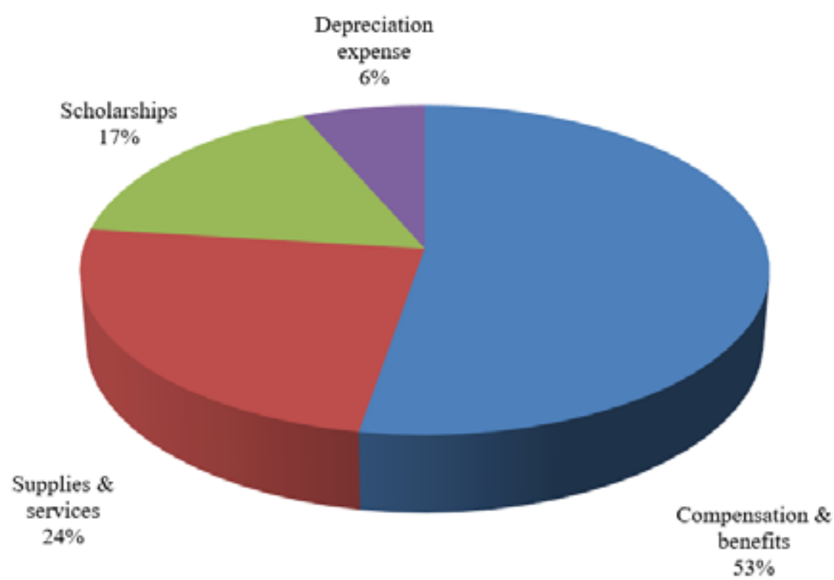


Expenses classified as operating represent the largest portion of expenses and totaled $598.1 million and $551.0 million in fiscal years 2022 and 2021, respectively. Personnel costs normally constitute the largest operating expense. These expenses comprised 53% and 59% of total operating expenses for fiscal years 2022 and 2021, respectively. As a rapidly growing, service-providing institution, the University anticipates that personnel costs will continue to consume a significant portion of operating revenues. The University is also strongly committed to keeping faculty-to-student ratios stable and providing competitive salaries.

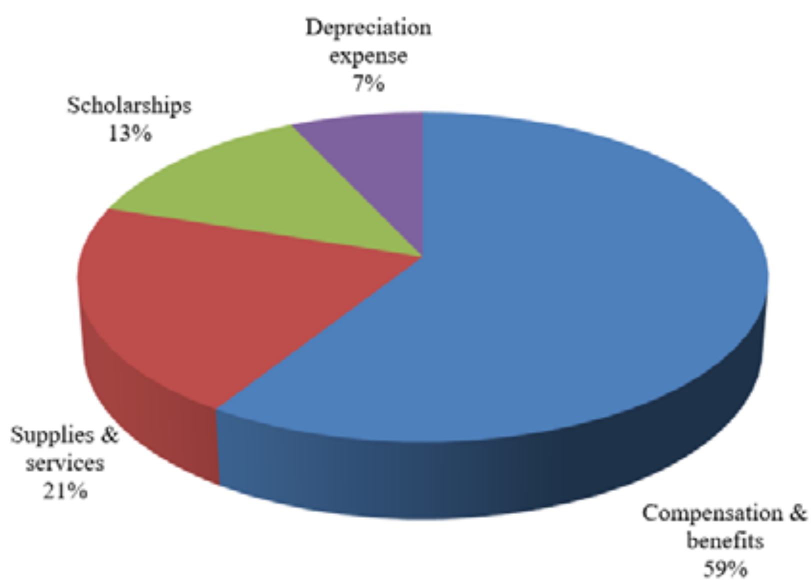
New scholarships, expansion of existing scholarship programs and emergency student aid provided by the U.S. Department of Education Higher Education Emergency Relief Funds (HEERF) led to student aid expenditures of $221.0 million and $191.8 million during fiscal years 2022 and 2021, respectively. The total amount of scholarships provided to students is comprised of Scholarships and Fellowships included within Operating Expenses and Scholarship Allowances included within the Operating Revenues section.

Operating expenses are commonly reported using two classifications. In the following classification method, operating expenses are categorized by the types of goods or services purchased and depicted in the Statement of Revenues, Expenses and Changes in Net Position:

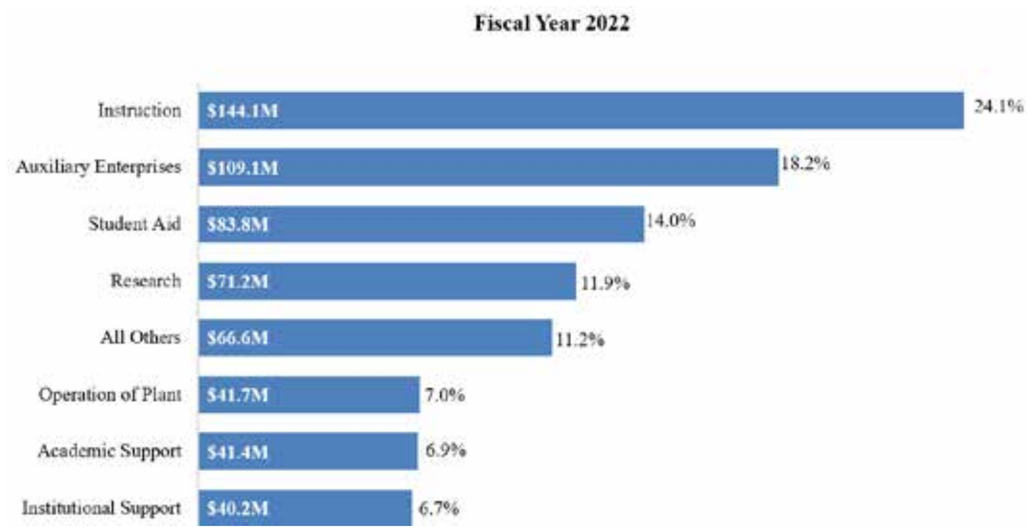
Fiscal Year 2022

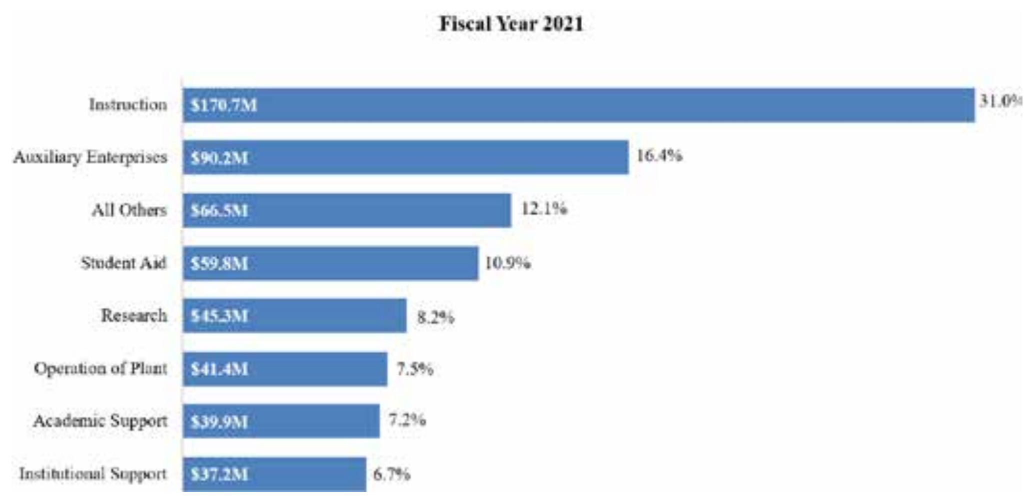


Fiscal Year 2021



Operating expenses are also categorized according to functional area of campus activity. This classification is presented below with additional detail in Note 10 of the *Notes to Financial Statements*.





Statement of Cash Flows

The Statement of Cash Flows present the financial activities and results of the University on a cash basis. Each statement is separated into four sections. The first section, Cash Flows from Operating Activities, reports cash generated and used through activities and accounts classified as operating. The activities represented in this section mirror the activities and accounts included in the operating sections of the Statement of Revenues, Expenses and Changes in Net Position.

The second section reports cash flows from noncapital financing activities. This area of the report includes cash transactions that do not involve operating activities as previously defined, investment activities or capital financing activities.

The third section focuses strictly on cash flows resulting from activities related to capital projects and the financing of these activities. This section includes cash used for the acquisition, construction, renovation and improvement of capital and related assets.

The fourth section focuses on cash flows from investing activities. This part includes cash used to purchase investments, cash returns on these investments and cash proceeds from the sale or maturity of investments.

Condensed Statements of Cash Flows
(thousands of dollars)

	2022	2021
Cash provided (used) by:		
Operating activities	$ (86,642)	$ (30,290)
Noncapital financing activities	148,874	145,002
Capital & related financing activities	(58,744)	(40,066)
Investing activities	21,577	(150,061)
Net change in cash	25,065	(75,415)
Cash, beginning of year	50,091	125,506
Cash, end of year	$ 75,156	$ 50,091

The Condensed Statements of Cash Flows illustrate the major summary components of cash sources and uses for each year. The major sources of cash in operating activities for fiscal years 2022 and 2021 were student tuition and fees of ($241.0 million and $220.9 million, respectively) auxiliary enterprises ($119.2 million and $121.6 million, respectively), and grants and contracts ($100.7 million and $100.0 million, respectively). Major operating uses of cash for fiscal year 2022 and 2021 included payments to employees for salaries and benefits ($326.1 million and $310.5 million, respectively), payments to suppliers ($106.8 million and $92.1 million, respectively), and payments of scholarships and fellowships ($98.9 million and $71.4 million, respectively).

Major sources of cash included in noncapital financing activities for fiscal years 2022 and 2021 include state appropriations ($91.3 million and $88.4 million, respectively) as well as gifts and grants received for purposes other than capital projects ($57.5 million and $56.9 million, respectively).

There were limited sources of cash from capital and related financing activities for fiscal year 2021. There were $43.3 million of capital appropriations received for the fiscal year ended June 30, 2022. Capital grants and contracts received were $31.8 million and $4.8 million for the fiscal year 2022 and 2021, respectively. Major uses of cash in this section for fiscal years 2022 and 2021 included payments for capital assets ($49.0 million and $11.9 million, respectively) and principal and interest payments made on capital debt ($19.8 million and $22.0 million, respectively).

Sources of cash in the investing activities section for fiscal years 2022 and 2021 included sales and maturities of investments and interest received on investments ($110.5 million and $186.9 million, respectively). Uses of cash included in this section were for purchases of investments ($89.0 million and $337.0 million) for fiscal years 2022 and 2021, respectively.

Significant Long-Term Liability and Debt Activities

The University has made significant investments in capital assets. Capital grants and gifts combined with other University and state resources enabled investments in facilities and infrastructure of $48.6 million and $11.9 million in fiscal years 2022 and 2021, respectively. Long-term debt is typically a component of many large capital improvement projects. There was no new long-term debt issued during fiscal years 2022 or 2021. The increase in investments in facilities and infrastructure for fiscal year 2022 was attributable to the expenditure of $40 million of construction funds provided by the State Treasury.

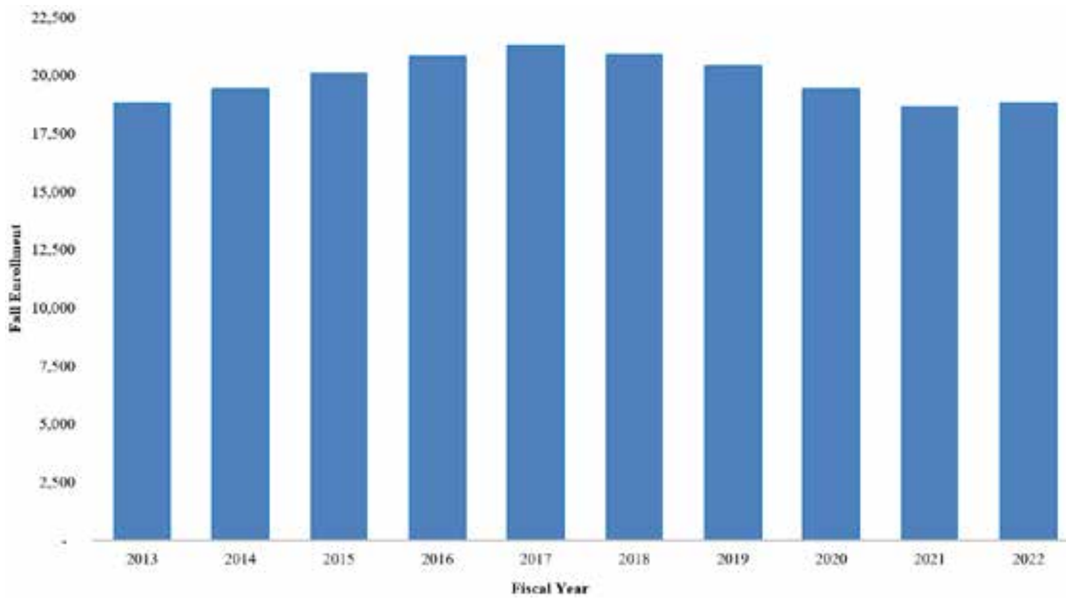
More information on long-term debt is available in Note 8 in the *Notes to Financial Statements*.

Operational Highlights

The University has been able to maintain a stable financial position throughout recent periods. This result has been accomplished despite challenging economic circumstances that created unsteady financial markets and destabilized state and federal support for public institutions of higher education.

A strong demand from nonresidents has been a significant contributing factor in applications and student enrollment. While nonresident students have been a key enrollment and financial component for several decades, their importance has intensified over the past decade as other revenue streams, including state appropriations, have contributed a smaller percentage of annual revenues.

The chart below depicts fall headcount enrollments for the past 10 years, exclusive of the medical and health related programs housed on the University of Mississippi Medical Center campus in Jackson.



Subsequent Events and Other Operational Factors

- The University of Mississippi Educational Building Corporation issued $72,760,000 Revenue Bonds, Series 2022, for the construction and equipping of the Jim and Thomas Duff Center for Science and Technology Innovation. This 202,000 square-foot facility will support science, technology, engineering, and math instruction and is expected to open in fall 2024.
- Fall 2021 enrollment (fiscal year 2022) increased from fall 2020 enrollment (fiscal year 2021) by 0.7%. Fall 2020 enrollment (fiscal year 2021) decreased from fall 2019 enrollment (fiscal year 2020) by 3.9%. Over the past five years, fall enrollments have a net decrease of 10.0%.
- With the largest freshman class in the University's history of 4,482, fall 2022 total enrollment (fiscal year 2023) reflected an increase of 5.7% over fiscal year 2022 improving the five-year net decrease to 2.69%. The freshman classes for fall 2021 and fall 2020 were 3,584 and 3,037, respectively.
- A portion of the University's endowment investments is exposed to both equity and fixed income markets. The University maintains a diversified portfolio managed by professional investment managers and employs conservative spending and investing policies that should minimize the fluctuation in cash flows from these revenue sources. The net return of the endowment portfolio over the past three years was 4.6%.
- The University participates in five off-campus branch campuses associated with five separate public community colleges. The associated community colleges offer freshman and sophomore classes, and the University offers junior, senior and graduate classes.

Management's Outlook

University management continues to have a cautiously optimistic financial outlook. The University has adapted to the challenges and inconsistencies of the economic and public education environment. The University relies on tuition revenues as the largest and most significant source of revenue. Senior leadership will continue to diligently focus on further increasing retention rates as well as the continuous monitoring and forecasting of applications and enrollments. The University created a cabinet level enrollment management function during fiscal year 2021 to plan, coordinate, and lead these institutional efforts.

Greater reliance on tuition and fees, the growing significance of other revenue streams, as well as the increased importance of efficiency measures is the new norm for public higher education. The University has a history of lean operations and significant investments in efficiency measures. These efforts will continue to remain a priority in order to sustain the current and expected future financial stability. Senior leadership continuously monitors changing operational factors and assesses potential impacts to proactively plan and act in the best interest of the University.

Dr. Steven G. Holley
Vice Chancellor for Administration & Finance

FINANCIAL STATEMENTS

UNIVERSITY OF MISSISSIPPI
Statement of Net Position
June 30, 2022

Assets and Deferred Outflows

Current assets:		
Cash and cash equivalents	$	66,101,188
Short-term investments		51,673,310
Accounts receivable, net		49,511,121
Student notes receivable, net		8,124,473
Inventories		1,189,709
Prepaid expenses		383,374
Total current assets		176,983,175
Non-current assets:		
Restricted cash and cash equivalents		9,054,389
Endowment investments		105,052,387
Other long-term investments		387,645,136
Student notes receivable, net		25,219,716
Leases receivable		6,140,934
Capital assets, net		1,150,426,821
Other non-current assets		9,642,645
Total non-current assets		1,693,182,028
Total assets		1,870,165,203
Deferred outflows of resources:		
Pension related to deferred outflows		48,789,044
OPEB related to deferred outflows		4,067,027
Total deferred outflows of resources		52,856,071
Total assets and deferred outflows of resources	$	$1,923,021,274

Liabilities, Deferred Inflows and Net Position

Current liabilities:		
Accounts payable and accrued liabilities	$	37,520,580
Unearned revenues		55,643,481
Accrued leave liabilities-current portion		2,487,000
Long-term liabilities-current portion		15,485,998
Other current liabilities		105,290
Total current liabilities		111,242,349

Non-current liabilities:		
Net pension liability		279,700,687
Net OPEB liability		17,066,623
Deposits refundable		262,531
Accrued leave liabilities		15,572,127
Long-term liabilities		202,169,741
Other non-current liabilities		7,104,800
Total non-current liabilities		521,876,509
Total liabilities		633,118,858
Deferred inflows of resources:		
Deferred amount of refundings		3,868,943
Deferred inflow of resources, leases		6,344,397
Pension related to deferred inflows		89,220,980
OPEB related to deferred inflows		6,066,158
Total deferred inflows of resources		105,500,478
Total liabilities and deferred inflows of resources	$	738,619,336
Net position:		
Net investment in capital assets	$	949,583,971
Restricted for:		
Nonexpendable:		
Scholarships and fellowships		10,013,196
Research		317,789
Other purposes		45,595,920
Expendable:		
Scholarships and fellowships		7,311,242
Research		9,709,920
Capital projects		9,787,942
Loans		31,807,912
Other purposes		25,536,641
Unrestricted		94,737,405
Total net position	$	1,184,401,938

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
THE UNIVERSITY OF MISSISSIPPI FOUNDATION
Statement of Financial Position
June 30, 2022

Assets		
Cash and cash equivalents	$	8,037,212
Pledges receivable, net		77,561,666
Investments		581,897,497
Beneficial interests in trusts		10,390,906
Property and equipment, net		1,831,075
Other assets		1,419,302
Total assets	$	681,137,658
Liabilities and Net Assets		
Funds held for others	$	24,831,031
Liabilities under remainder trusts and gift annuities		4,050,056
Other liabilities		3,987,935
Total liabilities		32,869,022
Net assets		
Without donor restrictions		19,060,324
With donor restrictions		629,208,312
Total net assets		648,268,636
Total liabilities and net assets	$	681,137,658

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
OLE MISS ATHLETICS FOUNDATION
Statement of Financial Position
June 30, 2022

Assets

Current assets:		
Cash without donor restrictions	$	2,285,813
Cash with donor restrictions		7,576,233
Investments		9,419,114
University of Mississippi Foundation receivable		515,512
Pledges receivable, current portion		11,083,524
Capital gift agreements pledges receivable, net		21,380
Annual fund pledges receivable		4,023,922
Other receivables		224,579
Prepaid expenses		133,624
Total current assets		35,283,701
Long-term pledges receivable, net of current portion		29,480,117
Charitable trust		1,281,897
Property and equipment, net		30,376,566
Endowment		88,925
Other assets		25,000
Cash surrender value of life insurance		529,080
Total assets	$	97,065,286

UNIVERSITY OF MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
OLE MISS ATHLETICS FOUNDATION
Statement of Financial Position Continued
Year Ended June 30, 2022

Liabilities and Net Assets

Current liabilities:		
Current installments of long-term debt	$	4,507,638
Accounts payable		5,344,256
Payroll and taxes payable		128,817
Deferred liability, current portion		2,195,629
Deferred revenue, current portion		44,549
University of Mississippi payable		2,947,540
Total current liabilities		15,168,429
Long-term debt, net of current installments:		19,816,860
Less debt issuance costs, net		(24,204)
Net long-term debt		19,792,656
Deferred liability, net of current portion		1,280,861
Deferred revenue, net of current portion		41,200
Total liabilities		36,283,146
Net assets:		
Net assets without donor restrictions		17,158,397
Net assets with donor restrictions		43,623,743
Total net assets		60,782,140
Total liabilities and net assets	$	97,065,286

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

Operating revenues:	
Tuition and fees	$ 354,622,121
Less scholarship allowances	(113,563,333)
Less bad debt expense	(270,871)
Net tuition and fees	240,787,917
Federal grants and contracts	54,698,767
State grants and contracts	13,728,454
Nongovernmental grants and contracts	33,917,991
Sales and services of educational departments	7,809,890
Auxiliary enterprises:	
Student housing	28,253,174
Food services	3,507,799
Bookstore	629,544
Athletics	83,690,236
Other auxiliary revenues	11,996,363
Less auxiliary enterprise scholarship allowances	(8,547,778)
Interest earned on loans to students	606,564
Other operating revenues, net	11,462,514
Total operating revenues	482,541,435
Operating expenses:	
Salaries and wages	253,673,758
Fringe benefits	60,669,256
Travel	15,189,966
Contractual services	75,126,585
Utilities	19,668,773
Scholarships and fellowships	98,902,257
Commodities	34,594,483
Depreciation	38,786,864
Other operating expenses	1,498,630
Total operating expenses	598,110,572
Operating income (loss)	(115,569,137)

Non-operating revenues (expenses):	
State appropriations	91,926,010
Gifts and grants	57,699,412
Investment income (loss)	(34,375,503)
Interest expense on capital asset-related debt	(5,881,830)
Other non-operating revenues	686,482
Other non-operating expenses	(30,506)
Total non-operating revenues (expenses), net	110,024,065
Income (loss) before other revenues, expenses, gains and losses	(5,545,072)
Other revenues, expenses, gains and losses:	
Capital grants and gifts	6,467,530
State appropriations restricted for capital purposes	43,299,122
Additions to permanent endowments	10,732
Other additions	143,414
Other deletions	(248,030)
Change in net position	44,127,696
Net position - beginning of year	1,140,274,242
Net position - end of year	$ 1,184,401,938

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
THE UNIVERSITY OF MISSISSIPPI FOUNDATION
Statement of Activities
Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support:			
Contributions, gifts and bequests, net	$ 3,139,109	$ 56,581,303	$ 59,720,412
Contributions, gifts and bequests, net - nonfinancial	-	1,407,254	1,407,254
Investment return, net	(2,137,403)	(45,763,381)	(47,900,784)
Change in value of split-interest agreements	-	(752,749)	(752,749)
Management fees	1,944,825	(1,944,825)	-
Development fees	1,555,860	(1,555,860)	-
Other income	996,740	1,410,195	2,406,935
Total revenues, gains and other support	5,499,131	9,381,937	14,881,068
Net assets released from restrictions/redesignated by donor:			
Appropriation from donor endowment	11,327,992	(11,327,992)	-
Satisfaction of program restrictions	29,944,303	(29,944,303)	-
Expenses:			
Support for University activities:			
Academic	5,635,814	-	5,635,814
Scholarship	9,397,619	-	9,397,619
Programmatic	18,624,347	-	18,624,347
University of Mississippi Medical Center	7,869,403	-	7,869,4039
General and administrative expenses	2,943,029	-	2,943,029
Fund-raising expenses	2,547,213	-	2,547,213
Total expenses	47,017,425	-	47,017,425
Change in net assets	(245,999)	(31,890,358)	(32,136,357)
Net assets, beginning of year	19,306,323	661,098,670	680,404,993
Net assets, end of year	$ 19,060,324	$ 629,208,312	$ 648,268,636

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
OLE MISS ATHLETICS FOUNDATION
Statement of Activities
Year Ended June 30, 2022

	Net Assets Without donor restrictions	Net Assets With donor restrictions	Total
Revenues and support:			
Annual fund contributions	$ 22,257,005	$ -	$ 22,257,005
Other contributions	-	31,273,570	31,273,570
Gifts in kind	413,748	16,685	430,433
Other revenues	2,334,693	(246,995)	2,087,698
Net assets released from restrictions	16,738,738	(16,738,738)	-
Total revenues and support	41,744,184	14,304,522	56,048,706
Expenses:			
Program expenses:			
Athletics department administration	26,600,696	-	26,600,696
Team programs	710,609	-	710,609
Other program restricted expenses	9,016,055	-	9,016,055
Fundraising expenses	1,665,844	-	1,665,844
Management and general expenses	632,460	-	632,460
Total expenses	38,625,664	-	38,625,664
Change in net assets	3,118,520	14,304,522	17,423,042
Net assets, beginning of year	14,039,877	29,319,221	43,359,098
Net assets, end of year	$ 17,158,397	$ 43,623,743	$ 60,782,140

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
Statement of Cash Flows
Year Ended June 30, 2022

Operating activities:	
Tuition and fees	$ 241,014,176
Grants and contracts	100,732,675
Sales and services of educational departments	7,815,799
Payments to suppliers	(106,762,653)
Payments to employees for salaries and benefits	(326,067,274)
Payments for utilities	(19,597,628)
Payments for scholarships and fellowships	(98,902,257)
Loans issued to students and employees	(3,871,557)
Collection of loans to students and employees	2,572,163
Federal loan program receipts	89,371,038
Federal loan program disbursements	(89,371,038)
Auxiliary enterprise charges:	
Student housing	18,202,511
Food services	3,920,929
Bookstore	629,543
Athletics	85,027,266
Other auxiliary enterprises	11,383,824
Interest earned on loans to students	606,564
Other receipts	11,439,962
Other payments	(14,785,971)
Net cash used by operating activities	(86,641,928)
Noncapital financing activities:	
State appropriations	91,323,830
Gifts and grants for other than capital purposes	57,463,586
Private gifts for endowment purposes	10,732
Other sources	75,718
Net cash provided by noncapital financing activities	148,873,866
Capital and related financing activities:	
Cash paid for capital assets	(48,594,734)
Capital appropriations received	43,299,122
Capital grants and contracts received	(31,782,593)
Proceeds from capital assets	67,696
Principal paid on capital debt and leases	(13,011,577)
Interest paid on capital debt and leases	(6,754,593)
Other sources	582
Other uses	(1,968,141)
Net cash used by capital and related financing activities	(58,744,238)

UNIVERSITY OF MISSISSIPPI
Statement of Cash Flows Continued
Year Ended June 30, 2022

Investing activities:	
Proceeds from sales and maturities of investments	109,159,141
Interest received on investments	1,379,560
Purchases of investments	(88,961,947)
Net cash provided by investing activities	21,576,754
Net change in cash and cash equivalents	25,064,454
Cash and cash equivalents - beginning of year	50,091,123
Cash and cash equivalents - end of year	$ 75,155,577
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	$ (115,569,137)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	38,786,864
Provision for uncollectible receivables	297,056
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables, net	(5,387,802)
Inventories	(59,342)
Prepaid expenses	1,493,020
Loans to students and employees	(1,380,018)
Deferred outflows of resources	(5,731,887)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	2,895,810
Unearned revenue	4,453,602
Deposits refundable	(89,668)
Accrued leave liability	41,045
Net pension liability	(90,689,466)
Net OPEB liability	(3,740,031)
Deferred inflows of resources	88,038,026
Total adjustments	28,927,209
Net cash provided (used) by operating activities	$ (81,641,928)
Reconciliation of cash and cash equivalents:	
Current assets - cash and cash equivalents	$ 66,101,188
Non-current assets - restricted cash and cash equivalents	9,054,389
Cash and cash equivalents - end of year	$ 75,155,577
Noncash capital related financing and investing activities:	
Gifts and contributions of capital assets	$ 337,465
Right-to-use assets under lease obligations	2,473,132

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
THE UNIVERSITY OF MISSISSIPPI FOUNDATION
Statement of Cash Flows
Year Ended June 30, 2022

Cash flows from operating activities:	
Change in net assets	$ (32,136,357)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	156,027
Contributions restricted for long-term purposes and split-interest agreements	(9,552,124)
Net realized and unrealized losses on investments	60,113,717
Provision for uncollectible pledges	1,609,208
Changes in operating assets and liabilities:	
Other assets	130,341
Pledges receivable	(5,551,644)
Funds held for others	233,649
Beneficial interest in perpetual trust	(545,101)
Beneficial interest in remainder trust	1,152,738
Liabilities under remainder trusts	321,900
Other liabilities	(1,294,903)
Net cash provided by operating activities	14,637,451
Cash flows from investing activities:	
Purchases of property and equipment	(15,105)
Purchase of investments	(128,682,437)
Proceeds from sales and maturities of investments	101,413,560
Net cash used in investing activities	(27,283,982)
Cash flows from financing activities:	
Contributions restricted for long-term purposes and split-interest agreements	9,552,124
Payments to beneficiaries under remainder trusts	(280,156)
Net cash provided by financing activities	9,271,968
Net change in cash and cash equivalents	(3,374,563)
Cash and cash equivalents:	
Beginning of year	11,411,775
End of year	$ 8,037,212

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
OLE MISS ATHLETICS FOUNDATION
Statement of Cash Flows
Year Ended June 30, 2022

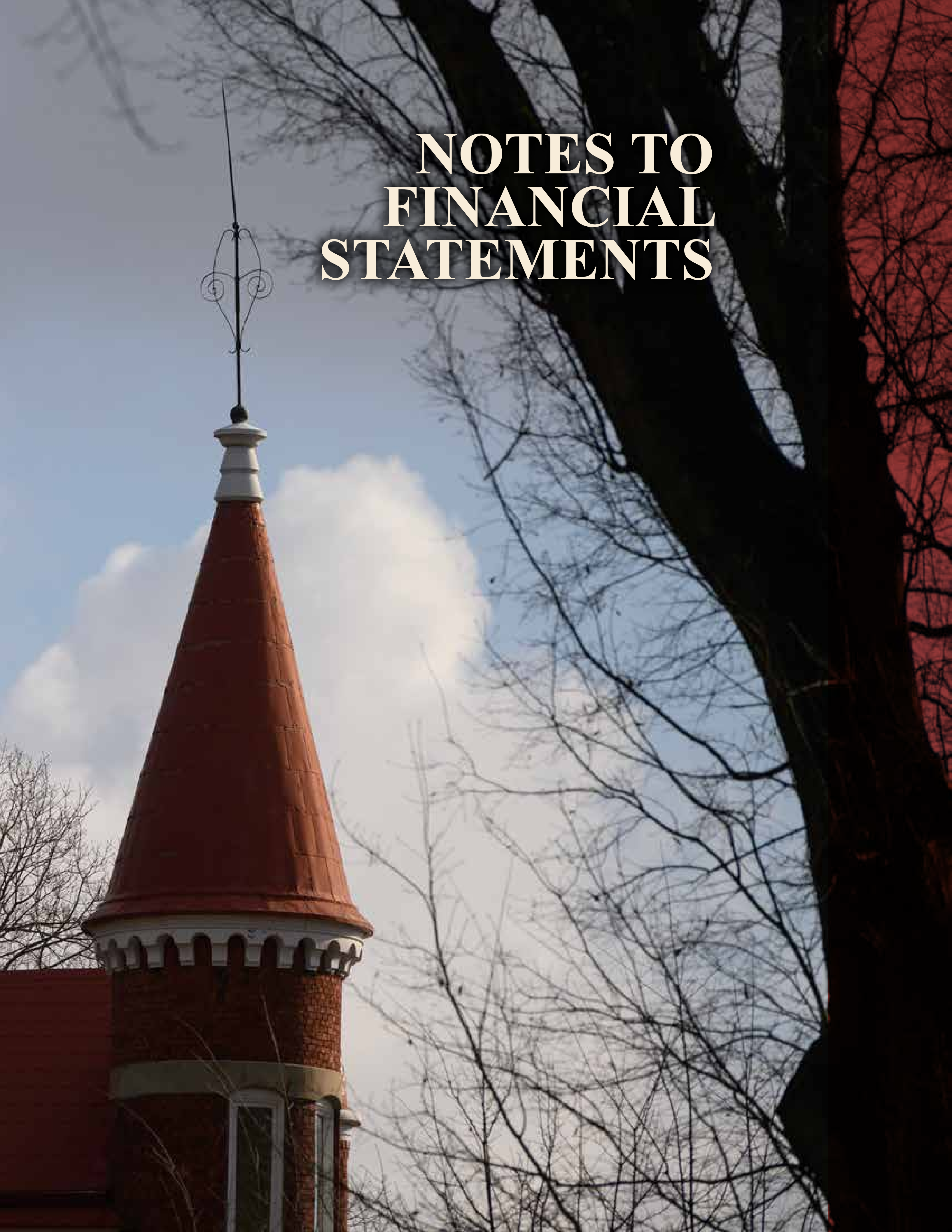
Cash flows from operating activities:		
Change in net assets	$	17,423,042
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		1,730,833
Amortization of debt issuance costs		6,454
Bad debt expense		2,072,817
Provision for uncollectible pledges restricted for long-term purposes		1,324,750
Amortization of discount on pledges restricted for long-term purposes		1,029,783
Contributions restricted for long-term purposes		(30,804,972)
Unrealized and realized loss on sale of investments		1,671,005
Cash surrender value of life insurance		(16,714)
(Increase) decrease in:		
University of Mississippi Foundation receivable		1,126,253
Pledges receivable		2,755,061
Capital gift agreement pledges receivable		30,598
Annual fund pledges receivable		(648,937)
Prepaid and other assets		(203,597)
Increase (decrease) in:		
Accounts payable		4,821,285
Other current liabilities		31,826
Deferred liabilities		(2,012,676)
Deferred revenue		(73,206)
University of Mississippi payable		2,164,813
Net cash provided by operating activities		2,428,418
Cash flows from investing activities:		
Proceeds from sale of investments		112,932
Payments received on notes receivable		897,865
Purchases of property and equipment and construction in progress		(10,005,291)
Purchase of investments		(6,274,806)
Net cash used in investing activities		(15,269,300)

Statement of Cash Flows Continued
Year Ended June 30, 2022

Cash flows from financing activities:		
Contributions restricted for long-term purposes		9,497,588
Proceeds from long-term debt		4,953,636
Payments on long-term debt		(7,012,073)
Net cash provided by financing activities		7,439,151
Net change in cash and cash equivalents		(5,401,731)
Cash and cash equivalents, at beginning of year		15,263,777
Cash and cash equivalents, at end of year	$	9,862,046
Cash and cash equivalents, at end of year:		
Cash without donor restrictions	$	2,285,813
Cash with donor restrictions		7,576,233
	$	9,862,046
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest, including capitalized interest; 2022 $107,619	$	727,647

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS



NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Operations

The University of Mississippi is a public, comprehensive, research institution that exists to enhance the educational, economic, healthcare, social and cultural foundations of the state, region and nation. As the oldest public institution of higher learning in the state and as a Carnegie R1 Doctoral University (very high research activity), the institution's primary functions are the creation, dissemination and application of knowledge through a variety of undergraduate, graduate, and professional programs and public service activities.

(b) Reporting Entity

The Mississippi Constitution was amended in 1943 to create a Board of Trustees of State Institutions of Higher Learning (IHL) for the purpose of overseeing and directing Mississippi's eight public universities. This constitutional board provides management and control of the state's public four-year institutions. The Board members are appointed by the Governor with the approval of the Senate. The IHL is considered a component unit of the State of Mississippi reporting entity.

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

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus- An Amendment of GASB Statements No. 14 and No. 34*, each of the University's affiliated organizations was evaluated for inclusion in the financial statements.

The University of Mississippi established an educational building corporation (a non-profit Mississippi corporation) in accordance with Section 37-101-61 of the Mississippi Code Annotated, 1972. The purpose of this corporation is the acquisition of land and the construction, improvement and equipping of facilities for the University. All debt of this affiliated entity is expected to be repaid by the University and the entity was created for the exclusive benefit of the University. In accordance with the provisions of GASB Statement No. 61, this entity is deemed a component unit of the University and is included as a blended component unit in the general-purpose financial statements.

The University of Mississippi Foundation (the Foundation) is a legally separate tax-exempt organization. The Foundation raises and manages funds that predominantly act to supplement the resources that are available to the University in support of its programs. The Board of the Foundation consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or incomes thereon, which the Foundation holds and invests, are restricted to the activities of the University by donors. Because the majority of these restricted resources held by the Foundation can only be used by or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Although the University is the primary beneficiary of the Foundation, the Foundation is independent of the University in all respects. The Foundation is not a subsidiary of the University and is not directly or indirectly controlled by the University. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to the University. The University is not accountable for and does not have ownership of any of the financial and capital resources of the Foundation. The University does not have the power or authorities to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the University. Third parties dealing with the University, the IHL and the State of Mississippi (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all the foregoing conditions and limitations.

During the year ended June 30, 2022, the Foundation distributed $43.9 million to the University for both restricted and unrestricted purposes. Separate financial statements for the Foundation can be obtained at Brandt Memory House, 406 University Avenue, Oxford, MS 38655.

The Ole Miss Athletics Foundation is another legally separate tax-exempt organization affiliated with the University. The Foundation is committed to providing resources for the Department of Intercollegiate Athletics at the University of Mississippi for purposes of providing scholarships for student-athletes, assistance with debt service on facilities and support of programs and activities. For the fiscal year ended June 30, 2022, the Athletics Department requested such annual support from the Foundation totaling $848,198. Separate financial statements for the Ole Miss Athletics Foundation can be obtained at 100 Coliseum Drive, Oxford, MS 38655.

(c) Basis of Presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by GASB, including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, issued in June and November, 1999, respectively. The University follows the "business-type activities" reporting requirements of GASB Statement No. 34, *Basic Financial Statements-And Management's Discussion and Analysis-For State and Local Governments*, that provides a comprehensive presentation of the University's financial activities.

Both the University of Mississippi Foundation and Ole Miss Athletics Foundation are private non-profit corporations that report under the Financial Accounting Standards Board (FASB) Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the entities' financial statement information in the

University's financial reporting entity for these differences.

(d) Basis of Accounting
The financial statements of the University have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when 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 non-operating revenues when eligibility requirements are satisfied.

(e) Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles in the United States 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 expenditures during the reporting period. Actual results could differ from those estimates.

The University is invested in various types of securities and companies 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 those changes could materially affect the amounts reported in the University's financial statements.

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.

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

(f) Cash Equivalents
For purposes of the Statement of Cash Flows, the University considers all highly liquid

investments with an original maturity of three months or less to be cash equivalents.

(g) Short-Term Investments
Short-term investments are investments that are not cash equivalents but mature within the next fiscal year.

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

(i) Student Notes Receivable, Net
Student notes receivable consist of federal, state and institutional loans made to students for the purpose of paying tuition and fee charges. Loan balances that are 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 non-current assets on the Statement of Net Position.

(j) Inventories
Inventories consist of items stocked for repairs, maintenance and retail operations. These inventories are generally valued at the lower of cost or market on either the first-in, first-out ("FIFO") or average cost basis.

(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 and Restricted Short-Term Investments
Cash, cash equivalents and short-term investments that are externally restricted to make debt service payments, to maintain sinking or reserve funds or to purchase or construct capital or non-current assets are classified as non-current assets in the Statement of Net Position.

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

The majority of endowment investments is pooled and operates on the total-return concept (interest, dividends and appreciation). Distributions on these endowments are based on an adopted spending policy. The annual spending rate is 5% of the three-year moving average market value.

Accumulated appreciation is used to make up any difference between current year income (interest and dividends) and the distribution permitted under the spending rate policy. At June 30, 2022, accumulated appreciation of $22,293,353 was available in the pooled endowment funds. This entire total was restricted for specific purposes.

(n) Other Long-Term Investments
The University accounts for its investments at fair value. Changes in unrealized gain (loss) 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 in partnerships 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, Fair Value Measurement and Application, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to

measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that the 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 the fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is 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. Note 5 contains additional details concerning useful lives, salvage values and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Certain maintenance and replacement reserves have been established to fund costs relating to auxiliary facilities.

(q) Collections

On occasion, the University may obtain collections of art or historical treasures (usually as private donations to the institution). These collections are usually held for public exhibition, education or research. The University is not required to capitalize these collections and in practice generally does not capitalize their value in the financial presentation.

(r) 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.

(s) 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.

(t) Income Taxes

The University of Mississippi 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 an exemption. No income tax provision has been recorded because, in the opinion of management, there is no significant amount of taxes on such unrelated business income.

(u) Compensated Absences

Twelve-month employees earn annual personal leave at a rate of 12 hours per month for zero to three years of service; 14 hours per month for three to eight years of service; 16 hours per month for 8 to 15 years of service; and from 15 years of service and over, 18 hours per month are earned. There is no requirement that annual leave be taken, and there is no maximum accumulation. At termination, 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 15 years of service and over, 16 hours per month are earned. 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) Deferred Inflows and Outflows
Deferred inflows of resources are an acquisition of net assets by the University that are applicable to a future reporting period and include pension, OPEB, and lease related deferred inflows and the unamortized amounts for gains on the refunding of bonded debt.

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.

(w) 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 institution'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 on 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. Investments are reported at fair value.

(x) Deposits Refundable
Deposits refundable represent good-faith deposits from students to secure admission to various programs and to reserve housing assignments.

(y) Non-current Liabilities
Non-current liabilities include: (1) principal amounts of revenue bonds payable, notes payable and capital lease obligations; (2) estimated amounts of proportionate share of net pension and OPEB liabilities, (3) estimated amounts for accrued compensated absences, deposits refundable, 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 non-current assets.

(z) Government Advances Refundable
The University participates in the Federal Perkins Loan and other federal loan programs, which are funded through a combination of federal and institutional resources. The portion of the programs that has been funded with federal funds is ultimately refundable to the U.S. government upon the termination of the institution's participation in the programs. Although the federal government has terminated the Perkins Loan program disallowing new loans to be made, institutions may continue to collect and service existing loans. The University does not have a timeline for discontinuing its participation in this program. The portion that would be refundable upon the termination of the programs has been presented as other long-term liabilities and approximated $7.1 million as of June 30, 2022.

(aa) Classification of Revenues and Expenditures
The University has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues and expenses have the characteristics of exchange transactions. These transactions can be defined as an exchange in which two or more entities both receive and sacrifice value, such as purchases and sales of goods or services. Examples of operating revenues include: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) most federal, state and local grants and contracts; (4) interest on institutional student loans; and (5) other operating revenues. Examples of operating expenses include: (1) employee compensation, benefits and related expenses; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, supplies and other services; (4) professional fees; and (5) depreciation expense related to certain capital assets.

Non-operating revenues and expenses have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, investment income and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34. Gifts (pledges) that are received on an installment basis are recorded at their net present value. Examples of non-operating expenses include interest on capital asset-related debt and bond expenses.

(bb) 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 they are managed as essentially self-supporting activities.

Examples are residence halls, food services and intercollegiate athletic programs (only if they are essentially self-supporting). The general public may be served incidentally by auxiliary enterprises.

(cc) Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Financial aid to students is reported in the financial statement under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties and Federal Direct Lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statement as scholarship allowances, which reduce operating revenues. The amount reported as operating expense 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 and unrestricted.

Net Investment in Capital Assets**:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Nonexpendable: Net position subject to externally imposed constraints to be maintained permanently by the University. Such assets include the University's permanent endowment funds.

Restricted Expendable: Net position whose use by the University is subject to externally-imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time.

Unrestricted: Net position not subject to externally imposed constraints. Unrestricted net positions may be designated for specific purposes by action of management or the board or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic, research and outreach programs and initiatives, operating and stabilization reserves, capital projects and capital asset renewals and replacements.

The unrestricted net position of the University was $94,737,405 at June 30, 2022. The cumulative net effect of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, at June 30 was a decrease in unrestricted net assets of $320,132,623 for 2022. The cumulative net effect of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* was a decrease in unrestricted net assets of $19,065,754 for 2022. Excluding the net effect of the GASB implementations, the unrestricted net position at June 30, 2022 includes $87,853,421 reserved for auxiliary operations, renewals and replacements; $66,173,750 reserved for

departmental working capital; $32,883,198 reserved for capital projects; $35,911,992 reserved for quasi-endowments; $2,451,940 reserved for debt service; $192,582,489 reserved for designated projects; and $16,078,992 reserved for other purposes.

(ee) New Accounting Standards

On June 30, 2022, the University adopted GASB Statement No. 87, Leases. This standard establishes the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The University adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

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.

(ff) Recently Issued Accounting Standards

The University is currently evaluating the following pronouncements that are most likely to impact its financial reporting.

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 reporting periods beginning after December 15, 2020. This Statement is now effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. As a result of global reference rate reform, the London Interbank Offered Rate (LIBOR) is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. The removal of LIBOR as an appropriate benchmark interest rate was effective for reporting periods ending after December 31, 2021 with all other requirements of this Statement effective for reporting periods beginning after June 15, 2020. This statement is now effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or exchange-like transaction. The effective date of this statement is for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. SBITAs provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting perpetual license or title to those assets. A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The effective date of this statement is for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing both practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences - by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The effective date of this statement is for fiscal years beginning after December 15, 2023.

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

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. For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and short-term investments include $4,302,443 in money market mutual funds with underlying portfolios with credit ratings of AAA as of June 30, 2022.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of a financial institution, the University would not be able to recover deposits or collateral securities that are in possession of an outside party. The IHL System does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages risk on behalf of the universities. Deposits above Federal Depository Insurance Corporation (FDIC) coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the IHL System.

The collateral for public deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and 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 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 FDIC.

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

Cash	$ 66,101,188
Restricted cash and cash equivalents	9,054,389
U.S. Treasury securities	214,763,110
U.S. government agency securities	224,555,336
Domestic equity mutual funds	2,590,192
Equity long/short hedge funds	39,505,077
Private capital	37,432,241
Other fixed income securities	5,576,183
Miscellaneous	19,948,694
Total Cash and Investments	$ 619,526,410

Investments

Investment policies as set forth by Board policy as authorized by Section 37-101-15, Mississippi Code Annotated (1972), and the Uniform Prudent Management of Institutional Funds (UPMIFA) as adopted by the State of Mississippi in 2012 authorize the University to invest in equity securities, bonds and other securities. Under UPMIFA, the University may appropriate for spending as much of the endowment as the institution deems prudent for the uses, benefits, purposes and duration for which the particular endowment fund was established, subject to evaluation of several specific factors including general economic conditions and the fund's purpose. The University has adopted investment and spending policies for endowments as recommended by the University's Joint Committee on Investments. Active investment managers are reviewed by the committee on an ongoing basis. Each investment manager has full investment discretion with regard to security selection consistent with the Investment Policy Statements, subject to the oversight of the Joint Committee on Investments. Investment categories are limited and managed by a cap, a floor and specified targets in relation to the total market value of the portfolio.

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, 2022:

	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. government securities	$ -	$ 224,555,336	$ -	$ 224,555,336
U.S. Treasury securities	214,763,110	-	-	214,763,110
Total fixed income investments	214,763,110	224,555,336	-	439,318,446
Equities:				
Domestic equity mutual funds	2,590,192	-	-	2,590,192
Total equity securities	2,590,192	-	-	2,590,192
Investments measured at NAV as a practical expedient:				
Equity long/short hedge funds				39,505,077
Private capital				37,432,241
Timber fund				790,363
Other fixed income securities				5,576,183
Other miscellaneous investments				19,158,331
Total investments measured at NAV				102,462,195
Total investments measured at fair value				$ 544,370,833

The valuation method for investments measured at NAV per share as a practical expedient is presented in the following table:

Investment	Fair Value 6/30/2022	Unfunded Commitments	Redemption frequency (if eligible)	Redemption notice period
Equity long/short hedge funds (1)	$ 39,505,077	$ -	Quarterly	45 - 120 days for eligible investments
Timber fund	790,363	-	No redemption feature	None
Private capital (2)	37,432,241	13,599,314	Certain partnerships ineligible for redemption; Other investments available monthly	5 - 90 days for eligible investments
Other fixed income securities	5,576,183	-	Daily	5 days for eligible investments
Other miscellaneous investments (3)	19,158,331	166,600	Certain investments ineligible for redemption	90 days for eligible investments
Total investments measured at NAV	$ 102,462,195			

Equity long/short hedge and venture capital funds specialize primarily in classic long/short hedge equity strategies. These funds invest globally, with a majority of the exposure in liquid, developed markets and invest primarily in private investment partnerships, venture capital opportunities or limited liability companies and in separately- managed accounts, each of which is managed by independent managers.

(1) Equity long/short hedge and venture capital funds specialize primarily in classic long/short hedge equity strategies. These funds invest globally, with a majority of the exposure in liquid, developed markets and invest primarily in private investment partnerships, venture capital opportunities or limited liability companies, and in separately-managed accounts, each of which is managed by independent managers.

(2) Private capital investments help build new startup equities that are considered to have high-growth and high-risk potential, mainly in the technology and healthcare sectors.

(3) Other miscellaneous investments consist of global equity funds and various other tangible items such as land and real estate.

Custodial Credit Risk

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures-An Amendment of GASB Statement No. 3*, 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. The University does not presently have a formal policy for custodial credit risk. 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. As of June 30, 2022, no investments were exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is defined as the risk a government may face should interest rate variances affect the fair value of investments. According to University investment policy, the average weighted maturity of the interest-bearing portfolio may not exceed 2.5 years in order to limit interest rate risk. As of June 30, 2022, the University had the following investments subject to interest rate risk:

		Investment Maturities (In Years)		
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**
U.S. government agency obligations	$ 224,555,336	$ -	$ 216,076,013	$ 8,479,323
U.S. Treasury securities	214,763,110	51,673,310	163,089,800	-
Total	$ 439,318,446	$ 51,673,310	$ 379,165,813	$ 8,479,323

Credit Risk

Per GASB Statement No. 40, credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. According to University investment policy, core fixed-income investments must maintain an overall weighted average credit rating of A or better by Moody's and Standard & Poor's. An overall weighted average credit rating of B or better must be maintained by high-yield fixed-income investments. The University had the following investment credit risk at June 30, 2022:

Average Credit Rating	
AA+	$ 224,555,336

The credit risk rating listed above is issued upon standards set by Standard and Poor's.

Concentration of Credit Risk

Per GASB Statement No. 40, concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. According to University investment policy, investments in certificates of deposit issued by one bank may not exceed 50% of the total cash management portfolio and investments in obligations of the United States government or its agencies may not exceed 75% of this portfolio.

The University had the following investments that represent more than 5% of net investments at June 30, 2022:

Issuer	Fair Value	% of Total Investments
Federal Farm Credit Bank	$ 90,583,096	16.64%
Federal Home Loan Bank	100,892,970	18.53%
U.S. Treasury Obligations	214,763,110	39.45%

Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The University does not presently have a formal policy that addresses foreign currency risk. The University's exposure to foreign currency risk is limited to investments in global or pooled non-U.S. equity mutual funds, which approximated $24.5 million at June 30, 2022.

NOTE 3
ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2022:

Federal, State and Private Grants and Contracts	$ 23,492,020
Student Tuition	16,294,226
Other	14,578,190
Auxiliary Enterprises and Other Operating Activities	12,895,753
Lease Receivable	6,564,815
State Appropriations	1,364,816
Accrued Interest	1,079,551
Contributions and Gifts	655,245
Total Accounts Receivable	76,924,616
Less Allowance for Doubtful Accounts	(11,799,316)
Accounts Receivable - Net	65,125,300
Non-current Portion	15,614,179
Accounts Receivable - Net Current Portion	$ 49,511,121

In November 2017, the University entered into an agreement with the University of Mississippi Medical Center (UMMC) to provide up to $40 million of intermediate debt to fund project construction for the Children's of Mississippi expansion. During the year ended June 30, 2021, the University provided funding of $3,748,012 to UMMC for the expansion project. The University had a separate agreement with UMMC to provide project funding for multiple miscellaneous campus projects under which $13,110,888 was provided during fiscal years 2020 and 2021. Amounts due from UMMC under both agreements including interest receivable as of June 30, 2022 are included in other accounts receivable and totaled $13,315,521 of which $9,473,245 is reflected in non-current assets.

NOTE 4
NOTES RECEIVABLE FROM STUDENTS

Notes receivable from students are payable in installments over a period of up to ten years and may commence immediately from the date of disbursement up to twelve months from the date that the enrollment status of the student drops below half-time. The following is a schedule of interest rates and outstanding balances for the different types of notes receivable held by the University at June 30:

	Interest Rates	June 30, 2022	Current Portion	Non-Current Portion
Perkins Student Loans	3% to 5%	$ 4,512,335	$ 1,533,248	$ 2,979,087
Other Federal Loans	3% to 5%	2,866,236	208,219	2,658,017
Institutional Loans	1% to 5%	27,590,239	7,411,627	20,178,612
Total Notes Receivable		34,968,810	9,153,094	25,815,716
Less Allowance for Doubtful Accounts		(1,624,621)	(1,028,621)	(596,000)
Net Notes Receivable		$ 33,344,189	$ 8,124,473	$ 25,219,716

NOTE 5
CAPITAL ASSETS

Summaries of changes in capital assets for the year ended June 30, 2022 is presented as follows:

	July 1, 2021	Additions	Deletions	June 30, 2022
Capital Assets, Non-depreciable:				
Land	$ 50,240,415	$ -	$ -	$ 50,240,415
Construction in Progress	16,287,840	51,991,038	4,668,777	63,610,101
Total Capital Assets, Non-depreciable	66,528,255	51,991,038	4,668,777	113,850,516
Capital Assets, Depreciable:				
Improvements Other Than Buildings	159,888,323	721,297	-	160,609,620
Buildings	1,198,987,344	3,608,042	-	1,202,595,386
Equipment	135,157,435	5,138,887	3,521,935	136,774,387
Library Books	131,546,626	341,646	4,106	131,884,166
Leased Land	-	13,650	-	13,650
Leased Buildings	-	1,663,202	-	1,663,202
Leased Equipment	-	796,280	-	796,280
Total Capital Assets, Depreciable	1,625,579,728	12,283,004	3,526,041	1,634,336,691
Less Accumulated Depreciation:				
Improvements Other Than Buildings	63,127,343	5,421,481	-	68,548,824
Buildings	273,228,147	22,966,975	-	296,195,122
Equipment	106,636,968	6,336,160	3,249,905	109,723,223
Library Books	119,275,742	3,335,061	4,106	122,606,697
Less Accumulated Amortization:				
Leased Assets	-	686,520	-	686,520
Total Accumulated Depreciation and Amortization	562,268,200	38,746,197	3,254,011	597,760,386
Capital Assets, Net of Depreciation	$ 1,129,839,783	$ 25,527,845	$ 4,940,807	$ 1,150,426,821

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

	Estimated Useful Lives	Salvage Value	Capitalization Threshold
Buildings and right-to-use leased buildings	40 years	20%	$ 50,000
Improvements other than buildings	20 years	20%	25,000
Equipment, vehicles, and right-to-use leased equipment	3-15 years	1 – 10%	5,000
Library books	10 years	0%	-

NOTE 6
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2022:

Vendors and Contractors	$ 29,458,385
Accrued Salaries, Wages and Employee Withholdings	8,011,984
Accrued Interest	13,314
Other	36,897
Total	$ 37,520,580

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

NOTE 7
UNEARNED REVENUES

Unearned Revenues consisted of the following at June 30, 2022:

Contracts and Grants	$ 21,821,071
Auxiliary and Other Activities	20,259,641
Tuition and Fees	13,562,769
Total	$ 55,643,481

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

NOTE 8
LONG-TERM LIABILITIES

Long-term liabilities consist of notes and bonds payable, compensated absences, refundable deposits and a federal loan fund contingency. This contingency represents the portion of the Perkins Loan and other federal student loan programs that would be due and payable to the U.S. government if the University ceased to participate in this program. Information regarding original issue amounts, interest rates and maturity dates for bonds and notes payable at June 30, 2022 is listed in the following schedule:

Description and Purpose	Original Issue	Annual Interest Rates	Maturity (Fiscal Year)	July 1, 2021	Additions	Deletions	June 30, 2022	Due Within One Year
Bonded Debt								
Educational Building Corporation Bonds								
Series 2011	27,995,000	4.00 - 5.00%	2022	$ 1,295,000	$ -	$ 1,295,000	$ -	$ -
Series 2015A	15,660,000	2.00 - 4.00%	2040	14,480,000	-	295,000	14,185,000	335,000
Series 2015B	10,125,000	1.375 - 3.750%	2030	6,555,000	-	640,000	5,915,000	660,000
Series 2015C	31,630,000	2.00 - 5.00%	2046	28,505,000	-	675,000	27,830,000	695,000
Series 2015D	17,660,000	0.993 - 4.452%	2036	14,150,000	-	740,000	13,410,000	755,000
Series 2016A	33,245,000	2.00 - 5.00%	2034	25,020,000	-	2,030,000	22,990,000	2,110,000
Series 2017	38,995,000	2.00 - 5.00%	2035	36,890,000	-	1,555,000	35,335,000	2,735,000
Series 2019A	73,350,000	3.00 - 5.00%	2036	71,925,000	-	3,150,000	68,775,000	3,315,000
Series 2019B	3,365,000	1.94 - 2.05%	2024	2,480,000	-	905,000	1,575,000	920,000
Total Bonded Debt				201,300,000	-	11,285,000	190,015,000	11,525,000
Unamortized Premiums				18,511,081	-	1,552,878	16,958,203	1,531,458
Total Bonded Debt - Net				219,811,081	-	12,837,878	206,973,203	13,056,458
Notes Payable								
Hancock Bank			2026	5,058,598	-	960,057	4,098,541	985,220
Renasant Bank			2028	5,709,229	-	766,520	4,942,709	788,151
Total Notes Payable				10,767,827	-	1,726,577	9,041,250	1,773,371
Lease Liability*				-	2,383,012	741,726	1,641,286	656,169
Other Long-Term Liabilities								
Accrued Leave Liabilities				18,018,079	41,048	-	18,059,127	2,487,000
Net Pension Liability				370,390,153	-	90,689,466	279,700,687	-
Net OPEB Liability				20,806,654	-	3,740,031	17,066,623	-
Deposits Refundable				124,116	138,415	-	262,531	-
Other				7,790,700	-	685,900	7,104,800	-
Total Other Long-Term Liabilities				417,129,702	179,463	95,115,397	322,193,768	2,487,000
Total				$ 647,708,610	$ 2,562,475	$ 110,421,578	539,849,507	$ 17,972,998
Due Within One Year							17,972,998	
Total Long-Term Liabilities							$ 521,876,509	

* Lease liability is recorded at the beginning of fiscal year 2022 in accordance with GASB Statement No. 87.

Bonds Payable

The University has issued bonds to construct, renovate and improve various campus facilities. As noted in the summary of significant accounting policies, the University established the University of Mississippi Educational Building Corporation (UMEBC). This non-profit Mississippi corporation was established in accordance with Section 37-101-61 of the Mississippi Code Annotated, 1972, for the purpose of acquiring, constructing, renovating, improving and equipping University facilities. In accordance with GASB Statement No. 14, UMEBC is considered a blended component unit of the University and is included in the general-purpose financial statements.

Series 2011: UMEBC issued bonds totaling $27,995,000 in October 2011 (Series 2011) for the construction, equipping and landscaping of student housing and/or residence halls including external infrastructure improvements. Outstanding coupons bear interest at rates ranging from 4.00% to 5.00% payable semiannually. These bonds were partially refunded in fiscal year 2018 with the Series 2017 Revenue Refunding Bonds (Series 2017) and were fully redeemed in fiscal year 2022.

Series 2015A: UMEBC issued bonds totaling $15,660,000 in March 2015 (Series 2015A) for the construction, equipping and landscaping of an additional student residential housing facility. Outstanding coupons bear interest at rates ranging from 2.00% to 4.00% payable semiannually with final maturity in November 2039.

Series 2015B: UMEBC issued taxable bonds totaling $10,125,000 in March 2015 (Series 2015B) for expansion and related infrastructure improvements to Vaught-Hemingway Stadium. Outstanding coupons bear interest at rates ranging from 1.375% to 3.750% payable semiannually with final maturity in November 2029.

Series 2015C: UMEBC issued bonds totaling $31,630,000 in November 2015 (Series 2015C) for the construction, equipping and landscaping of additional student residential housing facilities. Outstanding coupons bear interest at rates ranging from 2.00% to 5.00% payable semiannually with final maturity in November 2045.

Series 2015D: UMEBC issued taxable bonds totaling $17,660,000 in November 2015 (Series 2015D) for expansion and related infrastructure improvements to Vaught-Hemingway Stadium. Outstanding coupons bear

interest at rates ranging from 0.993% to 4.452% payable semiannually with final maturity in November 2035.

Series 2016A: UMEBC issued bonds totaling $33,245,000 in May 2016 (Series 2016A) to refund and advance refund the Series 2005, Series 2006A and Series 2008A bonds. The Series 2016A bonds require varying principal payments through October 2033 and bear interest rates ranging from 2.00% to 5.00% with interest payable semiannually.

Series 2017: In July 2017, UMEBC issued bonds totaling $38,995,000 (Series 2017) to refund and advance refund for interest rate savings all or a portion of the Series 2009A Bonds, issued in the original principal amount of $19,870,000; Series 2009C Bonds, issued in the original principal amount of $14,770,000; Series 2011 Bonds, issued in the original principal amount of $27,995,000; and to pay related costs of issuance, sale and delivery of the Series 2017 bonds. The bonds included a premium of $7,120,294. The Series 2017 Bonds require varying principal payments through October 2034, and outstanding coupons bear interest rates ranging from 2.00% to 5.00%, with interest and principal payable semiannually on October 1 and April 1 of each year. The refunding and advance refunding of the Series 2009A, Series 2009C and Series 2011 bonds resulted in an economic gain of approximately $3.2 million.

Series 2019A: The Series 2019A Refunding Revenue Bonds were issued on October 30, 2019, totaling $73,350,000, to refund and advance refund for interest rate savings all or a portion of the Series 2013C Bonds, issued in the original principal amount of $62,900,000, Series 2015, issued in the original principal amount of $12,600,000, and refunding of the note for renovations and improvements for the Oxford-University Stadium at Swayze Field originally issued from Trustmark Bank in September 2017 totaling $17,783,300. The Series 2019A Bonds require varying principal payments through October 2035, and outstanding coupons bear interest rates ranging from 3.00% to 5.00%, with interest payable semiannually on April 1 and October 1 of each year.

Series 2019B: The Series 2019B Taxable Refunding Revenue Bonds were issued on October 30, 2019, totaling $3,365,000 to provide proceeds for the refunding for the Oxford-University Stadium at Swayze Field from the originally issued note from Trustmark Bank from September 2017. The Series 2019B Taxable Bonds require varying principal payments through October 2023, and outstanding coupons bear interest rates ranging from 1.94% to 2.05%, with interest payable semiannually on April 1 and October 1 of each year.

Notes Payable

Hancock Bank: This note was for the purchase of land adjoining the main campus in Oxford, Mississippi. The note is payable in 120 monthly payments of $89,978 with an interest rate of 2.59% with the final payment due June 1, 2026.

Renasant Bank: On September 30, 2016, OMAF obtained a loan from Renasant Bank to finance construction of an indoor tennis facility in the amount of $8,000,000. The first eighteen months of the loan term were a non-revolving line of credit phase. The line of credit converted to a permanent term loan on

February 21, 2018, upon which OMAF transferred ownership of the asset and responsibility for the related loan to UMEBC. The note payable bears a fixed interest rate of 2.745% with varying principal payments monthly through May 1, 2028.

The annual debt service requirements for the outstanding debt as of June 30, 2022 are as follows:

Fiscal Year(s)	Bonded Debt	Capital Leases	Notes Payable	Interest	Total
2023	$ 13,056,458	$ 656,169	$ 1,773,371	$ 8,254,455	$ 23,740,453
2024	13,611,458	461,108	1,821,133	7,698,869	23,592,568
2025	14,256,458	249,289	1,870,745	7,064,929	23,441,421
2026	14,917,220	83,740	1,921,427	6,389,724	23,312,111
2027	15,024,141	63,309	880,840	5,705,508	21,673,798
2028-2032	74,921,237	127,671	773,734	18,338,590	94,161,232
2033-2037	43,117,341	-	-	6,635,294	49,752,635
2038-2042	11,128,177	-	-	2,663,625	13,791,802
2043-2046	6,940,713	-	-	691,750	7,632,463
Totals	$ 206,973,203	$ 1,641,286	$ 9,041,250	$ 63,442,744	$ 281,098,483

NOTE 9
LEASES

(a) **Lessee**

The University leases equipment, land, as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2029 and provide for renewal options ranging from 1 year to 3 years.

Some leases require variable payments based on usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2022, the University made variable payments as required by lease agreements totaling $133,791.

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

Year Ending June 30	Principal	Interest	Total
2023	$ 656,169	$ 34,462	$ 690,631
2024	461,108	20,014	481,122
2025	249,289	10,104	259,393
2026	83,740	5,932	89,672
2027	63,309	4,275	67,584
2028-2029	127,671	4,329	132,000
Total minimum lease payments	$ 1,641,286	$ 79,116	$ 1,720,402

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

Land	$ 13,650
Buildings	1,663,202
Equipment, vehicles, other	796,280
Less accumulated amortization	(686,520)
	$ 1,786,612

(b) **Lessor**

The University, acting as a lessor, leases building space and land under long-term, non-cancelable lease agreements. The leases expire at various dates through 2090 and provide for renewal options ranging from 1 to forty years. During the year ended June 30, 2022, the University recognized $496,042 and $151,458 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain land and building leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Total future minimum lease payments to be received under lease agreements are as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 423,881	$ 142,737	$ 566,618
2024	422,068	133,579	555,647
2025	431,112	123,656	554,768
2026	433,599	113,917	547,516
2027	439,193	104,019	543,212
2028 - 2032	1,846,069	388,899	2,234,968
2033 - 2037	1,336,322	198,603	1,534,925
2038 - 2042	362,848	116,694	479,542
2043 - 2047	258,163	80,634	338,797
2048 - 2052	46,509	66,609	113,118
Thereafter	565,051	270,992	836,043
Total minimum lease payments	$ 6,564,815	$ 1,740,339	$ 8,305,154

NOTE 10
OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS

The University's operating expenses by functional classification were as follows for the year ended June 30, 2022:

Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships	Commodities	Depreciation	Other	Total
Instruction	$ 101,156,883	$ 22,361,503	$ 2,506,686	$ 12,734,803	$ 65,710	$ -	$ 4,957,933	$ 277,467	$ -	$ 144,060,985
Research	48,130,185	9,714,617	865,254	7,698,254	27,278	-	4,706,240	49,868	-	71,191,696
Public Service	3,357,139	817,113	93,461	1,764,996	4,840	-	401,948	20,256	-	6,459,753
Academic Support	20,876,593	5,514,423	367,977	6,660,745	184	-	7,951,669	17,777	-	41,389,368
Student Services	10,421,498	2,758,934	259,370	4,801,758	12,691	-	2,340,332	29,029	-	20,623,612
Institutional Support	21,068,400	7,787,104	495,811	9,042,894	40,157	-	1,511,949	272,329	-	40,218,644
Operation of Plant	14,273,791	4,674,860	56,965	6,897,660	11,304,847	-	4,457,892	26,864	-	41,692,879
Student Aid	42,289	22,290	89,536	135,099	-	83,554,591	9,814	-	-	83,853,619
Auxiliary Enterprises	34,346,980	7,018,412	10,454,906	25,390,376	8,213,066	15,347,666	8,256,706	33,597	-	109,061,709
Depreciation	-	-	-	-	-	-	-	38,059,677	-	38,059,677
Loan Fund Expenses	-	-	-	-	-	-	-	-	1,498,630	1,498,630
Total Operating Expenses	$ 253,673,758	$ 60,669,256	$ 15,189,966	$ 75,126,585	$ 19,668,773	$ 98,902,257	$ 34,594,483	$ 38,786,864	$ 1,498,630	$ 598,110,572

NOTE 11
CONSTRUCTION COMMITMENTS AND FINANCING

The University has contracted or made commitments for various construction projects as of June 30, 2022. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

	Estimated Costs	Funding Sources		
	To Complete	State	University	Other
Buildings				
Jim and Thomas Duff Center for Science and Technology Innovation	$ 115,225,000	$ -	$ 75,000,000	$ 40,225,000
Other				
Data Center	29,000,000	18,850,000	10,150,000	-
Mechanical & Power Plant Building	25,200,000	16,500,000	8,700,000	-
	$ 169,425,000	$ 35,350,000	$ 93,850,000	$ 40,225,000

NOTE 12
PENSION AND OTHER EMPLOYEE BENEFIT PLANS

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

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

The employees of the University are covered by one of the pension plans outlined above (collectively, the Plans). The Plans do not provide for measurements of assets and pension benefit obligations for individual entities. The measurement date of the Plans is June 30, 2021 for fiscal year 2022.

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 is available at *pers.ms.gov*.

Disclosures under GASB Statement No. 68

The pension disclosures that follow for fiscal year 2022 include all disclosures for GASB Statement No. 68 using the latest valuation reports available (June 30, 2020). For fiscal year 2022, the measurement date for the PERS defined benefit plan is June 30, 2021. The University is presenting net pension liability as of June 30, 2021 for the fiscal year 2022 financials.

(a) PERS Defined Benefit Plan

Plan Description

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

Membership and Benefits Provided

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

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance

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

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

Contributions

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

Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. PERS members were required to contribute 9.00% of their annual pay. The institution's contractually required contribution rate for the year ended June 30, 2022 was 17.40% for each year of annual payroll. Contributions from the University are recognized when legally due based on statutory requirements.

Employer Contributions

The University of Mississippi's contributions to PERS for the year ended June 30, 2022 were $23.0 million. The University's proportionate share was calculated on the basis of historical contributions. Employer allocation percentages are based on the ratio of each employer's actual contributions to the Plan's total actual contributions.

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

Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount	Change in proportionate share of collective pension amount
$ 21,893,281	1.89%	-0.02%

Net Pension Liability

The University of Mississippi's proportion of the net pension liability at June 30, 2022 is as follows:

Proportionate share of net pension liability	Proportion of net pension liability
$ 279,700,687	1.89%

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

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. For the year ended June 30, 2022, the remaining service life was 3.88 years. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources. The deferred outflow of resources reported by an employer includes contributions made by the employer during its fiscal year that will be reflected in the net pension liability in the next measurement period.

The University's proportionate share of the collective pension expense for the year ended June 30, 2022 is equal to the collective pension expense multiplied by the employer's allocation percentage, or $14.0 million. Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows; if they will increase pension expense, they are labeled deferred outflows. After amortization of these deferred amounts, the University's net pension revenue at June 30, 2022 was $10.9 million.

The table below provides a summary of the deferred outflows and inflows of resources related to pensions:

2022							
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	Changes in proportion and differences between employer contributions and proportionate share of contributions	Net difference between projected and actual investment earnings on pension plan investment	Total deferred inflows of resources
$ 4,472,410	21,522,823	—	22,793,811	48,789,044	4,987,067	84,233,913	89,220,980

Contributions subsequent to the measurement date of $22.8 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

2023	2024	2025	Total
$ 10,095,341	8,815,868	7,084,024	25,995,233

Deferred inflows of resources, Year Ended June 30

2023	2024	2025	2026	Total
$ 22,801,174	20,198,700	21,119,856	25,101,250	89,220,980

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. Mississippi state statute requires that an actuarial experience study be completed at least once in each five-year period. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period ending to June 30, 2020.

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the year ended June 30, 2022:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Asset valuation method	Market value
Actuarial assumptions:	
Inflation rate	2.40 %
Salary increases	2.65
Investment rate of return	7.55

Mortality

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic Equity	27.00 %	4.60 %
International equity	22.00	4.50
Global Equity	12.00	4.80
Debt Securities	20.00	(0.25)
Real Estate	10.00	3.75
Private equity	8.00	6.00
Cash Equivalents	1.00	(1.00)
	100.00	

Discount Rate

For the year ended June 30, 2022, the discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%) for the year ended June 30, 2022. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following table presents University of Mississippi's proportionate share of the net pension liability of the cost-sharing plan for 2022, calculated using the discount rate of 7.55%, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
$ 396,121,747	279,700,687	183,760,473

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

The Optional Retirement Plan (ORP) was established by the Mississippi Legislature in 1990 to help attract qualified and talented institutions of higher learning teaching and administrative faculty in Mississippi. This alternative plan is structured to be portable and transferable to accommodate teaching and administrative faculty who move from one state to another throughout their careers. The membership of the ORP is composed of teachers and administrators appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. The ORP provides funds at retirement for employees, and in the event of death, the ORP provides funds for their beneficiaries through an arrangement by which contributions are made to this plan. The current contribution rate of both the employee and the University are identical to that of the PERS defined benefit plan. An employee is automatically a member of PERS unless the employee elects ORP within 30 days of initial employment in an ORP-eligible position. Once made, the decision is irrevocable. The ORP uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices. Employees immediately vest in plan contributions upon entering the plan. The University's contributions to the ORP for the year ended June 30, 2022 were $16.2 million which equaled its required contribution for the period.

NOTE 13
POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan Description

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

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

Membership and Benefits Provided

The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges and school districts. A trust was created June 28, 2018 for the OPEB Plan and, the Plan is considered a cost-sharing multiple-employer defined benefit OPEB plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between claims cost and premiums received for retirees.

Contributions

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

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

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

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

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

At June 30, 2021, the Plan provided health coverage to 321 employer units.

Disclosures under GASB Statement No. 75

The disclosures that follow for fiscal year 2022 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2021). For fiscal year 2022, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2021. The University is presenting net OPEB liability as of June 30, 2021 for the fiscal year 2022 financials.

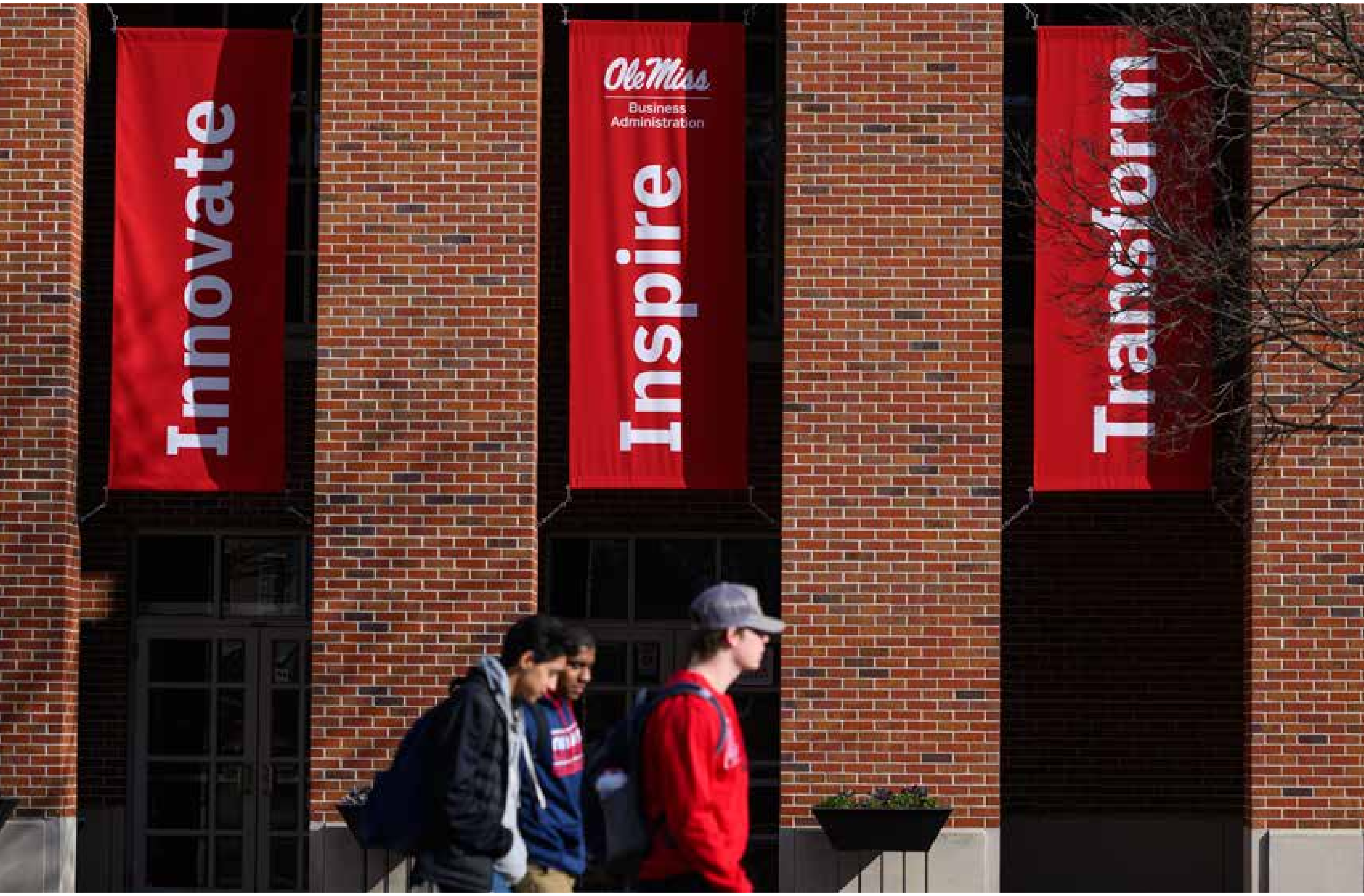
Proportionate Share Allocation Methodology

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

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

At June 30, 2022, the University of Mississippi reported a liability of $17.1 million for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2022, the NOL was measured as of June 30, 2021, 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, 2022, the University's proportion was 2.65%.

For the year ended June 30, 2022, the University recognized a reduction of OPEB expense reflected in fringe benefits in the accompanying financial statements of $982,982.



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

2022									
Deferred outflows						Deferred inflows			
Differences between expected and actual experience	Net difference between projected and actual earnings on OPEB Plan investments	Changes of assumptions	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Implicit rate subsidy	Total deferred outflows of resources	Changes of assumptions	Differences between expected and actual experience	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Total deferred inflows of resources
$ 18,560	795	2,764,064	745,591	538,017	4,067,027	577,211	5,336,511	152,436	6,066,158

$538,017 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, 2023.

Deferred outflows of resources and deferred inflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. Changes in employer proportion, an employer specific deferral, is amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. The average remaining service life determined as of the beginning of the June 30, 2022 measurement period was 5.9 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					
2023	**2024**	**2025**	**2026**	**2027**	**Total**
$ (528,049)	(501,055)	(449,575)	(620,403)	(438,066)	(2,537,148)

Actuarial Methods and Assumptions

The following table provides a summary of the actuarial methods and assumptions used to determine the discount rate reported for OPEB for the year ended June 30, 2022:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Actuarial assumptions:	
Cost method	Entry age normal
Inflation rate	2.40 %
Long-term expected rate of return	4.50 %
Discount rate	2.13 %
Projected cash flows	N/A
Projected salary increases	2.65% - 17.90%
Healthcare cost trend rates	6.50% decreasing to 4.50% by 2030

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

Mortality

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

Discount Rate

For the year ended June 30, 2022, the discount rate used to measure the total OPEB liability was 2.13%. The discount rate is based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

Long-term Expected Rate of Return

At June 30, 2022, the long-term expected rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following tables presents the University's proportionate share of the NOL for 2022, calculated using the discount rate of 2.13%, 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 (1.13%)	Current discount rate (2.13%)	1% Increase (3.13%)
$ 18,890,313	$ 17,066,623	$ 15,511,653

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

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

Health Care Cost Trend Rates Sensitivity

1% Decrease	Current discount rate	1% Increase
$ 15,808,107	$ 17,066,623	$ 18,490,852

Non-cash Impact on Fringe Benefits Expense

For the year ended June 30, 2022, the non-cash impact of GASB Statement No. 68 on fringe benefits expense was a reduction of $10.9 million. For the year ended June 30, 2022, the non-cash impact of GASB Statement No. 75 on fringe benefits expense was a reduction of $1.3 million.

Total fringe benefits expense	Non-cash change in net pension liability and related deferred inflows and outflows due to GASB 68	Non-cash change in net OPEB liability and related deferred inflows and outflows due to GASB 75	Fringe benefits expense excluding non-cash impact of GASB 68 and 75
$ 60,669,256	$ 10,864,161	$ 1,259,197	$ 72,792,614

NOTE 14
DONOR-RESTRICTED ENDOWMENTS

The net appreciation on investments of donor-restricted endowments that is available for authorization for expenditure was $22,293,353 as of June 30, 2022. These amounts are included in the accompanying Statement of Net Position as follows:

Net Position - Expendable for Scholarships and Fellowships	$ 6,891,820
Net Position - Expendable for Other Purposes	15,401,533
	$ 22,293,353

Most endowments operate on the total-return concept as permitted by the Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Sections 79-11-701 through 79-11-719, MS Code, Ann. 1972) of 2006.

NOTE 15
FEDERAL DIRECT LENDING AND FEDERAL FAMILY EDUCATION LOAN PROGRAMS

The University distributed $89,371,038 for the year ended June 30, 2022 for student loans through U.S. Department of Education lending programs. These distributions and their related funding sources are included as operating activities in the Statement of Cash Flows.

NOTE 16
RISK MANAGEMENT

Several types of risk are inherent in the operation of an institution of higher learning. The University deals with these risks in several manners. One of these methods is the pooling of resources among 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. University payments to the Workers' Compensation fund for the fiscal year ended June 30, 2022 was $582,692.

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. University payments to the Unemployment Trust Fund for the fiscal year ended June 30, 2022 were $112,823.

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 universities. 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. University payments to the Tort Liability Fund for the fiscal year ended June 30, 2022 were $810,252. The University's payments for the fleet automobile policy and a blanket public official bond for fiscal year 2022 were as follows:

Fleet Automobile Policy	$	176,018
Blanket Public Official Bond		4,258

NOTE 17
FOUNDATIONS AND AFFILIATED ENTITIES

The University has five affiliated organizations that were evaluated in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which the University adopted on July 1, 2012. These organizations were formed exclusively for the benefit of the University and serve to promote, encourage and assist with educational, scientific, literary, research, athletic, facility improvement and service activities of the University and its affiliates. These organizations include the University of Mississippi Foundation, the University of Mississippi Educational Building Corporation (UMEBC), the Ole Miss Athletics Foundation, the University of Mississippi Research Foundation and the University of Mississippi Alumni Association. These affiliated entities are audited separately and, with the exception of the University of Mississippi Foundation, Ole Miss Athletics Foundation and University of Mississippi Educational Building Corporation, have not been included in these financial statements. The University of Mississippi Foundation's financial statements and the Ole Miss Athletics Foundation's financial statements are presented discreetly following the University's financial statements. In accordance with GASB Statement No. 61, the Educational Building Corporation is deemed to be a material component unit of the University of Mississippi and is reported as a blended component unit. Condensed financial information as of June 30, 2022 is listed in the following schedule:

University of Mississippi
Educational Building Corporation

Total Current Assets	$ 16,839,498
Total Non-current Assets	204,886,067
Total Assets	221,725,565
Total Current Liabilities	16,671,998
Total Non-current Liabilities	201,184,624
Total Liabilities	217,856,622
Deferred Amount of Refundings	3,868,943
Total Deferred Inflows of Resources	3,868,943
Total Net Position	-
Total Operating Revenues	-
Total Operating Expenses	-
Operating Income (Loss)	-
Total Non-operating Revenues	5,871,749
Total Non-operating Expenses	(5,871,749)
Change in Net Position	$ -

NOTE 18
CONTINGENT LIABILITIES

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

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
SUBSEQUENT EVENTS

In October 2022, the University of Mississippi Educational Building Corporation issued tax-exempt bonds totaling $72,760,000 (Series 2022) to provide funds in support of the construction of the Jim and Thomas Duff Center for Science and Technology Innovation. The Series 2022 bonds require varying principal payments through October 2052, and outstanding coupons bear interest rates ranging from 4.125% to 5.00%, with interest payable semiannually on April 1 and October 1 of each year.

NOTE 20
SIGNIFICANT DISCLOSURES FOR THE DISCRETELY PRESENTED COMPONENT UNIT OF THE UNIVERSITY OF MISSISSIPPI – UNIVERSITY OF MISSISSIPPI FOUNDATION, INC.

(1) Nature of Organization

The University of Mississippi Foundation (the Foundation) is a nonprofit, non-stock corporation formed for the benefit of The University of Mississippi (the University). The Foundation promotes, encourages and assists educational, scientific, literary, research and service activities of the University and its affiliates.

(2) Summary of Significant Accounting Policies

(a) Use of Estimates

The Foundation prepares its financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”), which require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. Such estimates include the present value discount rates applied to the pledges receivable and liabilities under remainder trusts, allowance for uncollectible pledges, fair market values of certain investments including real estate, partnership and member interests and depreciation of property and equipment. Actual results could differ significantly from those estimates.

The Foundation’s investments are primarily invested in various types of investment securities within many financial 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 reasonably possible that changes in the fair value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Foundation’s financial statements.

(b) Donor-Imposed Restrictions

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified into the following two classes:

- **Net assets with donor restrictions** consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions where donors stipulate the resources be maintained in perpetuity, but permit the Foundation to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.
- **Net assets without donor restrictions** represent funds that are available for support of the operations of the Foundation and that are not subject to donor stipulation.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. The Foundation considers donor contributions to the various University schools and departments to be included in net assets with donor restrictions as those University units have authority over expenditures. Expenses are reported as decreases in net assets without donor restrictions. When a donor restriction expires or the stated purpose is accomplished, net assets are reclassified as applicable in the statement of activities as net assets released from restrictions.

Board-designated net assets are net assets without donor restrictions that are used only for the specific purpose passed by Board resolution. Changes to designations require a subsequent Board resolution. The President/CEO and other staff of the Foundation may not change the purpose of any Board-designated funds without the consent of the Board. Board-designated net assets are $18,000,000 as of June 30, 2022. These net assets are designated for providing a general operating fund reserve and charitable gift annuity reserve.

(c) Revenue Recognition

The Foundation generally recognizes gifts as revenue when notified of an unconditional promise to give. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their future cash flows. The discounts on these amounts are computed using risk-free interest rates at the time of the pledge, which are applicable to the years in which the pledges are scheduled to be received. Accretion of the discounts is included in contribution revenue. An allowance for uncollectible pledges is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of the fundraising activity. A provision for uncollectible pledges of approximately $1,609,000 is included in the contributions, gifts and bequests caption within the statement of activities for the year ended June 30, 2022. See note 3 for further discussion of pledges receivable. Investments received by gift are recorded at fair value at the date of donation.

The increase in the cash surrender value of life insurance policies is recorded as a component of other income.

The Foundation earns a management fee of 0.5% on endowment funds held. Effective July 1, 2018, the Board approved a development fee of 0.4% to be utilized by the University's office of development to expand its staff and reach to increase the University's private support. Effective July 1, 2022, the Board has approved a reduction of the management fee to 0.4% on endowed funds. For the year ended June 30, 2022, such fees totaled approximately $3,501,000.

(d) Cash and Cash Equivalents and Liquidity

The Foundation recognizes all demand deposit accounts as cash and cash equivalents. It is the policy of the Foundation to consider money market accounts with brokers as other short-term investments. The Foundation received marketable securities by gift, which were immediately converted to cash and are not reflected in cash flows from investing activities. For the year ended June 30, 2022, such

gifts totaled approximately $7,563,000.

As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in short-term investments. There is an established board-designated fund where the governing board has the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities.

Cash and cash equivalents and other financial assets available within one year at June 30, 2022 are as follows:

Financial assets at year end:	
Cash and cash equivalents	$ 8,037,212
Pledges receivable, net	77,561,666
Investments	581,897,497
Other assets	1,419,302
Total financial assets at year end	668,915,677
Less those unavailable for general expenditures within one year due to:	
Restricted by donor with purpose restrictions	(185,101,375)
Subject to appropriation and satisfaction of donor restrictions	(466,297,952)
Total financial assets available to meet cash needs for general expenditures within one year	$ 17,516,350

(e) Investments

Investments are recorded at fair value. The fair values of all investments other than real estate and partnership and membership interests (which includes pooled investment funds) are based on quoted market prices and other observable inputs such as quoted prices for similar assets, quoted prices in inactive markets or inputs corroborated by observable market data. The Foundation's partnership and member interests are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the Foundation's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2022, the Foundation had no plans or intentions to sell investments at amounts

different from NAV. The Foundation's real estate investments are initially recognized at fair value based on appraised values at the date of receipt and are subsequently carried at fair value. Realized and unrealized gains and losses, dividends and interest are classified in the accompanying statement of activities based on restrictions put in place by the donor.

(f) Tax Status

The Foundation is recognized as an organization exempt from federal income tax under Section 501(a) as an entity described in Section 501(c)(3) of the U.S. Internal Revenue Code, except for taxes on income from activities unrelated to its exempt purpose.

Open tax years are those that are open for exam by taxing authorities. Major jurisdictions for the Foundation include Federal and the State of Mississippi. As of June 30, 2022, open Federal and Mississippi tax years for the Foundation include tax years ended June 30, 2019, 2020, and 2021. The Foundation has no examinations in progress. As of June 30, 2022, there were no material uncertain tax positions.

(g) Fair Value of Financial Instruments

The carrying amounts at June 30, 2022 for cash and cash equivalents, pledges receivable, beneficial interest in trusts, funds held for others, liabilities under remainder trusts and other liabilities approximate their fair values. See note 4 for investments.

(h) Split-Interest Agreements

The Foundation accepts gifts subject to split-interest agreements. These gifts are generally in the form of charitable remainder unitrusts (CRUTs) and charitable remainder annuity trusts (CRATs). At the time of receipt, a gift is recorded based upon the fair value of the assets donated less the present value of any applicable liabilities for projected distributions to third parties. The discount rate used to value the beneficiary liability is fixed at the gift date. CRUTs are revalued annually and the projected beneficiary payments adjusted accordingly. Gifts subject to split-interest agreements are classified as net assets with donor restrictions.

(i) Recent Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07 – Not-for-Profit Entities (Topic 958): *Presentation and*

Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (ASU 2020-07), which requires contributed nonfinancial assets to be included as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, the disclosures are enhanced to disaggregate the amount of contributed nonfinancial assets into categories by type. Within each category, disclosures should include qualitative information about whether the assets were either monetized or utilized during the report period; the not-for-profit's policy for monetizing versus utilizing; a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; a description of the valuation techniques and inputs used to arrive at a fair value measure; and the principal market used to arrive at a fair value measure. ASU 2020-07 was adopted as of July 1, 2021 and changes were made to the statement of activities retrospectively to present the nonfinancial contributions, gifts and bequests separately from the financial contributions, gifts and bequests. Also, changes were made for disclosure of fair value determination for contributed non-financial assets (see note 15).

(j) COVID-19

The COVID-19 pandemic that was declared by the World Health Organization on March 11, 2020 significantly impacted the operations of The University of Mississippi as on-campus housing was closed and in-person classes were canceled and moved online. During fiscal year 2021, on-campus housing reopened and in-person classes resumed in a limited capacity; however, most nonacademic activities remained virtual or occurred with substantially diminished in-person attendance. During fiscal year 2022, all in-person classes, meetings, performances and athletic events resumed. The full impact of the COVID-19 outbreak continues and it is unknown what the complete financial effect will be on the Foundation; however, management continues to monitor the impact on the Foundation as the world transitions to the post pandemic environment.

(k) Subsequent Events

In connection with the preparation of the financial statements and in accordance with FASB Accounting Standards Codification (ASC) Topic 855, *Subsequent Events*, the Foundation evaluated all events or transactions that occurred after June 30, 2022, through October 17, 2022, the date the financial statements were available to be issued. All subsequent events have been disclosed within the notes to the financial statements.

(l) Accounting Standards Issued but Not Currently Effective

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. In June 2020, the FASB issued ASU 2020-05, delaying the effective date for not-for-profit entities until fiscal years beginning after December 15, 2021, with early adoption permitted. The Foundation is currently evaluating the impact that ASU 2016-02 will have on its financial statements.

In October 2020, the FASB issued ASU 2020-10 *Codification Improvements*, which enhances accounting codification in several industries. The ASU is effective for annual periods in fiscal years beginning after December 15, 2021. The Foundation intends to adopt the new ASU guidance using the retrospective method as of July 1, 2022. The qualitative effects on the Foundation's future financial statements of these changes and related retrospective adjustments are currently being evaluated.

(3) Pledges Receivable

The Foundation obtains pledges through fundraising projects in support of various activities. All pledges are classified as net assets with donor restrictions. A summary of pledges receivable as of June 30, 2022 is as follows:

Unconditional promises expected to be collected in:	
One year	$ 15,316,600
Two to five years	33,841,736
Six to ten years	19,162,096
More than ten years	23,533,950
	91,854,382
Allowances for uncollectible pledges	(2,776,987)
Present value discounts (rates ranging from 0.73% to 3.2%)	(11,515,729)
	$ 77,561,666

(4) Investments

The Foundation's investments, aggregated by investment strategy, consist of the following at June 30, 2022:

Investment strategy:	
Fixed income:	
U.S. government securities	$ 10,168,279
Corporate bonds	30,797,249
Other fixed income securities	25,802,336
Total fixed income	66,767,864
Equities:	
Common stocks	29,623,470
International common stock funds	610,003
Mutual funds	29,224,781
Total equities	59,458,254
Real estate owned	1,854,481
Other short-term investments	26,484,996
Pooled investment funds, at NAV:	
Diversifying strategies	18,308,654
Event driven	70,892
Fixed income	30,664,702
Global equity	99,309,040
Global equity-long only	35,343,907
Long/short equity fund	17,122,992
Natural resource private fund	8,677,684
Private credit	5,144,939
Relative value	17,219,166
Timber fund	1,220,060
Other	39,572
Venture capital and private equity	194,210,294
Total pooled investment funds, at NAV	427,331,902
Total investments	$ 581,897,497

(5) Beneficial Interest in Trusts

In fiscal 2013, the Foundation was notified that it had been named as the beneficiary of a perpetual trust created in that year upon the death of the donor. The interest is shared with an unrelated charitable organization, and the Foundation's interest equated to $910,000 based on the fair value of the assets placed in the trust. During fiscal 2017, the Foundation received an additional interest for this trust as a result of the death of the primary beneficiary. The Foundation's interest equated to $2,001,000 based on the fair value of the assets. Income is paid quarterly from the trust to the Foundation, which, in turn, distributes such funds to an account for the benefit of the University's School of Accountancy. The Foundation's interest in this trust totaled approximately $3,162,000 at June 30, 2022.

In fiscal 2016, the Foundation was notified that it had been named as the beneficiary of an externally managed remainder trust with assets of $11,000,000. This trust is recorded at the present value of the estimated future cash receipts from the assets of the trust. Upon the date of the gift, the Foundation recognized contribution revenue of $6,300,000. The discount rate utilized for the present value calculation was 3.6%. The Foundation's interest in this trust approximated $7,229,000 at June 30, 2022.

(6) Fair Value Measurement

ASC Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date;
- Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and
- Level 3: Significant unobservable inputs for the asset or liability that reflects the reporting entity's own estimates about the assumptions that market participants would use in pricing the asset or liability. These assumptions are based on audited financial statements provided by the general partner of the investment combined with additional third-party due diligence.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the fair value hierarchy table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statement of financial position.

The following table presents the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. government securities	$ -	$ 10,168,279	$ -	$ 10,168,279
Corporate bonds	-	30,797,249	-	30,797,249
Other fixed income securities	21,481,165	4,321,171	-	25,802,336
Total fixed income	21,481,165	45,286,699	-	66,767,864
Equities:				
Common stocks	29,623,470	-	-	29,623,470
International common stock funds	610,003	-	-	610,003
Mutual funds	29,224,781	-		29,224,781
Total equities	59,458,254	-	-	59,458,254
Real estate owned	-	-	1,854,481	1,854,481
Other short-term investments	26,484,996	-	-	26,484,996
	$ 107,424,415	$ 45,286,699	$ 1,854,481	154,565,595
Pooled investment funds, at NAV				427,331,902
Total investments				$ 581,897,497
Beneficial interest in trusts	$ 4,692,963	$ 5,697,943	$ -	$ 10,390,906

See note 2(e), *Investments*, for information regarding the methods used to determine the fair value of the Foundation's investments. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table below represents a summary of the fair value, unfunded commitments, eligible redemption frequency and expected life of the respective investments as of June 30, 2022:

Investment	Fair value	Unfunded commitments	Redemption frequency (if eligible)	Redemption notice period	Expected life span of investment
Pooled investment funds, at NAV:					
Diversifying strategies	$ 18,308,654	-	Semiannually	60 days	Indefinite
Event driven	70,892	-	Quarterly	60 days	Indefinite
Fixed income	30,664,702	-	Daily	5 days	Indefinite
Global equity	99,309,040	-	Various	None	Indefinite
Global equity-long only	35,343,907	-	Quarterly	90 days	Indefinite
Long/short equity fund	17,122,992	-	Quarterly	60 days	Indefinite
Natural resource private fund	8,677,684	13,801	No redemption feature	None	10 years
Private credit	5,144,939	-	Quarterly	None	Indefinite
Relative value	17,219,166	-	Quarterly	65 days	Indefinite
Timber Fund	1,220,060	-	No redemption feature	None	12 years
Other	39,572	-	No redemption feature	None	Indefinite
Venture capital and private equity	194,210,294	65,420,976	No redemption feature	None	7 years to indefinite
	$ 427,331,902				
Real estate:					
Real estate owned	$ 1,854,481	-	No redemption feature	None	Indefinite

(7) Endowment Funds

The Foundation's endowment consists of approximately 1,600 donor-restricted funds established for a variety of purposes to benefit the University community. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors that function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Mississippi adopted UPMIFA effective July 1, 2012. The Foundation's Board of Directors has determined its donor agreements provide for the preservation of the fair value of the original gift as of the date of the gift. As a result, the Foundation segregates within the net asset class with donor restrictions, the original gift amount and amounts required to be retained by donor separate from the portion subject to appropriation.

The Foundation has established policies to achieve the overall, long-term investment goal of achieving an annualized total return, through appreciation and income, greater than or equal to the rate of inflation plus any distribution needs, thus protecting the assets against inflation. The Foundation's Board and Joint Committee on Investments agree that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets are invested in equity or equity-like securities. Fixed income securities are used to lower the short-term volatility of the portfolio and to

provide income stability, especially during periods of weak or negative equity market returns. Cash is not a strategic asset of the portfolio, but is a residual to the investment process and used to meet short-term liquidity needs. The primary performance objective of the Foundation is to achieve a total return, net of investment management fees and expenses, equal to or in excess of inflation and the spending rate.

Income available for spending is determined by a total return system and is approved by the Board of Directors of the Foundation. The amount to be spent for the endowed purpose is calculated based on a percentage of a long-term monthly moving average of the endowment's market value. The objective is to provide relatively stable spending allocations. However, no portion of the original gift value of the endowed assets will be allocated for spending.

Endowment net asset composition by type of fund for the year ended June 30, 2022 were as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment funds:			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	$ -	$ 294,293,216	$ 294,293,216
Portion subject to appropriation	-	130,691,505	130,691,505
Board-designated quasi endowment	17,963,593	-	17,963,593
Total endowment funds, June 30, 2022	$ 17,963,593	$ 424,984,721	$ 442,948,314

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2021	$ 18,027,414	$ 465,608,575	$ 483,635,989
Contributions and transfers to endowment	3,139,109	11,075,140	14,214,249
Appropriation of expenditures	(441,976)	(14,828,676)	(15,270,652)
Investment return:			
Investment income	495,782	33,168,872	33,664,654
Net depreciation	(3,256,736)	(70,039,190)	(73,295,926)
Endowment net assets, June 30, 2022	$ 17,963,593	$ 424,984,721	$ 442,948,314

As a result of unfavorable volatility in the financial markets, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the total amount of the gifts made to the endowment by the donor. As of June 30, 2022, endowments with a fair value below the amount of the gifts made to the endowment totaled $9,096,000. The donor gifts to these endowments total $9,519,000 for an underwater amount of $423,000.

(8) Life Insurance Policies

The Foundation has been gifted life insurance policies for which it has been named owner and beneficiary. The face amounts of life insurance policies in excess of cash surrender values held by the Foundation are deferred and recognized as revenue only when collected. The cash surrender value amounts of such policies as of June 30, 2022 were approximately $1,331,000 which are reflected within other assets in the accompanying statement of financial position.

(9) Charitable Trusts and Gift Annuities

The Foundation administers charitable remainder trusts with investments of approximately $4,898,000 as of June 30, 2022 which are reported as investments on the statement of financial position. Additionally, the cash contributed to purchase gift annuities is reported within investments on the statement of financial position. Pursuant to the trust agreements, specified amounts of income from the trust's assets must be distributed to the income beneficiaries each year. Liabilities under these trusts and gift annuities totaled approximately $4,050,000 as of June 30, 2022. The discount rates used in these measurements range from 2.45% to 6.20%. The remainder of the income and the assets will become the property of the Foundation at a time designated in the trust agreements, usually upon the death of the income beneficiary.

(10) Property and Equipment

Property and equipment consist of the following at June 30, 2022:

Land	$ 300,000
Building and equipment	3,479,764
Furniture and fixtures	938,547
Total	4,718,311
Accumulated depreciation	(2,887,236)
Property and equipment, net	$ 1,831,075

Depreciation expense has been computed utilizing the straight-line method over the estimated useful life of the building - 30 years, the equipment - 7 to 10 years and the furniture and fixtures - 10 to 30 years.

(11) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 were restricted for the following purposes:

Spendable:	
Academic and program support	$ 204,458,092
Scholarship support	79,187,175
Faculty support	36,682,808
Library support	14,587,021
Total	334,915,096
Endowment:	
Academic and program support	66,230,685
Scholarship support	136,064,159
Faculty support	77,794,403
Library support	14,203,969
Total	294,293,216
Total net assets with donor restrictions	$ 629,208,312

(12) Funds Held for Others

The Foundation administered funds for others of approximately $24,831,000 at June 30, 2022. These funds are commingled with the Foundation's investments and are accounted for at the fair value of the underlying investments. Earnings and losses from these investments, as well as funds received and distributed, are not included in the statement of activities of the Foundation.

The Foundation assists with fundraising activities of the University and processes the receipts for many University affiliated organizations. During the year ended June 30, 2022, the Foundation received approximately $382,000 for the University of Mississippi Alumni Association and approximately $1,562,000 for the Ole Miss Athletics Foundation. Distributions to these organizations, all of which were made at the direction of the affiliated organization, for the year ended June 30, 2022 included approximately $663,000 to the University of Mississippi Alumni Association and approximately $1,615,000 to the Ole Miss Athletics Foundation. In addition to these affiliated organizations, the Foundation maintains funds for certain other third-party organizations. During the year ended June 30, 2022, the Foundation received approximately $1,500,000 from these organizations and made distributions to these organizations, at the organizations' direction, of approximately $1,048,000.

(13) Mississippi Common Fund Trust

Included in other liabilities are approximately $71,000 at June 30, 2022 related to the Mississippi Common Fund Trust. This donor-directed trust was established by the Foundation to allow donors to receive a charitable deduction for gifts to the trust. The Foundation manages the trust's assets, with earnings distributed to charitable organizations, at the donor's direction, on an annual basis. If the donor does not make an annual designation of funds to a charitable organization, then such designation may be made by the Foundation. Remaining corpus must be disbursed to one or more qualifying charitable organizations within one year after the death of the donor's surviving spouse as directed through the donor's will or other instruction or it will revert to the Foundation.

(14) Net Assets Released from Donor Restrictions

Net assets utilized in accordance with donor restrictions during the year ended June 30, 2022 are as follows:

Spendable:	
Academic and program support	$ 27,567,296
Scholarship support	9,981,398
Faculty support	3,101,050
Library support	622,551
Total net assets released from restrictions	$ 41,272,295

(15) Contributed Nonfinancial Assets

For the year ended June 30, 2022, contributed nonfinancial assets recognized within the statement of activities included:

Real estate	$ 469,900
Software	571,600
Rental space	76,431
Educational courses	48,000
Artwork	89,425
Materials	61,000
Other	90,898
Total contributed nonfinancial assets	$ 1,407,254

The Foundation valued real estate and artwork at the appraised value or retail market value of the item donated and all were sold during the fiscal year with the appropriate gain or loss recognized. Software, rental space, educational courses, materials and other were valued by the Foundation at the fair value of the donated item based on the retail market value of comparable items or an estimate of the value by an appropriate qualified appraiser. All software, rental space, educational courses, materials and other were utilized. All contributed nonfinancial assets received in fiscal year 2022 have donor-imposed restrictions to be used for academic and programmatic support and library support for the university.

(16) Functional Expenses

Expenses by function and natural classification for the year ended June 30, 2022 are as follows:

	Programmatic activities				Supporting activities		
	Academic	Scholarship	Programmatic	UMMC	General and administrative	Fundraising	Total expenses
Faculty support	$ 4,221,541	$ -	$ -	$ -	$ -	$ -	$ 4,221,541
Student aid support	-	9,397,619	-	1,707,434	-	-	11,105,053
Facilities	-	-	1,597,083	530,969	411,468	-	2,539,520
University support	1,414,273	-	10,453,983	3,528,465	-	173,280	15,570,001
Salaries	-	-	1,430,562	239,792	2,030,124	1,893,480	5,593,958
Library support	-	-	808,009	-	-	-	808,009
Donor relations	-	-	507,656	1,087,013	56,146	479,747	2,130,562
Accounting, legal and IT	-	-	-	-	237,659	-	237,659
Office expense and other	-	-	3,827,054	775,730	207,632	706	4,811,122
	$ 5,635,814	$ 9,397,619	$ 18,624,347	$ 7,869,403	$ 2,943,029	$ 2,547,213	$ 47,017,425

NOTE 21
SIGNIFICANT DISCLOSURES FOR THE DISCRETELY PRESENTED COMPONENT UNIT OF THE UNIVERSITY OF MISSISSIPPI – OLE MISS ATHLETICS FOUNDATION

(1) Nature of Organization

The Ole Miss Athletics Foundation (the Foundation) is a Mississippi nonprofit corporation whose mission is to provide resources for the Department of Intercollegiate Athletics (the Athletics Department) at the University of Mississippi (the University). Formerly known as the Ole Miss Loyalty Foundation and the UMAA Foundation, the Foundation adopted amended and restated articles of incorporation and bylaws effective March l, 2013, and the name was formally changed. The currently effective bylaws were amended and restated March 26, 2021. The Foundation has an affiliation agreement with the University that defines arrangements between the two organizations concerning services, facilities, premises, activities, and other miscellaneous provisions. The agreement currently in effect commenced on January 1, 2020 and is set to expire on December 31, 2024. Among other terms, the affiliation agreement calls for the Foundation and the Athletics Department to agree on an amount of financial support for scholarships, facilities, compensation, and other support provided by the Foundation each year.

(2) Summary of Significant Accounting Policies

(a) Adoption of Accounting Pronouncements

During the year ended June 30, 2022, the Foundation adopted the Financial Accounting Standards Board (FASB) ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This guidance requires an entity to disclose contributed nonfinancial assets as a separate line in the statement of activities and include additional disclosures in the footnotes, including a summary of assets by type, description of any donor-imposed restrictions, description of the valuation method used to arrive at fair value, and additional qualitative information. The standard was adopted as of July 1, 2021. Implementation of this standard did not have a material effect on the financial statements.

(b) Net Assets

In accordance with ASU 2016-14, the Foundation reports net assets in two categories as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Contributions gifted for recurring programs are generally not considered “restricted” under accounting principles generally accepted in the United States of America (GAAP). Net assets restricted solely through the actions of the Board, if any, are reported as net assets without donor restrictions, board designated.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that are more restrictive than the Foundation’s general purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as release from restriction between the two classes of net assets.

Income and realized and unrealized gains and losses on investments of net assets with donor restrictions are reported as follows:

- as increases in net assets with donor restrictions if the terms of the gift or the Foundation’s interpretation of relevant state law require that gains be added to the principal of a permanent endowment fund; as increases or decreases in net assets with donor restrictions if the terms of the gift impose restrictions on their use;
- as increases or decreases in net assets without donor restrictions in all other cases.

Net assets with donor restrictions as of June 30, 2022, are available for the following purposes:

Facility Improvements	$ 41,314,691
Team Programs	938,230
Total Time and Purpose Restrictions	42,252,921
Investments in Perpetuity	
The Income From Which is Expendable to Support:	
Football, Basketball, Women's Athletics	88,925
Scholarships	1,281,897
Total Perpetual Restrictions	1,370,822
Total Net Assets With Donor Restrictions	$ 43,623,743

(c) Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates include the present value discount rates applied to pledges receivable, the allowance for uncollectible pledges and estimated useful lives and salvage values of property and equipment. Accordingly, actual results could differ significantly from those estimates.

(d) Fixed Assets

The Foundation records equipment, furniture and fixtures, buildings, improvements, and land at cost if purchased or at fair market value if donated. The Foundation capitalizes all fixed asset acquisitions over $1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

(e) Cash and Cash Equivalents

In general, for purposes of the statement of cash flows, the Foundation considers all highly-liquid investments available for current use with maturities of three months or less to be cash equivalents.

(f) Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on income from activities unrelated to its exempt purpose.

Accordingly, no provision for income taxes has been made in the accompanying financial statements.

GAAP outlines the accounting for uncertainty in income taxes in an entity's financial statements and prescribes a recognition threshold and measurement attribute for tax positions taken or expected to be taken on a tax return including the entity's status as a tax-exempt entity. Additionally, GAAP provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. The Foundation had no significant uncertain tax positions at June 30, 2022. If interest and penalties are incurred related to uncertain tax positions, such amounts are recognized as income tax expense in the statement of activities. As of June 30, 2022, periods for tax years 2021, 2020, and 2019 remain open to examination by the federal and state taxing jurisdictions to which the Foundation is subject.

(g) Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This 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 that involve significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

a) Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that are observable at the measurement date;

b) Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data: and

c) Level 3: Significant unobservable inputs for the asset or liability that reflects the reporting entity's own estimates about the assumptions that market participants would use in pricing the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based upon the lowest level input that is significant to the fair value measurement in its entirety. In accordance with Accounting Standards Update (ASU) 2009-12, *Investments that can be redeemed at Net Asset Value on the Measurement Date or in the Near Term*, such investments may be classified as Level 2. NAV is used as a practical expedient to estimate the fair value of such investments unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2022, the Foundation had no plans or intentions to sell investments at amounts different from NAV.

(h) Investments

Investments are recorded at fair value. The fair values of all investments and trusts are based on quoted market prices and other observable inputs such as quoted prices for similar assets, quoted prices in inactive markets, or inputs corroborated by observable market data. Both realized and unrealized gains and losses are included in the change in net assets. Real estate and other properties donated to the Foundation and held by the University of Mississippi Foundation (the UM Foundation) are also carried at fair value based on appraisal values at the date of receipt and as subsequently updated.

The Foundation's investments include commodities, a charitable trust, equity securities, fixed income and pooled accounts. These investments are exposed to several risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the fair value of these investments will occur in the near term and such changes could materially affect the amounts reported in the Foundation's financial statements.

(i) Revenue Recognition

Priority seats in the football stadium, basketball arena and baseball stadium require annual donations separate from the cost of the tickets. The donation amounts are set by the Foundation. Capital gift agreements may be signed to secure priority seats for football and basketball seasons. This unconditional revenue is restricted for the Forward Together capital campaign. These donations fall under ASC Topic 605 because they include an exchange transaction in addition to a contribution. A portion of the seating annual donation and capital gift agreement revenue is recognized in the period the pledge is made and the remainder is recognized when the exchange transaction is completed. The exchange transaction is completed when the donor is able to

purchase the tickets corresponding to the priority seating. For annual donation revenue, the amount recognized when received often corresponds with the year in which the sport season occurs. Unconditional contributions not tied to seating are recognized in full when the pledge is made. Other unpledged revenue is recognized in the period received. The Tax Cuts and Jobs Act amended Internal Revenue Code Section 170(l) that previously allowed for up to an 80% charitable deduction for donations to or for the benefit of an institution of higher learning that resulted, directly or indirectly, in the right to purchase tickets for seating in an athletic venue of such institution, to no longer allow such a deduction. This amendment was signed into law in December 2017 and went into effect January 1, 2018. The Foundation implemented the change as of January 1, 2018 and began receipting the total amount of donations of this type as non-charitable.

Unconditional promises to give that are expected to be collected in future years are reported at the present value of their future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are scheduled to be received. Accretion of the discounts is included in contribution revenues. The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on management's judgment, including such factors as prior collection history, the nature of the fund-raising activity, and the type of contributions made.

(j) Donated Property and Services

Donations of real property received are recorded as gift-in-kind contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. All real property donations to the Foundation are held by the UM Foundation until such properties are sold. Proceeds are subsequently transferred to the Foundation.

Donations of personal property received, such as automobiles, equipment and apparel are recorded as gift-in-kind contributions at estimated fair value at the date of donation. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair value.

Donated services received are recognized as contributions if the services either (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people or entities with those skills, and would otherwise be purchased by the Foundation.

See (20), *Gifts in Kind*, for further discussion.

(k) Charitable Trust

The Foundation is the beneficiary under an irrevocable charitable remainder unitrust with a local bank as trustee. Under the terms of the trust agreement, the Foundation receives distributions from the trust based on a formula using the lesser of the net income of the trust or 7% of the fair market value of the trust assets at the beginning of the trust taxable year. The trustee performs this calculation and makes the distribution. Expenses of the trust, such as taxes and administrative fees, are paid from the trust assets. The remaining principal of the trust is reported as a net asset with donor restrictions, perpetual in nature, per the terms of the trust agreement. Assets of the trust are reported at fair market value in the statement of financial position at $1,281,897 as of June 30, 2022.

(l) Advertising

Advertising costs are expensed as incurred and include annual priority seating information, promotional items for members, listings in game day programs, and other marketing material related to Foundation memberships and donations. Advertising expense for 2022 was $69,504.

(m) Debt Issuance Costs

The Foundation incurred debt issuance costs pursuant to a financial agreement in 2019. Such costs will be amortized based on the straight-line method which is not materially different from the effective interest method over the seven-year life of the debt. The total cost was $45,180. Amortization expense included in interest expense for the year ended June 30, 2022 was $6,454.

Future amortization expense is noted to be:

Year Ending June 30,	
2023	$ 6,454
2024	6,454
2025	6,454
Thereafter	4,842
	$ 24,204

(n) Functional Allocation of Expenses

The financial statements present expenses by functional classification in accordance with the overall mission and activities of the Foundation. Each functional classification displays all expenses related to the underlying operations by natural classification. Accordingly, certain costs have been allocated among program, fundraising and management and general services.

(o) Subsequent Events

Management has evaluated subsequent events through October 20, 2022, the date the financial statements were available to be issued.

(p) Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

(3) Accounts Receivable

University of Mississippi Foundation Receivable

Cash contributions are received directly by the Foundation with the University of Mississippi Foundation (UMF) maintaining donor records for tax receipt purposes. Contributions to the Foundation in the form of securities are received directly by the UMF. Funds associated with contributions in the form of securities are transferred to the Foundation immediately after being processed and recorded. Receivable balances from the UMF of $10,642 at June 30, 2022 represent amounts to be received in the beginning of fiscal year 2023.

The remaining receivable balance of $504,870 at June 30, 2022 from the UMF, represents land and other interests contributed to the Foundation to be sold.

(4) Pledges Receivable

The Foundation obtains pledges through fundraising programs in support of various activities. At June 30, 2022, pledges for the Vaught Society are scheduled to mature at various dates through 2030. The Capital Gift Agreements receipts are due primarily in the next year. A summary of the pledges receivable as of June 30, 2022 is as follows:

Receivable in One Year	$ 11,104,904
Receivable in Two to Five Years	30,502,523
Receivable in More Than Five Years	4,045,232
	$ 45,652,659
Pledges Receivable Without Donor Restrictions	$ 1,087,500
Pledges Receivable With Donor Restrictions	44,565,159
	45,652,659
Less: Allowance for Doubtful Pledges Receivable	(3,634,502)
	42,018,157
Less: Unamortized Discount (0.62% and 0.43% at June 30, 2021 and 2020, respectively)	(1,433,136)
Net Pledges Receivable	$ 40,585,021
Pledges Receivable, Current Portion	$ 11,083,524
CGA Pledges Receivable, Net	21,380
Long-Term Pledges Receivable, Net of Current Portion	29,480,117
	$ 40,585,021

(5) Investments and Charitable Trust

The following table presents the financial assets carried at fair value within the valuation hierarchy as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Equity and Futures	$ 4,222,845	$ -	$ -	$ 4,222,845
Fixed Income	4,790,602	-	-	4,790,602
Other Investments	405,667	-		405,667
Total Investments	9,419,114	-	-	9,419,114
Pooled Investments - Endowment	88,925	-	-	88,925
Charitable Trust	1,281,897	-	-	1,281,897
	$ 10,789,936	$ -	$ -	$ 10,789,936

Investment return is summarized as follows for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions
Interest and Dividend Income From Marketable Securities, Cash and Cash Equivalents	$ 193,416	$ (18,943)
Investment Expenses	(28,802)	(84,130)
Net Realized and Unrealized Gains	(1,412,800)	(219,232)
Total Investment Income, Net	$ (1,248,186)	$ (322,305)

(6) Property and Equipment

A summary of property and equipment at June 30, 2022 is as follows:

Office Equipment and Furniture	$ 84,348
Automobiles	320,155
Manning Center	30,778,778
Video Boards and Audio	10,925,403
Construction in Process	9,882,517
Condominium	160,881
Total Property and Equipment at Cost	52,152,082
Less Accumulated Depreciation	(21,775,516)
Property and Equipment, Net	$ 30,376,566

Depreciation expense for the year ended June 30, 2022 totaled $1,730,833. The Manning Center, video boards, and audio systems are currently pledged as collateral on indebtedness.

(7) University of Mississippi Athletics Department Payable

In addition to support throughout the year for Athletics Department activities and team programs, the Foundation is committed to providing a year-end supplement to meet the needs of the Athletics Department. For the fiscal year ended June 30, 2022, the year-end support amount was $837,198 to provide a supplement for operating needs of the Athletics Department.

As a supplement for facilities improvements, the Foundation had a payable of $2,055,515 to the Athletics Department for major renovations to existing facilities at June 30, 2022.

The remaining balance of the University of Mississippi payable at June 30, 2022 on the statement of financial position relates to payables due to other departments other than the Athletics Department.

(8) Long-Term Debt

On February 1, 2021, the terms were changed on a loan for capital facilities in the amount of $15,907,655. The original loan amount was $30,000,000 and was obtained on October 30, 2012, with interest amortized over thirteen years and a maturity date of March 30, 2019. The revised loan terms include an interest rate of 3.90% and quarterly installments due of $308,643 of principal and interest. Interest is amortized over a period of eighteen years, and the loan has a maturity date of March 25, 2026. The loan is collateralized by a deed of trust on the Manning Center.	$ 12,356,700
On November 15, 2015, the Foundation obtained a loan to finance improvements to various athletics facilities including Vaught-Hemingway Stadium in the amount of $11,500,000. The first twelve months of the loan term were a non-revolving line of credit phase. The line of credit became a permanent term loan on November 5, 2016, with a maturity date of November 5, 2025. The loan was amended on July 5, 2022 to include an interest rate of SOFR plus 100 basis points floating. The interest rate was 2.595% at June 30, 2022. Collateral for the loan includes all equipment and property purchased with loan proceeds and a pledge of revenues.	4,514,161
On August 5, 2019, the Foundation entered into a loan agreement for a revolving line of credit not to exceed $5,000,000 with a variable interest rate equal to LIBOR plus 174 basis points and a maturity date of December 31, 2022. The interest rate at June 30, 2022 was 1.133%. The purpose of the line of credit is to assist with operating needs. The loan agreement was amended on September 18, 2020 to increase the credit amount to $12,500,000. The loan was amended on September 5, 2022 to include an interest rate of SOFR plus 174 basis points floating and a maturity of December 31, 2025.	2,500,000

On December 10, 2021, the Foundation entered into a loan agreement to finance improvements to athletic facilities in the amount of $20,077,040. The first twenty-four months of the loan term are a non-revolving line of credit phase. The line of credit will become a permanent term loan on March 30, 2024 with an interest rate of 3.49% with quarterly installments due of $351,295.78 of principal and interest. The loan has a maturity date of December 29, 2028. The loan is collateralized by a deed of trust on the Manning Center.	4,953,637
Gross Notes Payable	24,324,498
Debt Issuance Costs, Net	(24,204)
	24,300,294
Current Installments of Long-Term Debt	(4,507,638)
Net Long-Term Debt Excluding Current Installments	$ 19,792,656

A summary of the debt maturities is as follows:

Year Ending June 30,	
2023	$ 4,507,638
2024	2,693,123
2025	3,414,814
2026	11,985,492
Thereafter	1,723,431
	$ 24,324,498

See (26), *Subsequent Events*, for further discussion of loan amendments made subsequent to June 30, 2022.

(9) Endowments

The UMF holds certain funds that are considered permanent endowments and scholarship funds. These endowments are created for the benefit of the Athletics Department, and any contributions to the Foundation that are designated for these funds are transferred to the UMF. Funds that amounted to $4,431,869 at June 30, 2022 are managed by the UMF and are not included in these financial statements. Funds that amounted to $88,925 at June 30, 2022 are managed by the UMF and are included in investments. These endowments were created for the benefit of the Foundation.

(10) Life Insurance Policies

The Foundation has been gifted life insurance policies for which it has been named owner and beneficiary. The face amounts of life insurance policies in excess of cash surrender values held by the Foundation are recognized as revenue only when collected. The cash surrender values of such policies at June 30, 2022 were $529,080.

(11) Concentrations of Credit Risk

The total cash held by the Foundation at June 30, 2022 included $9,112,046 in monies that were not covered by insurance provided by the Federal Deposit Insurance Corporation. The risk is minimized by the fact that cash is held in high quality financial institutions.

(12) Leases

The Foundation leases office space from the University at no cost, in accordance with the affiliation agreement. The Foundation leases from the University the land upon which the Manning Center is located, and the Foundation subleases the Manning Center back to the University for operations at a net cost of zero.

In August 2019, the Foundation entered into two thirty-six-month automobile leases for the benefit of the Athletics Department. These leases contain options to purchase at the end of the lease and require the Foundation to pay all executory costs such as taxes, maintenance, and insurance.

The Foundation leased a copier in September 2019 under a sixty-month cost per copy lease agreement. This agreement provided for a stated cost per copy over the life of the lease with an established monthly minimum payment.

In June 2014, the Foundation entered into a lease agreement for retail and office space off campus. The lease term is for eleven years and is payable monthly at $19,185 per month.

In April 2017 and August 2019, the Foundation entered into a dry lease agreement for private airplane usage. The initial term was for one year, and thereafter went to a month-to-month basis. Lease payments are based on hourly usage, and there is no minimum requirement other than the days the aircraft is occupied by the Foundation, at which time the minimum is two hours per day.

In July 2021, the Foundation entered into a four-year lease agreement for campus equipment. The lease is payable annually at $383,265 per year.

In May 2022, the Foundation entered into a dry lease agreement for private airplane usage. The initial term is for five years, and thereafter on a month-to-month basis. Lease payments are based on hourly usage, and there is no minimum requirement.

Rental expenses for these leases amounted to $536,808 in fiscal year 2022.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2022 are:

Year Ending June 30,		
2023	$	625,190
2024		623,150
2025		613,485
	$	1,861,825

(13) Commitments

Pursuant to its affiliation agreement with the University, the Foundation and the Athletics Department agree on an amount of support provided by the Foundation each year. In the absence of an agreed upon amount in any given year, the Foundation will provide a minimum of $8 million, per the terms of the affiliation agreement.

As part of annual support, the Foundation has agreed to supplement the compensation paid to several employees of the University's Athletics Department under their state employment contracts with the University. The University and Board of Trustees of Mississippi Institutions of Higher Learning have no obligations under the terms of these supplemental compensation agreements. The amount paid for these supplemental compensation and incentive packages for the year ended June 30, 2022 was $13,811,033. The amount expected to be paid in fiscal year 2023 exceeds $13,334,806. The Foundation has also agreed to support severance and separation agreements with former Athletics Department personnel. The amount paid for these agreements for the fiscal year ended June 30, 2022 was $1,758,210. The amount expected to be paid in fiscal year 2023 is $2,242,500.

For the fiscal year ended June 30, 2022, the Foundation has committed to provide support for scholarships and other operating needs of the Athletics Department. The Foundation has also committed to provide financial support for specific projects undertaken for constructing and improving Athletics facilities.

(14) Contingent Liability

The University of Mississippi Educational Building Corporation (UMEBC) and Foundation were co-obligors on indebtedness on the Pavilion at Ole Miss and a parking facility, both of which are now owned by the UMEBC. Construction of these facilities and the related bond financing were arranged and subsidized by the Foundation. In July 2016, ownership of the facilities transferred to the UMEBC. The capital leases that were in place between the Foundation and the University were terminated at the time of transfer. In October 2019, the UMEBC issued revenue refunding bonds for the majority of the outstanding debt on the Pavilion at Ole Miss and the parking facility. The Foundation remained co-obligor for a portion of the debt not refunded, in the amount of $1,331,298 on June 30, 2020, until the debt was settled during fiscal year 2021. As part of the Foundation's mission for the Athletics Department, the Foundation provides funds to the University for the debt service payments on this indebtedness. Such payments are expensed in the accompanying statement of activities as other restricted expenses.

(15) Restricted Expenses Allocated

Administration and fundraising costs for the capital campaign are paid from Foundation operating funds. No amounts were allocated separately for the fiscal year ended June 30, 2022.

(16) Related Party

In June 2014, the Foundation entered into a lease for commercial office space with a third-party landlord, a company in which a member of the board of governors of the Foundation has an interest. The term of the lease is for eleven years and commenced on July 1, 2014. The agreement calls for monthly payments of $19,185. The total amounts paid to the related party for the lease and related expenses for the year ending June 30, 2022 was $214,152. The board member recused himself from all proceedings and did not participate in the decision in any way. As of June 1, 2022, the property was sold to an unrelated party.

(17) Net Assets Released from Restrictions

For the year ended June 30, 2022, net assets with donor restrictions were released from restrictions for the following purposes:

Support for Team Programs and Other	$ 779,920
Facility Improvements	4,074,069
Interest Expense	602,080
Provision for Uncollectible Pledges	4,270,596
Principal Payments on Capital Debt	7,012,073
Total Net Assets Released From Restrictions	$ 16,738,738

(18) Retirement Plan

The Foundation sponsors a SEP IRA plan for all employees. The Foundation makes a contribution to the Plan each year equal to 17.4% of each employee's compensation up to the maximum prescribed by the Internal Revenue Service. The expense incurred by the Foundation for the year ended June 30, 2022 was $156,085.

The Foundation also sponsors a 403b Plan for employee deferrals only.

(19) Net Assets Without Donor Restrictions

Net assets without donor restrictions as of June 30, 2022 are detailed as shown:

Net Assets Designated by Board as a Reserve	$ 878,297
Net Assets Without Board Designation	16,280,100
Total Net Assets Without Donor Restrictions	$ 17,158,397

(20) Gifts in Kind

The Foundation did not receive donated real property during the year ended June 30, 2022. Personal property received, utilized, and recognized as contributions from donated personal property during the year ended June 30, 2022 are as follows:

Event Supplies	$ 14,017
Vehicle Use	141,035
Equipment	29,786
Advertising	160,000
Total Donated Personal Property	$ 344,838

The Foundation received donated flowers with an estimated fair market value of $14,017 for the year ended June 30, 2022. The floral arrangements were used for events hosted or gifts made by the Foundation.

The vehicle and equipment were donated to the Foundation for general use by the Athletics department. The fair value was determined by current market price at the time of donation.

Advertising services were donated to the Foundation in return for tickets and parking passes to various athletic events. The value of the donated advertising was based on current market prices at time of donation.

All personal property received by the Foundation for the year ended June 30, 2022 were considered without donor restrictions and were able to be used by the Foundation as determined by the board of directors and management.

Donated services received, utilized, and recognized as contributions from donated services for the year ended June 30, 2022 are as follows:

	Unrestricted	Restricted	Total
Airplane Services	$ 68,910	$ -	$ 68,910
Bus Services	-	16,685	16,685
Total Donated Services	$ 68,910	$ 16,685	$ 85,595

Use of donor airplanes were gifted to the Foundation on an as-needed basis for use on recruiting, fundraising, and private travel as part of some employee contracts.

The bus services were donated with donor restrictions only allowing use for Athletics team travel.

The values of these services are based on market price at time of donation.

(21) Deferred Revenue

As discussed in Note 2, the passage of the Tax Cuts and Jobs Act eliminated the charitable deduction for contributions made for priority seating beginning January 1, 2018. The Foundation allowed members to make donations for priority seating for future years before January 1, 2018, and the payments are shown as deferred revenue at June 30, 2022 to be recognized as revenue per the following schedule.

Year Ending June 30,	
2023	44,549
2024	20,600
2025	20,599
Total Deferred Revenue	$ 85,748

(22) Liquidity and Availability of Resources

The table that follows presents the Foundation's financial assets at June 30 that are available to meet obligations for general expenditures that may arise within one year of the balance sheet date.

Cash Without Donor Restrictions	$ 2,285,813
Investments	9,419,114
UM/UMF Receivable, Cash Portion	10,642
Annual Fund Pledges Receivable	4,023,922
Other Receivables	224,579
Less Those Unavailable for General Expenditures Within One Year, Due to:	
Investments - Board-Designated Restrictions	(878,297)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 15,085,773

In addition to the assets shown above, at June 30, 2022, the Foundation had $7,576,233 of cash and $11,104,904 of pledges receivable within one year with restrictions as to their use. These funds may not be used to cover general expenditures of the Foundation. The Foundation also had $878,297 of short-term investments at June 30, 2022 that have been designated by the board of governors to be held in reserve for contractual purposes. These funds could be drawn upon for immediate liquidity following approval by the board.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Foundation's cash flows vary throughout the year due to the timing of receipt of pledge receivables and contributions from donors. To assist in managing liquidity, the Foundation has a line of credit with a commercial bank with borrowing limits of $12.5 million in the aggregate that can be drawn upon as needed to manage cash flow.

(23) Deferred Liability and Notes Receivable

A severance agreement with a former coach was entered into by the Foundation in December 2019. The agreement states that a total of $8,872,500 will be paid through December 31, 2023 at varying monthly amounts. A discount rate of 2% was used to determine the present value of future payments. The amounts due in future years are as follows:

Year Ending June 30,	
2023	2,195,629
2024	1,280,862
	$ 3,476,491

A promissory note in the amount of $3,555,916 related to income tax due on the severance contract was signed by the former coach in December 2019. The promissory note bears interest at 2% with monthly installments of $151,270 being withheld by the Foundation from each monthly severance payment made to the coach through December 31, 2021 for principal and interest payments. The remaining principal amounts were received in the fiscal year ended June 30, 2022.

(24) Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The adoption of this standard was postponed again and is now effective on July 1, 2022, with early adoption permitted. The Foundation is in the process of evaluating the impact of this new guidance.

(25) Uncertainties

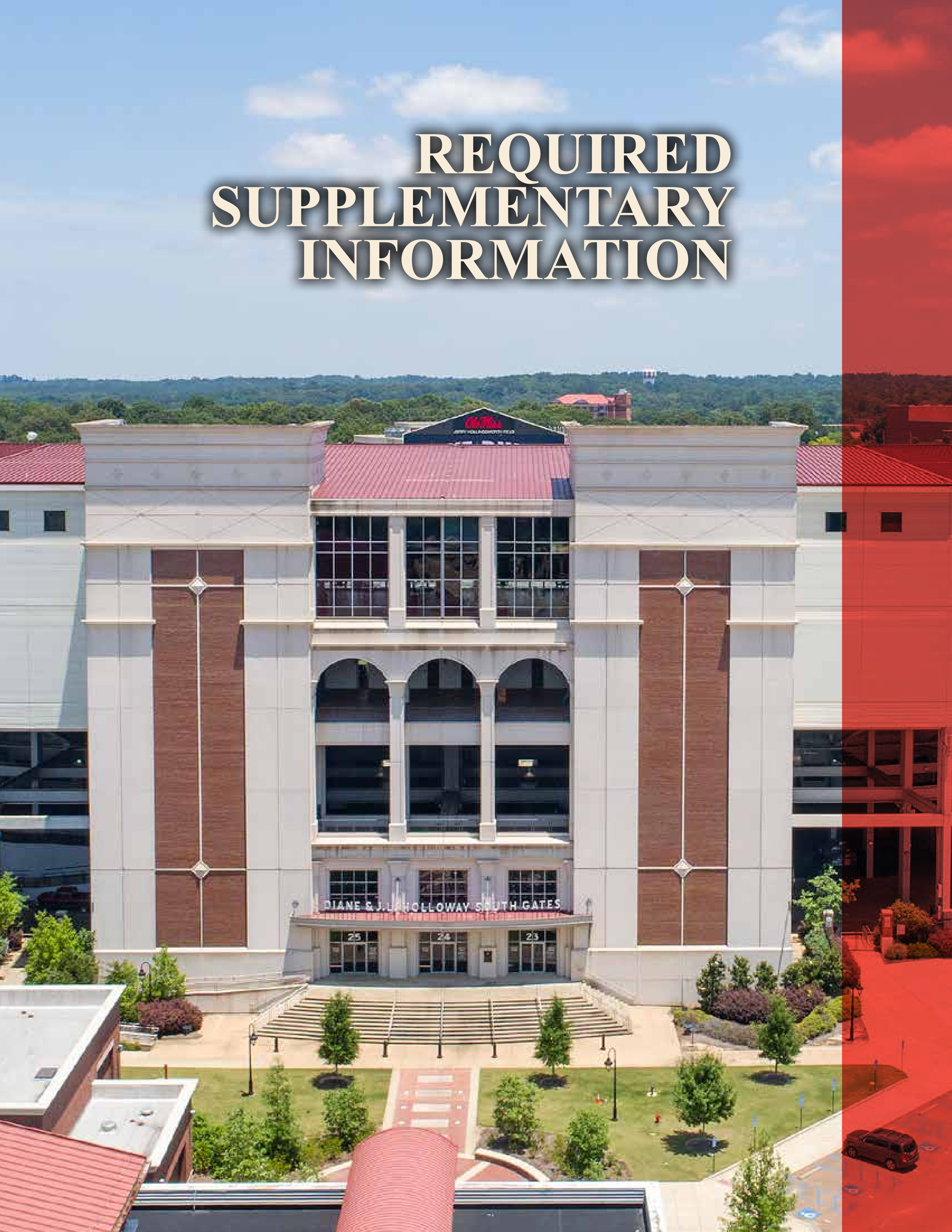
On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Foundation's customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Foundation's financial condition or results of operations are uncertain.

(26) Subsequent Events

On July 5, 2022, a loan with Trustmark was amended to include a loan interest rate to a rate equal to SOFR plus 100 basis points, floating.

On September 5, 2022, a line of credit with Trustmark was amended to extend the maturity date to December 31, 2025. This amendment also modified the loan interest rate to a rate equal to SOFR plus 174 basis points, floating.

REQUIRED SUPPLEMENTARY INFORMATION



Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability
GASB 67 Paragraph 32(b)
June 30, 2022

Fiscal Year	Proportionate share of the net pension liability	Proportionate share of the net pension liability	Estimated covered-employee payroll provided by PERS	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	PERS fiduciary net position as a percentage of the total pension liability
2015	1.85 %	$ 224,435,474	$ 112,983,803	199.00 %	67.00 %
2016	1.86	287,872,551	116,344,946	247.43	61.70
2017	1.87	333,566,560	119,462,908	279.22	57.47
2018	1.92	319,127,442	123,152,978	259.13	61.49
2019	1.96	325,309,886	124,897,390	260.46	62.54
2020	1.93	339,244,839	125,592,222	270.12	61.59
2021	1.91	370,390,153	127,401,184	290.73	58.97
2022	1.89	279,700,687	125,823,454	222.30	70.44

Schedule of Proportionate Share of Contributions
GASB 67 Paragraph 32(c)
June 30, 2022

Fiscal Year	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual covered-employee payroll	Contribution as a percentage of covered-employee payroll
2015	$ 18,189,943	$ 18,189,943	$ -	$ 115,491,702	15.75 %
2016	18,587,600	18,587,600	-	118,016,508	15.75
2017	18,719,288	18,719,288	-	118,852,622	15.75
2018	19,505,230	19,505,230	-	123,842,730	15.75
2019	19,541,619	19,541,619	-	124,073,771	15.75
2020	21,929,628	21,929,628	-	126,032,345	17.40
2021	21,641,091	21,641,091	-	124,374,086	17.40
2022	22,793,811	22,793,811	-	130,998,914	17.40

Schedule of Proportionate Share of the Net OPEB Liability
GASB 74 Paragraph 36(a)
June 30, 2022

Fiscal Year	Proportionate share of the net OPEB liability	Proportionate share of the net OPEB liability	Covered-employee payroll	Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	2.52 %	$ 19,806,214	$ 113,411,739	17.46 %	0.00 %
2019	2.62	20,248,697	118,393,742	17.10	0.00
2020	2.63	22,349,145	120,614,392	18.53	0.00
2021	2.67	20,806,654	128,853,307	16.15	0.00
2022	2.65	17,066,623	125,986,247	13.54	0.00

Schedule of Proportionate Share of Employer Contributions
GASB 74 Paragraph 36(c)
June 30, 2022

Fiscal Year	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2018	$ 1,102,456	$ 779,315	$ 323,141	$ 113,411,739	0.69 %
2019	1,232,120	901,748	330,371	118,393,742	0.76
2020	1,222,546	895,819	326,727	120,614,392	0.74
2021	1,330,949	829,771	501,178	128,853,307	0.64
2022	1,560,585	685,396	875,189	125,986,247	0.54

(1) Net pension liability

(a) Schedule of Proportionate Share of Net Pension Liability

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

(b) Schedule of Proportionate Share of Contributions to the PERS Defined Benefit Plan

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

(c) Changes of Assumptions and Benefit Provisions (Pension Plan)

Changes of assumptions:

2022

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
    - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77;
    - For females, 84% of the female rates up to age 72, 100% for ages above 76; and
    - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
    - For males, 134% of male rates at all ages;
    - For females, 121% of female rates at all ages; and
    - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
    - For males, 97% of male rates at all ages;
    - For females, 110% of female rates at all ages;
    - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%;
- The wage inflation assumption was reduced from 3.00% to 2.65%;
- The investment rate of return assumption was changed from 7.75% to 7.55%;
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll;
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely;
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%; and
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

2021

- The amounts reported for fiscal year 2021 reflect no changes in assumptions.

2020

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

2019

- The amounts reported for fiscal year 2019 reflect no changes in assumptions.

2018

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

2017

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

2016

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2016;

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

Change of benefit provisions:

2017

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

(2) Net OPEB liability

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

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

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

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

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

Changes of assumptions:

2022

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

2021

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

2020

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

2019

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

Changes of benefit terms:

2022

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

2021

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

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