

In the opinion of Butler Snow LLP, Bond Counsel, under existing statutes, regulations, published rulings and judicial decisions, interest on the Series 2022 Bonds described herein is excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Series 2022 Bonds is not a separate tax preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Interest on the Series 2022 Bonds is exempt from present State of Mississippi income taxation. See "TAX MATTERS" herein for information concerning assumptions as to compliance with the Code, upon which the foregoing opinions are based.



**The
University of Mississippi**

\$72,760,000

**THE UNIVERSITY OF MISSISSIPPI EDUCATIONAL BUILDING CORPORATION
Revenue Bonds, Series 2022
(New Facilities Project)**

Dated: Date of Delivery

Due: October 1, as shown on inside front cover

The Series 2022 Bonds (as defined herein) will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof up to the amount of a single maturity, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2022 Bonds. Purchases may be made only in book-entry form through the DTC Participants and no physical delivery of the Series 2022 Bonds will be made to Beneficial Owners (as defined herein), except as described herein. So long as Cede & Co. is the Registered Owner (as defined herein), as nominee of DTC, references herein to the Bondholders or Registered Owners will mean Cede & Co., as aforesaid, and will not mean the Beneficial Owners of the Series 2022 Bonds. See "THE SERIES 2022 BONDS" and "BOOK-ENTRY ONLY SYSTEM" herein. The principal of, premium, if any and interest on the Series 2022 Bonds will be paid to Cede & Co., as long as Cede & Co. is the Registered Owner. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Direct and Indirect Participants, as defined and more fully described herein.

Principal of the Series 2022 Bonds is payable on October 1, as shown on inside front cover. Interest on the Series 2022 Bonds is payable on April 1, 2023, and semiannually thereafter on October 1 and April 1 of each year, to the Registered Owners of record as of the applicable Record Date, as herein described, which payments shall, as long as the book-entry only system described herein is in place, be made to Cede & Co.

The Series 2022 Bonds are issued by The University of Mississippi Educational Building Corporation (the "Corporation"), a Mississippi public non-profit corporation, under a Trust Indenture dated as of October 1, 2022 (the "Indenture"), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Series 2022 Bonds will provide funds (a) to acquire, construct, maintain, enlarge, improve, or equip public buildings, land, and facilities on the main campus of the University of Mississippi, including the construction, equipping, and landscaping of an approximately 202,000 gross square foot STEM building to be known as the Jim and Thomas Duff Center for Science and Technology Innovation; and (b) to pay the related costs of the issuance, sale and delivery of the Series 2022 Bonds.

The Series 2022 Bonds are payable as to principal, premium, if any, and interest solely from rental payments made by the Board of Trustees of State Institutions of Higher Learning of the State of Mississippi (the "Board") under the Lease (as defined herein). See "THE SERIES 2022 BONDS" and "THE LEASE" herein. Subject to the provisions of the Lease, the obligations of the Board to make the rental payments required in the Lease and to perform and observe the other agreements on its part contained in the Lease shall be absolute and unconditional, regardless of the continued existence of the Project in a physical condition satisfactory to the Board.

**CUSIP PREFIX: 914476
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Inside Front Cover**

THE SERIES 2022 BONDS ARE SOLELY AND EXCLUSIVELY THE OBLIGATION OF THE CORPORATION PAYABLE SOLELY FROM RENTAL PAYMENTS MADE BY THE BOARD UNDER THE LEASE AS DEFINED AND DESCRIBED HEREIN. THE SERIES 2022 BONDS ARE NOT OBLIGATIONS OR DEBTS OF THE BOARD OR THE STATE OF MISSISSIPPI, AND DO NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF EITHER THE BOARD OR THE STATE OF MISSISSIPPI. THE CORPORATION HAS NO TAXING POWER. FURTHER, THE SERIES 2022 BONDS DO NOT CONSTITUTE A DEBT OF THE UNIVERSITY OF MISSISSIPPI.

THE REVENUES THAT ARE THE SOURCE OF THE PAYMENT OF THE SERIES 2022 BONDS ARE SIMILAR TO THE REVENUES THAT ARE THE SOURCE OF PAYMENT OF THE CORPORATION'S OUTSTANDING BONDS AND ANY FUTURE BONDS OF THE CORPORATION AND ALL OUTSTANDING BONDS ISSUED AND ANY FUTURE BONDS ISSUED BY OTHER EDUCATIONAL BUILDING CORPORATIONS FOR THE BENEFIT OF OTHER MEMBER INSTITUTIONS (AS DEFINED HEREIN) INCLUDING MONEYS APPROPRIATED BY THE MISSISSIPPI LEGISLATURE TO THE BOARD. THERE HAS BEEN NO DEFAULT IN THE PAYMENT OF DEBT SERVICE ON THE CORPORATION'S OUTSTANDING BONDS. IN ADDITION, THERE HAS BEEN NO DEFAULT IN THE PAYMENT OF DEBT SERVICE ON THE BONDS ISSUED BY OTHER EDUCATIONAL BUILDING CORPORATIONS FOR THE BENEFIT OF OTHER MEMBER INSTITUTIONS. SEE "SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" AND TABLE "OUTSTANDING OBLIGATIONS OF THE CORPORATION AND THE UNIVERSITY" IN "APPENDIX A".

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORM") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM, THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IS PRINTED IN ITS ENTIRETY FROM SUCH WEBSITE.

Purchase of the Series 2022 Bonds involves a certain degree of risk, and reference is made to "Risks of Ownership of Series 2022 Bonds" and "Risks to Bondholders" herein for a discussion of such risks.

This cover page contains certain information for quick reference only. It is not a summary of this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2022 Bonds are offered when, as and if issued by the Corporation and accepted by the Underwriters, as defined herein, subject to prior sale, to withdrawal or modification of the offer without notice, and to the opinion as to legality and tax exemption of the Series 2022 Bonds by Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel. Certain legal matters will be passed upon for the Corporation by its counsel, David Whitcomb, University, Mississippi, for the Underwriters by their counsel, Jones Walker LLP, Jackson, Mississippi and for the Board by the Attorney General of the State of Mississippi. Hilltop Securities, Inc., Dallas, Texas, serves as Financial Advisor to the Corporation with respect to the issuance of the Series 2022 Bonds. The Series 2022 Bonds are expected to be available for delivery on or about October 5, 2022.

RAYMOND JAMES

WELLS FARGO SECURITIES

STEPHENS INC.

MATURITY SCHEDULE
\$72,760,000
Series 2022 Bonds⁽¹⁾⁽²⁾

Serial Bonds

<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP⁽⁴⁾</u>
2023	\$1,110,000	5.000%	2.430%	102.495%	914476VJ2
2024	1,170,000	5.000%	2.510%	104.801%	914476VK9
2025	1,225,000	5.000%	2.560%	106.977%	914476VL7
2026	1,290,000	5.000%	2.630%	108.918%	914476VM5
2027	1,355,000	5.000%	2.710%	110.618%	914476VN3
2028	1,425,000	5.000%	2.800%	112.052%	914476VP8
2029	1,500,000	5.000%	2.880%	113.333%	914476VQ6
2030	1,575,000	5.000%	2.950%	114.495%	914476VR4
2031	1,655,000	5.000%	3.080%	114.975%	914476VS2
2032	1,740,000	5.000%	3.140%	115.841%	914476VT0
2033	1,830,000	5.000%	3.320%	114.182% ⁽³⁾	914476VU7
2034	1,925,000	5.000%	3.490%	112.642% ⁽³⁾	914476VV5
2035	2,025,000	5.000%	3.640%	111.303% ⁽³⁾	914476VW3
2036	2,125,000	5.000%	3.710%	110.685% ⁽³⁾	914476VX1
2037	2,225,000	4.000%	4.070%	99.219%	914476VY9
2038	2,315,000	4.000%	4.120%	98.604%	914476VZ6
2039	2,410,000	4.125%	4.220%	98.855%	914476WA0
2040	2,515,000	4.125%	4.260%	98.315%	914476WB8
2041	2,620,000	4.250%	4.330%	98.971%	914476WC6
2042	2,735,000	4.250%	4.340%	98.804%	914476WD4

Term Bonds⁽²⁾

\$15,870,000 @ 5.000% due October 1, 2047, Priced to Yield 106.471%⁽³⁾ @ 4.200% CUSIP⁽⁴⁾: 914476WE2
\$20,120,000 @ 4.500% due October 1, 2052, Priced to Yield 98.221% @ 4.610% CUSIP⁽⁴⁾: 914476WF9

⁽¹⁾ The Series 2022 Bonds which mature on and after October 1, 2033 are subject to optional redemption prior to their respective maturities on and after October 1, 2032 at the election of the Corporation in whole or in part on any date at the redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest, if any, to the redemption date. See "Optional Redemption of the Series 2022 Bonds".

⁽²⁾ Interest to accrue from the date of delivery.

⁽³⁾ Priced to the par call date of October 1, 2032.

⁽⁴⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a Division of McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFERING OF ANY SECURITY OTHER THAN THE ORIGINAL OFFERING OF THE SERIES 2022 BONDS IDENTIFIED ON THE COVER HEREOF. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THAT CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF THE SERIES 2022 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSION OF OPINIONS HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR THE SALE OF ANY OF THE SERIES 2022 BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE CORPORATION AND THE UNDERWRITERS OR HOLDERS OF THE SERIES 2022 BONDS. ALL ESTIMATES AND ASSUMPTIONS CONTAINED HEREIN ARE BELIEVED TO BE REASONABLE, BUT NO REPRESENTATION IS MADE THAT SUCH ESTIMATES OR ASSUMPTIONS ARE CORRECT OR WILL BE REALIZED.

INFORMATION HEREIN HAS BEEN OBTAINED FROM THE CORPORATION, THE BOARD, THE UNIVERSITY, DTC (EACH AS DEFINED HEREIN) AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION IS NOT GUARANTEED BY THE UNDERWRITERS.

UPON ISSUANCE, THE SERIES 2022 BONDS WILL NOT BE REGISTERED UNDER 15 U.S.C. SECTION 77A *ET SEQ.* (“THE SECURITIES ACT OF 1933”), AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY, OTHER THAN THE CORPORATION (TO THE EXTENT DESCRIBED HEREIN), WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE SERIES 2022 BONDS FOR SALE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT CONTAINS FORECASTS, PROJECTIONS AND ESTIMATES THAT ARE BASED ON EXPECTATIONS AND ASSUMPTIONS WHICH EXISTED AT THE TIME SUCH FORECASTS, PROJECTIONS AND ESTIMATES WERE PREPARED. IN LIGHT OF THE IMPORTANT FACTORS THAT MAY MATERIALLY AFFECT ECONOMIC CONDITIONS IN THE STATE OF MISSISSIPPI, THE INCLUSION IN THIS OFFICIAL STATEMENT OF SUCH FORECASTS, PROJECTIONS AND ESTIMATES SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE STATE OF MISSISSIPPI, THE CORPORATION, THE BOARD OR THE UNIVERSITY THAT SUCH FORECASTS,

PROJECTIONS AND ESTIMATES WILL OCCUR. SUCH FORECASTS, PROJECTIONS AND ESTIMATES ARE NOT INTENDED AS REPRESENTATIONS OF FACT OR GUARANTEES OF RESULTS.

IF AND WHEN INCLUDED IN THIS OFFICIAL STATEMENT, THE WORDS “EXPECTS,” “FORECASTS,” “PROJECTS,” “INTENDS,” “ANTICIPATES”, “ESTIMATES” AND ANALOGOUS EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS AND ANY SUCH STATEMENTS INHERENTLY ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, LITIGATION AND VARIOUS OTHER EVENTS, CONDITIONS AND CIRCUMSTANCES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE STATE OF MISSISSIPPI, THE CORPORATION, THE BOARD AND THE UNIVERSITY. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT. THE CORPORATION DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE CORPORATION'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITY TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

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OFFICIAL STATEMENT

\$72,760,000

**THE UNIVERSITY OF MISSISSIPPI
EDUCATIONAL BUILDING CORPORATION
Revenue Bonds, Series 2022
(New Facilities Project)**

INTRODUCTION

THE PURPOSE OF THIS OFFICIAL STATEMENT IS TO SET FORTH CERTAIN INFORMATION IN CONNECTION WITH THE SALE AND ISSUANCE OF \$72,760,000 THE UNIVERSITY OF MISSISSIPPI EDUCATIONAL BUILDING CORPORATION REVENUE BONDS, SERIES 2022 (NEW FACILITIES PROJECT) (THE “SERIES 2022 BONDS”). CERTAIN CAPITALIZED TERMS USED IN THIS OFFICIAL STATEMENT AND NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANINGS SET FORTH IN “APPENDIX B” HERETO.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in this Official Statement, including the cover page and all Appendices hereto, and the documents summarized or described herein. A full review should be made of this entire Official Statement. The offering of the Series 2022 Bonds to potential investors is made only by means of this entire Official Statement.

Authority and Purpose

The Series 2022 Bonds are being issued pursuant to the Act (as defined below) and a resolution of the Board of Directors of The University of Mississippi Educational Building Corporation (the “Corporation”) dated August 22, 2022 and a resolution of the Board of Trustees of State Institutions of Higher Learning of the State of Mississippi (the “Board”) dated August 18, 2022. The Series 2022 Bonds will provide funds (a) to acquire, construct, maintain, enlarge, improve, or equip public buildings, land, and facilities on the main campus of the University of Mississippi (the “University”), including the construction, equipping, and landscaping of an approximately 202,000 gross square foot STEM building on the main campus of the University to be known as the Jim and Thomas Duff Center for Science and Technology Innovation (the “Project”); and (b) to pay the related costs of the issuance, sale and delivery of the Series 2022 Bonds. See “SOURCES AND USES OF FUNDS” and “DESCRIPTION OF PROJECT CONSTRUCTION” herein.

The IHL System and the University

The Board was created to direct the operations of state-supported institutions of higher learning which include the University, Alcorn State University, Delta State University, Jackson State University, Mississippi State University, Mississippi University for Women, Mississippi Valley State University and the University of Southern Mississippi (together, and where appropriate including the related educational building corporations, the “Member Institutions”). The Board and Member Institutions are referred to herein together as the “IHL System.”

Pursuant to Article VIII, Section 213-A, Mississippi Constitution of 1890, and Sections 37-101-1, et seq., Mississippi Code of 1972, as amended, the Board, which is composed of twelve (12) members who appoint a Commissioner of Higher Education who is responsible for administering its policies and decisions, is charged with the management and control of the Member Institutions.

The University, which was organized and incorporated as such an institution pursuant to Sections 37-115-1 et seq., Mississippi Code of 1972, as amended, is under the supervision of the Board.

For purposes of the Lease and all covenants contained therein, the Board and the University are to be treated as one and the same legal entity, and all references to the University in the Lease shall be deemed to be references to the Board.

See “APPENDIX A – ADDITIONAL INFORMATION ABOUT THE IHL SYSTEM AND THE UNIVERSITY.”

The Corporation

The Corporation was created as a public non-profit corporation, known as an educational building corporation, pursuant to a resolution adopted by the Board under the authority of Sections 37-101-61 through 37-101-71, Mississippi Code of 1972, as amended (the “Act”), and was chartered by the State on February 4, 1988. See “THE CORPORATION” herein.

The Corporation has not made and does not intend to make any profit by reason of any business or venture in which it may engage or by reason of the Project, and no part of the Corporation's net earnings, if any, will ever inure to the benefit of any person, firm or corporation, excepting the Board.

The Series 2022 Bonds are being issued under the authority of the Constitution and statutes of the State, including the Act, and by further authority of proceedings duly held by the Corporation and the Board.

The Indenture and Security

The Series 2022 Bonds will be issued under and pursuant to a Trust Indenture, dated as of October 1, 2022 (the “Indenture”), by and between the Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”). The principal of, premium, if any, and interest on any and all of the Series 2022 Bonds are payable solely from the Trust Estate, as defined herein (which includes the rental payments by the Board under the Lease) and funds of the Corporation that are pledged therefor in accordance with the Indenture for the benefit of the owners of the Series 2022 Bonds without priority. The faith, credit, taxing power and moral obligation of neither the Board, the University nor the State are pledged to the payment of the principal of, premium, if any, and interest on any of the Series 2022 Bonds. The Series 2022 Bonds are solely an obligation of the Corporation and not a debt, liability, loan of the credit or pledge of the faith and credit of the University, the Board, the State or of any political subdivision thereof. The Corporation has no taxing power and has only those powers and sources of revenue set forth in the Act.

The revenues that are the source of payment of the Series 2022 Bonds are similar to the revenues that are the source of payment of the Corporation's outstanding bonds and any future bonds of the Corporation and all outstanding bonds issued and any future bonds issued by other educational building corporations for the benefit of other Member Institutions including moneys appropriated by the Mississippi Legislature to the Board. There has been no default in the payment of debt service on the Corporation's outstanding Bonds. See “SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” and Table “OUTSTANDING OBLIGATIONS OF THE CORPORATION AND THE UNIVERSITY” in “APPENDIX A”. The Series 2022 Bonds are not secured by a moral obligation of, or in any other manner by, the State, and there is no reserve fund provided for payment of debt service on the Series 2022 Bonds.

The Series 2022 Bonds are secured by the pledge of the Trust Estate established under the Indenture including the rental payments to be made by the Board under the Lease (as defined herein). All Series 2022 Bonds will be secured equally and ratably by the Trust Estate. Reference is made to the Lease for a description of the obligations of the Board under the Lease and for the covenants of the Board to appropriate moneys from Designated Revenues or from any other legally available source for rental payments under the Lease. Designated Revenues are defined as all unrestricted revenues of the Board which include without limitation, tuition, fees and auxiliary enterprises net of scholarship allowances, sales and services, other

operating revenues (including those of the University), State appropriations and unrestricted net asset balances. See “THE INDENTURE,” “THE SERIES 2022 BONDS,” “SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS,” “THE LEASE” and “APPENDIX A” herein.

Transaction Structure

The Project will be located on the Project Site on the campus of the University. The Corporation will lease the Project Site from the Board and the University pursuant to the Ground Lease. The Board will, in turn, lease the Project Site and the Project back from the Corporation pursuant to the Lease. The Lease shall provide for rental payments to be made by the Board in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2022 Bonds as the same come due. Such rental payments include repayment of the amounts used by the Corporation to fund the Project. Upon retirement of the Series 2022 Bonds, the State, acting by and through the Board, will obtain fee simple title to all property financed with the Bond Proceeds, including any additions to such property, without demand or further action on its part. See “THE GROUND LEASE” and “THE LEASE”.

Risks of Ownership of Series 2022 Bonds

There are certain risks involved in the ownership of the Series 2022 Bonds that should be considered by prospective purchasers. The ability of the Corporation to pay principal of, premium, if any, and interest on the Series 2022 Bonds depends solely upon the receipt of rental payments from the Board, which is obligated under the Lease to make such payments to the Trustee, as assignee of the Corporation, together with investment earnings on certain amounts in the funds and accounts created in the Indenture.

The rental payments will be paid by the Board from Designated Revenues or from any other legally available source as set forth in the Lease. There is no reserve fund to be provided for payment of the debt service on the Series 2022 Bonds. See “INTRODUCTION - Risks to Bondholders.”

Risks to Bondholders

Nothing in the Lease or the Indenture (a) creates a lien of any kind or character whatsoever (i) upon any specific funds, income or revenues (including, but not limited to, Designated Revenues) now existing or hereafter held, collected, received, anticipated by or available to the Board or (ii) upon the Project or (b) limits or prevents the ability of the Board to use or pledge Designated Revenues for the incurrence of additional debt for any of its Member Institutions so long as the Board has made a prior finding that sufficient Designated Revenues exist for the payment of the principal of, premium, if any, and interest on all Bonds issued under the Indenture. Negative financial events occurring with respect to the Board may have an adverse effect on the holders of all Bonds issued under the Indenture.

THE OPERATIONS OF THE BOARD AND ITS MEMBER INSTITUTIONS ARE HEAVILY DEPENDENT ON STATE APPROPRIATIONS. THE BOARD AND MEMBER INSTITUTIONS HAVE NO ASSURANCE THAT THE STATE APPROPRIATIONS TO THE MEMBER INSTITUTIONS WILL CONTINUE AT THE SAME LEVEL AS IN THE PREVIOUS YEARS.

THE SERIES 2022 BONDS ARE SOLELY AND EXCLUSIVELY THE OBLIGATION OF THE CORPORATION PAYABLE SOLELY FROM THE RENTAL PAYMENTS MADE BY THE BOARD UNDER THE LEASE AS DESCRIBED HEREIN. THE SERIES 2022 BONDS ARE NOT OBLIGATIONS OR DEBTS OF THE BOARD, THE STATE OR THE UNIVERSITY, AND DO NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE BOARD, THE UNIVERSITY OR THE STATE. THE CORPORATION HAS NO TAXING POWER.

THE REVENUES THAT ARE THE SOURCE OF THE PAYMENT OF THE SERIES 2022 BONDS ARE SIMILAR TO THE REVENUES THAT ARE THE SOURCE OF PAYMENT OF THE CORPORATION'S OUTSTANDING BONDS AS WELL AS THE OUTSTANDING DEBT OF THE OTHER MEMBER INSTITUTIONS AND ANY FUTURE BONDS INCLUDING MONEYS

APPROPRIATED BY THE MISSISSIPPI LEGISLATURE TO THE BOARD. THERE HAS BEEN NO DEFAULT IN THE PAYMENT OF DEBT SERVICE ON THE CORPORATION'S OUTSTANDING BONDS. IN ADDITION, THERE HAS BEEN NO DEFAULT IN THE PAYMENT OF DEBT SERVICE ON THE BONDS ISSUED BY OTHER EDUCATIONAL BUILDING CORPORATIONS FOR THE BENEFIT OF OTHER MEMBER INSTITUTIONS. SEE "SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" HEREIN AND THE TABLE "MEMBER INSTITUTIONS OUTSTANDING OBLIGATIONS" IN "APPENDIX A".

COVID Risks

Investment in the Series 2022 Bonds involves certain risks, among them, the economic effect of measures taken to limit the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus. The spread of COVID-19 has led to quarantine and other "social distancing" measures in affected areas, including at the Member Institutions, undertaken by governmental agencies, businesses, schools and other entities. The University has been coordinating its response with local public health agencies, as well as the Mississippi Department of Health, and has provided direct communications to the University community and stakeholders. University leadership teams have spent significant hours planning to ensure the safety and well-being of its students, faculty and staff and has offered classes online and through hybrid modalities, limiting campus activities due to social distancing practices to varying degrees through the various phases of the pandemic.

The federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed by Congress on March 27, 2020, allotting \$14 billion to the federal Office of Postsecondary Education as the Higher Education Emergency Relief Fund ("HEERF I"). This fund was established primarily for emergency aid grants to students for expenses related to the disruption of campus operations due to COVID-19 and direct aid to higher education institutions to cover costs associated with the significant changes to the delivery of instruction due to COVID-19. Additionally, \$175 billion was allotted to the Provider Relief Fund that was designated to provide financial support to healthcare providers impacted by COVID-19. The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("CRRSAA") was signed into law on December 27, 2020, which authorized over \$21 billion in the second federal aid disbursement for higher education ("HEERF II"). The third federal aid distribution for higher education support ("HEERF III") was authorized by the American Rescue Plan ("ARP") and signed into law on March 11, 2021, providing an additional \$39.6 billion in support to institutions of higher education to serve students and ensure learning continued during the pandemic. Member Institutions have received significant amounts of funding from these acts, of which most have been recognized in FY 2020 and FY 2021, but IHL System expects to continue to receive funding in FY 2022 and beyond.

Despite the direct financial impact caused by COVID-19 disruptions, the IHL System produced an increase in net position of \$233 million in fiscal year 2021. For fiscal year 2022, general education funding from the State of Mississippi will increase by 8.15% (or \$28 million) and the IHL System expects tuition and auxiliary revenues to be flat.

The continued spread of COVID-19 and its impact on social interaction, travel, commerce and financial markets may adversely impact the IHL System's financial condition and operations, including the ability of the IHL System to conduct its operations and/or the cost of its operations. The continued spread of COVID-19 and its impact on social interaction, travel, commerce, and financial markets could also adversely affect financial markets and consequently adversely affect the returns on and value of the IHL System's investments and the secondary market for and value of the Series 2022 Bonds.

The full impact of COVID-19 and the scope of any adverse impact on the IHL System's finances and operations cannot be fully determined at this time. Other adverse consequences of COVID-19 may

include, but are not limited to, decline in enrollment, postponement or cancellation of athletic events, decline in demand for university housing, parking and dining, and changes in the delivery of healthcare. Although the IHL System cannot predict the duration and effect of the pandemic, the IHL System currently anticipates that the pandemic and related responsive measures will not impair the Board's ability to pay debt service on the Series 2022 Bonds and to comply with the other terms thereof.

Cybersecurity

Despite the implementation of network security measures by the IHL System, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. Universities have recently been subject to such attacks.

The foregoing events or issues could lead to the inadvertent disclosure of protected health information or other confidential information, ransomware attacks holding critical information and operations hostage or could have an adverse effect on the IHL System's ability to provide a continuity of services. Any breach or cyberattack that compromises IHL System data could result in negative press and substantial fines and penalties for violation of federal or state law, particularly compromises of student data, which could be a violation of the Family Education Rights and Privacy Act (FERPA) or similar state privacy laws. Despite efforts of the IHL System, no assurances can be given that the IHL System's measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the IHL System.

Other Information about this Official Statement

This Official Statement speaks only as of its date, and certain information contained herein is subject to change. Copies of the Indenture, the Ground Lease, the Lease and the other documents described herein are available, upon request, and upon payment to the Corporation of a charge for copying, mailing and handling, from Joy T. Shideler, Controller, University of Mississippi, P.O. Box 1848, University, MS 38677, telephone number (662) 915-7200.

There follows in this Official Statement a description of the security and sources of payment for the Series 2022 Bonds and summaries of certain provisions of the Series 2022 Bonds, the Indenture, the Ground Lease, the Lease, and certain provisions of the Act. All discussions of the Act, the Ground Lease, the Lease, and the Indenture are qualified in their entirety by reference to the Act, the Ground Lease, the Lease, and the Indenture, and all discussions of the Series 2022 Bonds are qualified in their entirety by reference to the definitive form of the information with respect to the Series 2022 Bonds contained in the Indenture. Certain additional information about the Member Institutions is set forth in "APPENDIX A – ADDITIONAL INFORMATION ABOUT THE IHL SYSTEM AND THE UNIVERSITY," definitions of certain terms and a summary of certain provisions of the Indenture and the Lease are set forth in "APPENDIX B – DEFINED TERMS AND SUMMARY OF LEASE AND INDENTURE," certain financial information on the Board is set forth in "APPENDIX C – STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING FINANCIAL STATEMENTS – JUNE 30, 2021 AND 2020," the proposed form of opinion of Bond Counsel with respect to the Series 2022 Bonds is set forth in "APPENDIX D - FORM OF OPINION OF BOND COUNSEL," and the form of the Continuing Disclosure Agreement of the Board is set forth in "APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT." Each of the Appendices to this Official Statement is an integral part of this Official Statement and should be read in its entirety by any and all owners or prospective owners of the Series 2022 Bonds.

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THE CORPORATION

The Corporation is a public nonprofit corporation, known as an educational building corporation, created pursuant to resolution of the Board under the authority of the Act. The members of the Board of Directors, who manage all business of the Corporation, serve for one-year terms and receive no compensation.

The current officers and directors of the Corporation are:

President and Director	Steven D. Holley (Vice Chancellor for Administration and Finance of the University)
Treasurer and Director	Joy T. Shideler (Controller of the University)
Secretary and Director	David Whitcomb (General Counsel of the University)

The Act empowers the Corporation, among other things, (a) to acquire, whether by purchase, construction or gift, facilities for one or more institutions of higher learning, and to equip, maintain or improve such facilities; (b) to issue its bonds for said purpose; (c) to lease such project to the Board; and (d) to secure the payment of such bonds through the pledge or the lien on its rights to receive lease payments.

The Corporation has previously issued and may in the future issue bonds to finance and refinance facilities at the University. Each series of bonds issued by the Corporation is payable only from revenues (lease payments) pledged pursuant to the indentures authorizing the issuance of the bonds. (See “SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS” herein).

ALL BONDS PREVIOUSLY ISSUED AND THAT MAY BE ISSUED BY THE CORPORATION ARE PAYABLE FROM DESIGNATED REVENUES WHICH ARE THE SAME SOURCE OF REVENUES AVAILABLE FOR DEBT SERVICE ON THE SERIES 2022 BONDS.

The incorporators, members, directors and officers of the Corporation shall not be personally liable for any costs, losses, damages or liabilities, including payments on the Series 2022 Bonds, caused or incurred by the Corporation in connection with the Indenture.

DESCRIPTION OF PROJECT CONSTRUCTION

The Corporation intends to issue its Series 2022 Bonds in the original aggregate principal amount of \$72,760,000, the proceeds of which will be used, along with other sources of funds available to the University and the Board, to acquire, construct, maintain, enlarge, improve, or equip public buildings, land, and facilities on the main campus of the University, including the construction, equipping, and landscaping of an approximately 202,000 gross square foot STEM building to be known as the Jim and Thomas Duff Center for Science and Technology Innovation (the “Project”), and to pay the related costs of the issuance, sale and delivery of the Series 2022 Bonds. Other sources of funds to be used for the Project include approximately \$51 million of private donations, approximately \$9.2 million of University funds and approximately \$40 million from the State of Mississippi.

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ESTIMATED SOURCES AND USES OF FUNDS

The following is a summary of the estimated sources and uses of the proceeds of the Series 2022 Bonds which proceeds will be used for the construction of the Project and to pay certain necessary expenses incidental thereto. See “DESCRIPTION OF PROJECT CONSTRUCTION” herein.

<u>Sources of Funds</u>	<u>Series 2022</u>
Par Amount of Bonds	\$72,760,000.00
Net Original Issue Premium	<u>3,000,259.15</u>
Total Sources	\$75,760,259.15
<u>Uses of Funds</u>	
Deposit to Series 2022 Construction Account	\$75,000,000.00
Deposit to Series 2022 Costs of Issuance Account	305,951.91
Underwriter's Discount	<u>454,307.24</u>
Total Uses	\$75,760,259.15

THE SERIES 2022 BONDS

Terms of the Series 2022 Bonds

The Series 2022 Bonds shall be registered as to both principal and interest; shall be dated the date of issuance and delivery thereof; shall be issued in the denomination of \$5,000 each, or integral multiples thereof; shall be numbered from one upward in the order of issuance; shall bear interest from the date thereof at the rate or rates specified on the inside front cover of this Official Statement, payable on April 1, 2023, and semiannually thereafter on October 1 and April 1 of each year; and shall mature and become due and payable, with option of prior payment, on October 1 in the principal amounts and on the dates set forth on the inside front cover of this Official Statement.

Redemption of the Series 2022 Bonds

(a) Optional Redemption. The Series 2022 Bonds maturing on or after October 1, 2033, are subject to optional redemption prior to their respective maturities on and after October 1, 2032, at the election of the Corporation, in whole or in part on any date in the manner provided in the Indenture, at a redemption price of 100% of the principal amount thereof (expressed as a percentage of the principal amount or portion thereof to be redeemed) plus accrued interest, if any, to the date of redemption.

If less than all of the Outstanding Series 2022 Bonds are to be redeemed pursuant to the Indenture, the principal amount and maturity to be redeemed shall be selected by the Corporation. If less than all of the Outstanding Series 2022 Bonds of a particular maturity are to be redeemed, such redemption shall be on a pro rata basis in whole multiples of \$5,000. While DTC is the registered owner of the Series 2022 Bonds, partial redemptions (including any sinking fund payments) of the Series 2022 Bonds of a particular maturity will be determined in accordance with DTC's pro rata pass-through distribution of principal procedures or such other DTC procedures as in effect at the time of any such partial redemption.

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(b) Mandatory Sinking Fund Redemption. The Series 2022 Bonds maturing on October 1, 2047, shall be subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest, if any, thereon to the redemption date, on October 1 in the years and in the principal amounts (after credit as provided below) as follows:

Year	Principal Amount
2043	\$2,865,000
2044	3,010,000
2045	3,165,000
2046	3,330,000
2047 [†]	3,500,000

[†]Final maturity.

Not less than 30 or more than 60 days prior to each such scheduled mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption, by lot, Series 2022 Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2022 Bonds or portions thereof for redemption on such scheduled mandatory sinking fund redemption date; provided, however, that the Corporation may, upon Written Direction (as defined herein) delivered to the Trustee not less than 60 days prior to such scheduled mandatory sinking fund redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2022 Bonds scheduled for redemption on such date: (a) the principal amount of Series 2022 Bonds maturing on October 1, 2047, delivered by the Corporation to the Trustee for cancellation and not previously claimed as a credit; (b) the principal amount of Series 2022 Bonds maturing on October 1, 2047, previously redeemed (other than pursuant to this provision) and not previously claimed as a credit; and (c) the principal amount of Series 2022 Bonds maturing on October 1, 2047, which have been otherwise deemed “fully paid” and not previously claimed as credit.

The Series 2022 Bonds maturing on October 1, 2052, shall be subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest, if any, thereon to the redemption date, on October 1 in the years and in the principal amounts (after credit as provided below) as follows:

Year	Principal Amount
2048	\$3,670,000
2049	3,840,000
2050	4,015,000
2051	4,200,000
2052 [†]	4,395,000

[†]Final maturity.

Not less than 30 or more than 60 days prior to each such scheduled mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption, by lot, Series 2022 Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2022 Bonds or portions thereof for redemption on such scheduled mandatory sinking fund redemption date; provided, however, that the Corporation may, upon Written Direction (as defined herein) delivered to the Trustee not less than 60 days prior to such scheduled mandatory sinking fund redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2022 Bonds scheduled for redemption on such date: (a) the principal amount of Series 2022 Bonds maturing on

October 1, 2052, delivered by the Corporation to the Trustee for cancellation and not previously claimed as a credit; (b) the principal amount of Series 2022 Bonds maturing on October 1, 2052, previously redeemed (other than pursuant to this provision) and not previously claimed as a credit; and (c) the principal amount of Series 2022 Bonds maturing on October 1, 2052, which have been otherwise deemed “fully paid” and not previously claimed as credit.

FUTURE DEBT SERVICE

At this time, the Corporation has no current plans to issue additional bonds in Fiscal Year 2023. From time to time, other Member Institutions issue bonds for new construction projects payable from sources of revenue similar to the revenues paying the debt service on the Series 2022 Bonds. The University of Mississippi and other fellow member institutions have projects that are in the planning phase; however, no projects that require bond financing have come before the Board for approval at this time.

BOOK-ENTRY ONLY SYSTEM

The information provided under this caption has been provided by DTC. No representation is made by the Corporation, the Underwriters or the Trustee as to the accuracy or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Series 2022 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022 Bond (“Beneficial Owner”) is in turn to be recorded on the

Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2022 Bond documents. For example, Beneficial Owners of Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2022 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and principal and interest payments on the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2022 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Trustee, or Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Corporation or Trustee, disbursement of such payments to

Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to Corporation or Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2022 Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor bonds depository). In that event, Series 2022 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

THE CORPORATION, THE TRUSTEE AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2022 BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE SERIES 2022 BONDS; (ii) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2022 BONDS; OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE SERIES 2022 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR DIRECT OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE CORPORATION, THE TRUSTEE NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE SERIES 2022 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (3) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR PREMIUM, IF ANY, ON THE SERIES 2022 BONDS; (4) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2022 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

So long as Cede & Co. is the registered holder of the Series 2022 Bonds as nominee of DTC, references herein to the Holders, holders, or registered owners of the Series 2022 Bonds mean Cede & Co. and not the Beneficial Owners of the Series 2022 Bonds.

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SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS

Under the Indenture, the Corporation has pledged all of its right, title and interest in and to the Lease as security for the payment of principal of, premium, if any, and interest on the Series 2022 Bonds. Under the Lease, the Board covenants to pay rental payments equal to the debt service on the Series 2022 Bonds utilizing Designated Revenues. The Board covenants in the Lease that it shall take all such actions as may be necessary to include all rental payments and other amounts due under the terms of the Lease in the annual budget of the University and to provide for periodic appropriations for all such payments from Designated Revenues. See “THE LEASE - Covenant to Appropriate Designated Revenues; Limitation on Source of Board Payments” herein. Such rental payments include repayment of the amounts used by the Corporation to fund the Project.

NOTHING IN THE LEASE OR THE INDENTURE CREATES A LIEN ON DESIGNATED REVENUES OR OTHER REVENUES RECEIVED BY THE CORPORATION OR PROHIBITS THE USE OR PLEDGE OF SUCH DESIGNATED REVENUES OR OTHER REVENUES TO PAY OTHER EXISTING OR FUTURE OBLIGATIONS OF THE BOARD OR THE UNIVERSITY. THE USE OF DESIGNATED REVENUES OR OTHER REVENUES TO PAY RENTAL PAYMENTS UNDER THE LEASE SHALL HAVE EQUAL PRIORITY WITH OTHER CLAIMS AGAINST THE EXPENDITURE OF DESIGNATED REVENUES OR OTHER REVENUES OF THE BOARD.

The Board has from time to time, authorized and is expected in the future to authorize other educational building corporations to issue bonds for the benefit of other Member Institutions. See Table “MEMBER INSTITUTIONS OUTSTANDING OBLIGATIONS” in “APPENDIX A.” At this time, the Board has no current plans to authorize the Corporation to issue additional bonds. The Board covenants in the Lease that if Designated Revenues are at any time insufficient to satisfy the Board's obligations under the Lease, the Board will provide amounts from any other legally available source and will then allocate the same to cure said insufficiency. See “THE LEASE – Covenant to Appropriate Designated Revenues; Limitation on Source of Board Payments” and See Table “MEMBER INSTITUTIONS OUTSTANDING OBLIGATIONS” in “APPENDIX A” for a list of such other bonds issued by educational building corporations authorized by the Board and which were outstanding as of October 1, 2022.

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The following table provides all Designated Revenues available to the Board:

Member Institutions Designated Revenues⁽¹⁾ and Fund Balance⁽²⁾

Year ending June 30	2017	2018	2019	2020	2021
Tuition & Fees (net) ⁽³⁾	\$585,081,568	\$606,693,893	\$620,658,969	\$620,923,011	\$613,221,706
Sales & Services	60,369,071	62,469,346	66,708,030	57,514,245	57,399,481
Auxiliary Enterprises (net)	300,085,021	293,824,703	296,965,608	272,846,066	298,444,150
Other ⁽⁴⁾	<u>45,829,086</u>	<u>41,072,784</u>	<u>53,384,691</u>	<u>52,735,117</u>	<u>55,455,591</u>
Sub-Total	\$991,364,746	\$1,004,060,726	\$1,037,717,298	\$1,004,018,439	\$1,024,520,928
State Appropriations ⁽⁵⁾	\$490,804,883	\$460,659,547	\$461,013,005	\$477,248,168	\$465,521,243
Unrestricted Net Assets Fund Balance ⁽⁶⁾	<u>\$0⁷</u>	<u>\$0⁷</u>	<u>\$0⁷</u>	<u>\$0⁷</u>	<u>\$0⁷</u>
Total	<u>\$1,482,169,629</u>	<u>\$1,464,720,273</u>	<u>\$1,498,730,303</u>	<u>\$1,481,266,607</u>	<u>\$1,490,042,171</u>

⁽¹⁾ Designated Revenues means all unrestricted revenues of the Board which include without limitation, tuition, fees and auxiliary enterprises net of scholarship allowances, sales and services, other operating revenue, State appropriations and unrestricted net asset balances as defined in the Lease.

⁽²⁾ The numbers in this Table include the Member Institutions (but exclude the University of Mississippi Medical Center and the Board's executive office which have separate sources of revenues including State appropriations).

⁽³⁾ Net of scholarship allowances in the form of reduced tuitions.

⁽⁴⁾ Includes federal appropriations; other operating revenues; and interest earned on loans to students.

⁽⁵⁾ For further information regarding the State Appropriations, see pg. 13 and 125 of "APPENDIX C - STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING FINANCIAL STATEMENTS – JUNE 30, 2021 AND 2020".

⁽⁶⁾ Fund balance represented are Unrestricted Funds.

⁽⁷⁾ The Unrestricted Net Assets Fund Balance was \$(527,527,704) for FY 2017, \$(685,017,873) for FY 2018, \$(616,469,699) for FY 2019, \$(572,666,659) for FY 2020, and \$(447,531,102) for FY 2021, and therefore, did not contribute to total Designated Revenues for FY 2017, 2018, 2019, 2020, and 2021. The decline in the Unrestricted Net Assets Fund Balance for FY 2017, FY 2018, FY 2019, FY 2020, and FY 2021 is a result of the implementation of the requirements of GASB-68.

Source: IHL System Reports (Table Provided by IHL)

In addition to the revenues noted in the table above, the University of Mississippi Medical Center ("UMMC") has additional sources of revenue for the rental payments securing its educational building corporation debt, which consists primarily of additional state appropriations and self-generated operating revenue.

UMMC Designated Revenues⁽¹⁾ and Fund Balance⁽²⁾

Year ending June 30	2017	2018	2019	2020	2021
Tuition & Fees (net) ⁽³⁾	\$28,376,134	\$30,649,703	\$32,162,142	\$35,101,701	\$37,126,132
Sales & Services	1,006,197	1,076,268	-	768,097	1,251,696
Auxiliary Enterprises (net)	4,118,609	3,961,204	2,992,523	2,800,760	2,497,951
Patient and Other Operating Revenues ⁽⁴⁾	<u>1,110,570,748</u>	<u>1,152,526,313</u>	<u>1,215,424,331</u>	<u>1,257,339,908</u>	<u>1,259,966,810</u>
Sub-Total	\$1,144,071,688	\$1,188,213,488	\$1,250,578,996	1,296,010,466	\$1,300,842,589
State Appropriations ⁽⁵⁾	\$172,520,882	\$160,893,448	\$158,489,701	172,614,750	\$167,469,574
Unrestricted Net Assets Fund Balance ⁽⁶⁾	<u>\$0⁷</u>	<u>\$0⁷</u>	<u>\$0⁷</u>	<u>\$0⁷</u>	<u>\$0⁷</u>
Total	<u>\$1,316,592,570</u>	<u>\$1,349,106,936</u>	<u>\$1,409,068,697</u>	<u>\$1,468,625,216</u>	<u>\$1,468,312,163</u>

⁽¹⁾ Designated Revenues means all unrestricted revenues of the Board which include without limitation, tuition, fees and auxiliary enterprises net of scholarship allowances, sales and services, other operating revenue, State appropriations and unrestricted net asset balances as defined in the Lease.

⁽²⁾ The numbers in this Table only include the University of Mississippi Medical Center.

⁽³⁾ Net of scholarship allowances in the form of reduced tuitions.

⁽⁴⁾ Includes patient revenues; other operating revenues; and interest earned on loans to students.

⁽⁵⁾ The State appropriation for the Medical Center for FY 2020 and FY 2021 was \$172,873,959 and \$167,469,574, respectively.

⁽⁶⁾ Fund balance represented are Unrestricted Funds.

⁽⁷⁾ The Unrestricted Net Assets Fund Balance was \$(610,823,133) for FY 2017, \$(790,582,248) for FY 2018, \$(851,840,759) for FY 2019, \$(963,735,264) for FY 2020, and \$(946,111,132) for FY 2021, and therefore, did not contribute to total Designated Revenues for FY 2017, FY 2018, FY 2019, FY 2020, and FY 2021. The decline in the Unrestricted Net Assets Fund Balance for FY 2017, FY 2018, FY 2019, FY 2020, and FY 2021 is a result of the implementation of the requirements of GASB-68.

Source: IHL System Reports (Table Provided by IHL)

All appropriations from the State Legislature made for the use of the eight Member Institutions, including the Board, are received by the Board with the power and authority in the Board to allocate and distribute such funds among the Member Institutions under its control in the way and manner and in such amounts as will further an efficient and economical administration of the Member Institutions. Each Member Institution is responsible for collecting and investing the tuition, fees, and other revenues generated by each such Member Institution, and budgeting such amounts along with the allocation received from the Board from State legislative appropriations, for the expenses of the institution for each fiscal year. Each Member Institution's budget and any budget amendments are subject to approval by the Board.

For the State's fiscal year 2023, total State appropriations for the IHL System equals approximately \$856 million. See "APPENDIX A – ADDITIONAL INFORMATION ABOUT THE IHL SYSTEM AND THE UNIVERSITY." This State legislative appropriation amount does not include bond project funds.

THE GROUND LEASE

The Board, pursuant to the authority of the Act, is authorized and empowered to enter into lease agreements with nonprofit educational building corporations for the lease of land and facilities to said nonprofit corporations for the purpose of renovating, improving, repairing, equipping and constructing public buildings to be leased to and made available to the Board.

Under the terms of the Ground Lease, the Corporation has leased from the Board and the University the Project Site for a period commencing on the Closing Date, and ceasing upon the payment of the Series 2022 Bonds at maturity, upon acceleration or otherwise, in accordance with the provisions of the Indenture, or upon the defeasance of the lien of the Indenture, as such is described therein, whichever shall occur first. Upon the termination of the Ground Lease, all rights of the Corporation, or any other person or entity holding through the Corporation, in and to the Project Site shall cease, and the Corporation shall cause the Trustee to release from the lien of the Indenture any interest which it may have in the Project Site. As long as the lien of the Indenture remains uncanceled of record, the Ground Lease shall continue in full force and effect and no merge of title among the Ground Lease, the Lease and other documents shall occur.

THE LEASE

The following is a summary of certain provisions of the Lease. This summary does not purport to be comprehensive or definitive. All references herein to the Lease are qualified in their entirety by reference to such document, a copy of which may be obtained upon written request from the Corporation. See "APPENDIX B - DEFINED TERMS AND SUMMARY OF LEASE AND INDENTURE" for a summary of additional provisions of the Lease.

Lease of the Project and Project Site

Under the provisions of the Lease, the Corporation leases and lets to the Board and the Board leases and lets from the Corporation, subject to the conditions contained in the Lease, (a) the Project Site, subject to the provisions of the Ground Lease, as the same may be revised, amended and supplemented and (b) the Project. It is not intended that there shall be any merger of title or estates by the leasing of the Project Site and the Project to the Board.

Disbursements from the Construction Fund

The Corporation authorizes and directs in the Indenture that the Trustee apply the moneys in the Accounts within the Construction Fund for the following purposes only:

(a) From the Series 2022 Construction Account all capital expenditures relating to the Project, provided that reimbursements of advances and payments made prior to the delivery of the Series 2022 Bonds shall be made from the Series 2022 Construction Account only to the extent permitted by Section 1.150-2 of the United States Treasury Regulations, as the same may be amended, supplemented or superseded.

(b) From the Series 2022 Costs of Issuance Account, payment of the Costs of Issuance of the Series 2022 Bonds.

Pursuant to the provisions of the Indenture, payments from the amounts on deposit in the Accounts within the Construction Fund for the purposes referenced under this subheading shall be made only with the written approval of an Authorized Board Representative, which approval shall not be unreasonably withheld, and upon the presentation to the Trustee of a requisition signed by an Authorized Corporation Representative, specifying the amount to be disbursed, the Account from which the disbursement shall be made, and the name and address of the payee. In the Lease the Corporation agrees to comply with provisions of all certificates executed in connection with the issuance of the Series 2022 Bonds (including, but not limited to the "Federal Tax Certificate" of the Corporation) in designating payments to be made from Accounts within the Construction Fund.

Upon the filing with the Trustee of a certificate executed on behalf of the Board by an Authorized Board Representative and on behalf of the Corporation by an Authorized Corporation Representative, certifying that the Project has been completed to the satisfaction of the Board and the Corporation, respectively, the amounts necessary to pay any unpaid costs referenced above under this subheading shall be set aside for such purpose, and the remainder, if any, in the Accounts within the Construction Fund shall be deposited in the Bond Fund by the Trustee and applied to the payment of the Series 2022 Bonds as provided in the Indenture.

The Board and the Corporation agree in the Lease to cooperate in furnishing to the Trustee any documents referred to above that are required to effect payments out of the Accounts within the Construction Fund and agree to cause such orders to be directed to the Trustee as may be necessary to effect payments out of the Accounts within the Construction Fund in accordance with the terms of the Indenture. Such obligation is subject to any provisions of the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Accounts within the Construction Fund available for payment under the terms of the Indenture. The Board further agrees in the Lease to cooperate with the Corporation in order that the Corporation may comply fully with the requirements of the Indenture.

Amount and Timing of Rental Payments

The Board covenants and agrees in the Lease that it shall pay for the account of the Corporation, as rental payments for the Project Site and the Project, the following amounts:

(a) Not less than three (3) Business Days prior to the date on which principal, premium, if any, and interest payments are due pursuant to the provisions of the Indenture with respect to the Series 2022 Bonds, a sum which, together with any funds in the Bond Fund on such date, will equal to the amount of such principal, premium, if any, and interest then due on the Series 2022 Bonds. Rental payments under this paragraph (a) shall be paid by the Board directly to the Trustee for the account of the Corporation.

(b) Upon receipt of an invoice therefor, the Board shall pay to the applicable party, all taxes of whatever nature, if any, that may be imposed upon the Project Site, the Project, the Corporation, the Board, their property, operations or income, whether by federal, state or local government, and including every governmental charge (including any special assessments for

public improvements at or near the Project Site) whether for services rendered or not, which the Corporation or the Board is required or may be required by law to pay with respect to the Project Site and the Project.

(c) Upon being presented with evidence of payment by the Corporation or the Trustee, the Board shall pay to the Corporation or the Trustee amounts sufficient to reimburse the Corporation or the Trustee for all amounts and expenses if and when paid by the Corporation or the Trustee for and on behalf of the Board as may be required or allowed under the Lease (other than payments made from amounts on deposit in the Construction Fund).

(d) The Board shall pay as supplemental rent all governmental impositions, expenses, liabilities, obligations and other payments of whatever nature which the Board has agreed to pay or assume under the provisions of the Lease. The supplemental rent payable under this paragraph (d) shall be payable within twenty (20) days after receipt of a statement therefor from the Trustee or other payee and such payment shall be made directly to the Trustee or such payee, as applicable.

(e) The Board shall timely pay any amounts required to be paid as rebate to the United States of America as provided in the Federal Tax Certificate.

Covenant to Appropriate Designated Revenues; Limitation on Source of Board Payments

The Board covenants in the Lease that it shall take all such actions as may be necessary to include all rental payments and other amounts due under the terms of the Lease in the annual budget of the University and to provide for periodic appropriations for all such payments from Designated Revenues. The Board further covenants and agrees in the Lease that at all times when appropriation legislation is prepared by it for consideration in each successive session of the Mississippi Legislature, it will cause to be included in all such appropriation legislation proposed and submitted by it for the University sufficient amounts (over and above all other requirements of the University) to ensure that there are amounts available to satisfy all rental payments and other amounts due under the terms of the Lease so as to provide that the aggregate of each such appropriation will provide funds sufficient for all payments in respect of the Series 2022 Bonds as required by the Indenture. If, at any time, the budget for the University does not include amounts sufficient to satisfy all rental payments and other amounts due under the terms of the Lease in its fiscal year budget, which budget is subject to annual review and approval by the Board, the Board covenants in the Lease that it shall include in such budget sufficient amounts (over and above all other requirements of the University) to ensure that there are amounts available to satisfy all rental payments and other amounts due under the Lease so as to provide that each budget of the University will provide for sufficient funds for payments in respect of the Series 2022 Bonds as required by the Indenture. The Board further covenants in the Lease that if Designated Revenues are at any time insufficient to satisfy the Board's obligations under the Lease, the Board will provide amounts from any other legally available source and will then allocate the same to cure said insufficiency.

Notwithstanding the foregoing, it is the intent of the Board that all amounts to be paid by the Board under any section of the Lease, except the section which addresses prepayment of rental payments, shall be paid solely from Designated Revenues. The Board, however, shall not be restricted from making any payment for which it is obligated to make under the Lease from any other legally available revenue source.

The Series 2022 Bonds are solely and exclusively the obligation of the Corporation, but recourse against the Corporation may not be had except as provided in the Lease and the Indenture and, except as provided in the Lease or in the Indenture, may not be had against any asset held by the Corporation. The Series 2022 Bonds are neither an obligation nor a debt of the Board, the University or the State and do not constitute a pledge of the full faith or credit of the Board, the University or the State. Further, the Series

2022 Bonds do not constitute a debt of the University. Nothing in the Lease (a) creates a lien of any kind or character whatsoever upon any specific funds, income or revenues (including, but not limited to, Designated Revenues) now existing or hereafter held, collected, received, anticipated by or available to the Board or (b) limits or prevents the ability of the Board to use or pledge Designated Revenues for the incurrence of debt so long as the Board has made a prior finding that sufficient Designated Revenues exist for the payment of the principal of, premium, if any, and interest on the Series 2022 Bonds.

Obligation of Board Unconditional Under the Lease; Corporation Must Cooperate in Legal Actions

The obligations of the Board to make the rental payments required in the Lease and to perform and observe the other agreements on its part contained in the Lease shall be absolute and unconditional, regardless of the continued existence of the Project in a physical condition satisfactory to the Board, and regardless of any finding that the Ground Lease is invalid or unenforceable for any reason. Until such time as the principal of, premium, if any, and interest on the Series 2022 Bonds shall have been fully paid or provided for as provided in the Indenture, the Board (a) shall not diminish, suspend or discontinue any payments provided for in the Lease, (b) shall perform and observe all of its other agreements contained in the Lease, and (c) shall not terminate the Lease for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, condemnation, destruction of or damage to the Project, frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Corporation to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Lease, or the invalidity or unenforceability of the Ground Lease. Nothing contained under this subheading or in the Lease shall be construed to release the Board from the performance of any of the agreements on its part contained in the Lease; and pursuant to the Lease, in the event the Corporation shall fail to perform any such agreement on its part, the Board may institute such action against the Corporation as the Board may deem necessary to compel performance or recover its damages for nonperformance so long as such action shall not do violence to the agreements on the part of the Board contained in the two (2) preceding sentences. The Board may, however, at its own cost and expense and in its own name or in the name of the Corporation, prosecute or defend any action or proceeding or take any other action involving third persons which the Board deems reasonably necessary in order to secure or protect its rights of possession, occupancy and use under the Lease, and in such event the Corporation agrees in the Lease to cooperate fully with the Board and to take all action necessary to effect the substitution of the Board for the Corporation in any such action or proceeding if the Board shall so request.

Board's Right to Possession

At all times during the term of the Lease, the Board shall have the full right of possession of the Project Site and the Project, subject only to Permitted Encumbrances, the right of access by the Corporation and its agents for the inspection from time to time of the Project Site and the Project, and the provisions of the Lease regarding available remedies upon an Event of Default thereunder; provided, however, at the end of the term of the Lease, the Project Site and the Project shall become the sole property of the Board and title to the same shall vest in the State, and the same shall be free and clear of the terms and provisions of the Lease.

THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to such document, a copy of which may be obtained upon written request from the Corporation. See "APPENDIX B - DEFINED TERMS AND SUMMARY OF LEASE AND INDENTURE" for a summary of further provisions of the Indenture.

Assignment and Pledge

Under the Indenture, the Corporation grants, warrants, assigns and pledges unto the Trustee, and unto its successors in trust, and to its assigns forever, all of the Corporation's estate, right, title and interest in, to and under any and all of the following described rights and interests (the "Trust Estate"):

(a) All right, title and interest of the Corporation, in, to and under the Ground Lease and the Lease, as either may from time to time have been or be amended and supplemented, including, but not limited to, the immediate and continuing right to receive and collect all rents, income, revenues, issues, profits, insurance proceeds, moneys and security payable or receivable under the Ground Lease or the Lease or pursuant to any of the provisions thereof (except sums payable as supplemental rent pursuant to the Lease and sums payable directly to any person other than the Corporation or the Trustee thereunder); the Corporation, however, to remain liable to observe and perform all of the conditions and covenants in the Lease provided to be observed and performed by it.

(b) All rents, income, revenues, issues and profits derived by the Corporation from the Project and the present and continuing right to make claim for, collect, receive and receipt for any or all such rents, income, revenues, issues and profits arising therefrom or in connection therewith except for amounts payable as rebate to the United States of America as required by the Federal Tax Certificate.

(c) All property rights which are, by the express provisions of the Indenture required to be subject to the lien thereof and any additional property rights that may, from time-to-time hereafter, by delivery or by writing of any kind, be subjected to the lien thereof, by the Corporation or by anyone on its behalf, and the Trustee is authorized by the Indenture to receive the same at any time as additional security thereunder.

(d) All money and investments held or required to be deposited in each of the funds established under the Indenture.

(e) All rents, income, revenues, issues and profits derived by the Corporation from the Trust Estate pursuant to (a) through (d) above.

Establishment of Funds

The following special funds are established with the Trustee under the Indenture:

(a) The Bond Fund, which shall be used only for the payment of principal of, premium, if any, and interest on the Series 2022 Bonds, so long as any of the Series 2022 Bonds remain Outstanding. Amounts received by the Trustee for payment of interest and payments of principal, whether at maturity or upon redemption, and payments of premium, if any, on the Series 2022 Bonds, shall be deposited into the Bond Fund.

(b) The Construction Fund, which shall be used to pay costs of the Project and Costs of Issuance of the Series 2022 Bonds, all as provided in the Lease. The Indenture creates a Costs of Issuance Account within the Construction Fund.

(c) The Rebate Fund shall be maintained with the Trustee and used to make all rebate payments in regard to the Series 2022 Bonds owed to the United States of America under the Code as more fully set forth in the Federal Tax Certificate.

Each of said funds shall be held as a special trust account separate and apart from all other funds and accounts of the Corporation or the Board.

Application of Bond Proceeds

The proceeds of the Series 2022 Bonds, net of Underwriter's discount, shall be deposited (a) in the Series 2022 Costs of Issuance Account within the Construction Fund and used to pay the Costs of Issuance of the Series 2022 Bonds, and (b) in the Series 2022 Construction Account within the Construction Fund and used to pay a portion of the costs of the Project. See "SOURCES AND USES OF FUNDS".

Upon the delivery of any Additional Bonds, the proceeds thereof shall be deposited as provided in the Supplemental Indenture authorizing the execution and delivery thereof.

Application of Rental Payments

(a) All rental payments paid by the Board under the Lease shall be paid to the Trustee for deposit in the Bond Fund and therein held and applied by the Trustee for the payment of principal of, premium, if any, and interest on the Series 2022 Bonds (and all Additional Bonds, if any) without priority or distinction from time to time as the same become due. All rental payments paid by the Board under the Lease shall be paid directly to the Corporation or the Trustee, as applicable. All supplemental rental payments paid by the Board under the Lease shall be paid to the Trustee or to such other person as provided in the Lease.

(b) The Trustee shall cause Advance Rentals paid by the Board pursuant to the Lease to be deposited (1) into the Bond Fund in the event of a current refunding of any Outstanding Bonds not requiring the establishment of a defeasance escrow, and (2) into an escrow fund to be established with the Trustee or other approved financial institution as provided in the Indenture in the event of an advance refunding (or a current refunding requiring the establishment of a defeasance escrow) of any Outstanding Bonds.

(c) The Trustee shall deposit rental payments of amounts required to be rebated to the United States into the Rebate Fund.

Application of Moneys in the Bond Fund

The Trustee shall, without further instruction, apply moneys in the Bond Fund, including but not limited to moneys transferred to the Bond Fund from the Construction Fund upon completion of the Project, to the payment of currently maturing interest on the Series 2022 Bonds and of principal thereof and premium, if any, when due at maturity or earlier redemption.

Application of Moneys in the Construction Fund

Moneys in the Construction Fund shall be held and paid out by the Trustee in accordance with the provisions of the Indenture and the Lease.

Application of Moneys in the Rebate Fund

Moneys in the Rebate Fund shall be used to make any rebate payments required to be made to the United States of America under the Code. The Rebate Fund shall be held for the sole benefit of the United States of America and is not pledged under the Indenture. Moneys required to be paid to the United States of America shall be deposited in the Rebate Fund by the Corporation as additional rent under the Lease as required thereby and by the Indenture.

Payment of Principal, Premium, If Any, and Interest

The Corporation covenants in the Indenture that it will promptly pay the principal of, premium, if any, and interest on every Series 2022 Bond issued under the provisions of the Indenture at the places, on the dates and in the manner provided therein and in said Series 2022 Bonds. The principal of, premium, if any, and interest are payable only from amounts on deposit in the Bond Fund arising principally from rental

payments accruing to the Corporation under the Lease, which payments are pledged by the Indenture to the payment of principal of, premium, if any, and interest on the Series 2022 Bonds. The Corporation will not, directly or indirectly, extend or assent to the extension of the time for the payment of any claim for principal, premium, if any, and interest on any of the Series 2022 Bonds.

Covenant as to Adequacy of Payments

The Corporation covenants in the Indenture, subject to the investment provisions of the Indenture, that the rental payments for the Project in each year will, in the aggregate, produce amounts which will be sufficient (a) to pay all expenses of the Corporation during such year and (b) to make all payments which the Trustee is obligated to set aside in the Bond Fund.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and decisions, as presently interpreted and construed, and based on the assumptions described below, and subject to the exceptions, conditions and limitations described below, (i) interest on the Series 2022 Bonds earned by the respective owners thereof is excludable from gross income for federal income tax purposes pursuant to the Code, (ii) interest on the Series 2022 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

In the opinion of Bond Counsel, interest on the Series 2022 Bonds earned by the owners thereof is exempt from the State of Mississippi income taxes.

Bond Counsel will not address or opine with respect to any other federal, state or local tax consequences arising with respect to the Series 2022 Bonds. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2022 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Certain Ongoing Federal Tax Requirements and Covenants

The Code includes certain restrictions, conditions and requirements, compliance with which subsequent to issuance of the Series 2022 Bonds is necessary in order that interest on the Series 2022 Bonds be (and continue to be) excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. In rendering its opinion, Bond Counsel will assume continuous compliance with all provisions of the Code, compliance with which subsequent to the date of issuance of the Series 2022 Bonds is necessary in order that interest on the Series 2022 Bonds be and continue to be excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. In the Lease and the Indenture, the Corporation, and, in some instances, the Board have covenanted to comply with each such requirement, and failure of the Corporation or the Board to comply with such requirements may cause interest on the Series 2022 Bonds to be includable in gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2022 Bonds.

Certain Collateral Federal Tax Consequences

The following is a brief of discussion of certain collateral federal income tax matters with respect to the Series 2022 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2022 Bond. Prospective investors, particularly those who may be subject

to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2022 Bonds.

Branch Profits Tax. Interest on the Series 2022 Bonds earned by certain foreign corporations doing business in the United States of America may be subject to the branch profits tax imposed by Section 884 of the Code.

S Corporations. Interest on the Series 2022 Bonds will be includable in calculating the tax on “excess net passive income” imposed by Section 1375 of the Code on certain Subchapter S corporations that have Subchapter C earnings and profits.

Social Security and Railroad Retirement Benefits. Interest on the Series 2022 Bonds held by persons who also receive Social Security or Railroad Retirement Benefits may have the effect of subjecting part of such benefits to federal income taxation.

Insurance Companies. Pursuant to Section 832 of the Code, deductible underwriting losses of property and casualty insurance companies will be reduced by 15 percent of the amount of interest earned on the Series 2022 Bonds. (If the amount of the reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income).

Original Issue Discount Bonds. The initial public offering price of Series 2022 Bonds maturing October 1, 2037 through and including October 1, 2042 and October 1, 2052 (collectively, the “Discounted Bonds”) is less than the principal amount of such Series 2022 Bonds payable at maturity. The difference between the Issue Price, as defined below, of each Discounted Bond and the amount payable at maturity is original issue discount. The Issue Price for each Series 2022 Bond’s maturity is the first price at which a substantial amount of such Series 2022 Bond maturity is sold to the public.

Under Section 1288 of the Code of 1986 original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discounted Bond during any accrual period generally equals (i) the issue price of such Discounted Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discounted Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such Discounted Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in such Discounted Bond. Purchasers of any Series 2022 Bond at an original issue discount should consult their tax advisor’s regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Discounted Bond.

Original Issue Premium. The Series 2022 Bonds maturing October 1, 2023 through and including October 1, 2036 and October 1, 2047, (collectively, the “Premium Bonds”) have an Issue Price that is greater than the amounts payable at maturity of such Premium Bonds. An amount equal to the excess of the Issue Price of a Series 2022 Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the Premium Bond’s yield to maturity. As premium is amortized, the purchaser’s basis in such Premium Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes

on sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Series 2022 Bond at a premium, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to tax consequences of owning such Premium Bond, including, but not limited to the federal, state and local tax consequences of owning such Premium Bond.

Future Federal Legislation

Legislation which may affect the tax consequences of owning municipal bonds is constantly being considered by the United States Congress. There can be no assurance that legislation enacted after the date of issuance of the Series 2022 Bonds will not adversely affect the tax consequences of owning the Series 2022 Bonds, the exclusion of interest on the Series 2022 Bonds from gross income for federal income tax purposes or the market price of the Series 2022 Bonds.

RATINGS

Moody's Investors Service, Inc. has assigned a long-term rating of "Aa2" (stable outlook) to the Series 2022 Bonds based on certain information regarding the Board provided to such rating agency by the Board and the Corporation. Such rating reflects the views of only such rating agency and is not a recommendation to buy, sell or hold the Series 2022 Bonds.

Fitch Ratings, Inc. ("Fitch") has assigned a long-term rating of "AA" (stable outlook) to the Series 2022 Bonds based on certain information regarding the Board provided to such rating agency by the Board and the Corporation. Such rating reflects the views of only such rating agency and is not a recommendation to buy, sell or hold the Series 2022 Bonds.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2022 Bonds.

CONTINUING DISCLOSURE

The Board will enter into a continuing disclosure agreement with the Trustee (the "Continuing Disclosure Agreement") at the time of the closing for the Series 2022 Bonds. The Continuing Disclosure Agreement will be executed for the benefit of the beneficial owners of the Series 2022 Bonds. The Continuing Disclosure Agreement will provide that so long as the Series 2022 Bonds remain outstanding, the Board will provide the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access ("EMMA") system: (i) annually, audited financial statements, (ii) annually, certain financial information and operating data; and (iii) notice of the occurrence of certain listed events; all as specified in the Continuing Disclosure Agreement. The form of the Continuing Disclosure Agreement is attached hereto as "APPENDIX E." Failure to comply with the Continuing Disclosure Agreement is not an Event of Default under the Lease; however, failure to comply may adversely affect the transferability, liquidity or market price of the Series 2022 Bonds in the secondary market in the future.

The Board is a party to prior continuing disclosure undertakings entered into pursuant to Securities and Exchange Commission Rule 15c2-12(5)(i) (the "Rule"), including a disclosure certificate executed in connection with certain Lease Revenue Certificates of Participation Series 2011A. Pursuant to that

undertaking, the Board is required to file annual financial statements of the State of Mississippi by February 1 of each year. The State's audited financial statements for the year ended June 30, 2017, were not available by the filing deadline; however, the Board timely filed unaudited financial statements and subsequently filed the State's audited financial statements on March 15, 2018.

The Board hired an independent agent on March 20, 2015, to assist with compliance with its obligations under its continuing disclosure undertakings, including the Continuing Disclosure Agreement. The Board also has a policy on the issuance of bonds which incorporates provisions designed to assist it in ongoing compliance with the Rule.

UNDERWRITING

The Series 2022 Bonds are being purchased for reoffering by Raymond James & Associates, Inc., acting for and on behalf of itself, Wells Fargo Bank, National Association and Stephens Inc. (collectively, the "Underwriters"), as shown on the cover hereof, at a purchase price of \$75,305,951.91 (representing the par amount of \$72,760,000.00, plus a net original issue premium of \$3,000,259.15, less the Underwriters' discount of \$454,307.24).

The Bond Purchase Agreement pursuant to which the Underwriters expect to purchase the Series 2022 Bonds provides that the Underwriters will purchase all the Series 2022 Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Series 2022 Bonds is subject to various conditions stated in such Bond Purchase Agreement.

Raymond James & Associates, Inc., as representative of the Underwriters, may offer and sell the Series 2022 Bonds to other dealers and other purchasers at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

Wells Fargo Corporate & Investment Banking (which may be referred to elsewhere as "CIB," "Wells Fargo Securities" or "WFS") is the trade name used for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"), a member of the National Futures Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the underwriters of the Series 2022 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2022 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2022 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2022 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FINANCIAL ADVISOR

Hilltop Securities, Inc., Dallas, Texas (the “Financial Advisor”), is employed by the Corporation as an independent registered municipal advisor in connection with the issuance of the Series 2022 Bonds and, in such capacity, has responsibility primarily for providing the Corporation with information on interest rates, reoffering prices and underwriting fees on similar financings being sold under current market conditions. The Financial Advisor has not independently verified any of the data contained herein. Accordingly, no assurance is made by the Financial Advisor as to the accuracy or completeness of any information herein. No person is permitted to rely upon the participation of the Financial Advisor as an implicit or explicit expression of opinion as to such completeness and accuracy.

VALIDATION

The Series 2022 Bonds shall be submitted to validation before the Chancery Court of Lafayette County, Mississippi, as provided by Sections 31-13-1 et seq., Mississippi Code of 1972, as amended.

LEGAL MATTERS

All legal matters in connection with the authorization and issuance of the Series 2022 Bonds are subject to the final approval of the legality thereof by Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Series 2022 Bonds. Certain legal matters will be passed upon for the Corporation by its counsel, David Whitcomb, University, Mississippi, for the Underwriters by Jones Walker LLP, Jackson, Mississippi, and for the Board by the Attorney General of the State. No representation is made to the Registered Owners of the Series 2022 Bonds that Bond Counsel has verified the accuracy, completeness or fairness of the statements in this Official Statement.

LITIGATION

There is no litigation of any nature now pending or threatened to restrain or enjoin the issuance, sale or delivery of the Series 2022 Bonds, or in any way contesting or affecting the validity of the Series 2022 Bonds or any proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of the Corporation and the Board to secure the Series 2022 Bonds in the manner provided in the Indenture.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee and the owners of the Series 2022 Bonds upon an “event of default” under the Lease and the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under the Lease and the Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with delivery of the Series 2022 Bonds and the Lease will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

OFFICIAL STATEMENT CERTIFICATE

At the time of the delivery of the Series 2022 Bonds, the Underwriters will receive a certificate signed on behalf of the Corporation by an Authorized Corporation Representative acting solely in such

person's official capacity, substantially to the effect that to the best of his/her knowledge and belief, as of the date of the delivery of the Series 2022 Bonds to the purchaser, this Official Statement, excluding the Appendices, as then supplemented or amended, does not contain an untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein in the light of the circumstances under which they were made, not misleading.

ADDITIONAL MATTERS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2022 Bonds, the security for the payment of the Series 2022 Bonds and the rights and obligations of the Registered Owners thereof.

The information contained in this Official Statement has been taken from sources considered reliable, but is not guaranteed. To the best of the Corporation's knowledge, information in this Official Statement does not include any untrue statement of material fact nor does the information omit the statement of any material fact required to be stated therein or necessary to make the statements therein, in the light of circumstances under which they were made, not misleading.

Neither any advertisement of the Series 2022 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2022 Bonds. So far as any statements are made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. No representation is made that any of the statements will be realized.

References herein to the Act, and all other legislative acts referred to herein are only summaries, excerpts or brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof. Additional information and original source materials may be examined by contacting The University of Mississippi Educational Building Corporation, University of Mississippi, 216 Lyceum, University, Mississippi 38677, telephone (662) 915-7200.

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The execution of this Official Statement has been authorized by the Board of Directors of the Corporation.

**THE UNIVERSITY OF MISSISSIPPI
EDUCATIONAL BUILDING CORPORATION**

/s/ Steven Holley
President

APPENDIX A
ADDITIONAL INFORMATION ABOUT THE IHL SYSTEM AND THE UNIVERSITY

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THE BOARD

The Board first assumed its duties in 1944 and consists of twelve members, one from each of the seven congressional districts as existed in 1944, one from each of the State Supreme Court Districts and two from the state-at-large appointed by the Governor of the State with the approval of the Senate. Each member of the Board serves a term of nine (9) years. The Board presently consists of the following members:

Board Members	Term Expires May
Mr. Tom Duff, President	2024
Dr. Alfred E. McNair, Jr., Vice President	2024
Ms. Ormella Cummings, Ph.D.	2030
Dr. Steven Cunningham	2027
Ms. Teresa Hubbard	2030
Ms. Jeanne Carter Luckey	2027
Mr. Bruce Martin	2027
Mr. Chip Morgan	2024
Mr. Powell "Gee" Ogletree, Jr.	2027
Mr. Hal Parker	2030
Mr. Gregory Rader	2030
Dr. J. Walt Starr	2024

The Board appoints a Commissioner of Higher Education who is responsible for administering the policies and decisions of the Board. The Commissioner is Dr. Alfred Rankins, Jr. The Board is also staffed with professionals with expertise in the areas of academic programs, fiscal matters and student financial aid, who are under the direction of the Commissioner.

Appropriations from the State Legislature made for education and general support for the use of the eight institutions, including the Board, are received by the Board as a lump sum with the power and authority in the Board to allocate and distribute such funds among the Member Institutions under its control in the way and manner and in such amounts as will further an efficient and economical administration of the institutions. Additional appropriations from the Legislature are made for the support and maintenance of specific programs within the eight Member Institutions.

In addition, a separate State legislative appropriation is made annually by the Legislature for the University of Mississippi Medical Center ("UMMC"). Each Member Institution, including UMMC, is responsible for collecting and investing the tuition, fees, patient care, research and other revenues generated by each such Member Institution, and budgeting such amounts along with the allocation received from the Board from State legislative appropriations, for the expenses of the Member Institution for each fiscal year. Each Member Institution's budget and any budget amendments are subject to approval by the Board.

For Fall 2021, student enrollment for the Member Institutions was 80,712, the Member Institutions had a 79.2% retention rate and 19,159 degrees were awarded by the Member Institutions.

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The following charts provide appropriations information for the Member Institutions.

MEMBER INSTITUTIONS - Appropriations by Category

	FY 2020	FY 2021	FY 20 – FY 21 Change	Percent
Campus	\$ 369,142,749	\$ 386,075,752	\$ 16,933,003	4.59%
<i>Ayers</i> ⁽¹⁾	7,967,712	7,533,983	(433,729)	-5.44%
UMMC	172,873,959	167,469,574	(5,404,385)	-3.13%
Agriculture	84,015,891	82,155,225	(1,860,666)	-2.21%
Subsidiary	34,643,566	40,171,316	5,527,750	15.96%
Financial Aid	41,721,546	42,085,128	363,582	0.87%
Capital Funds	-	-	-	0.00%
Total	\$ 710,365,423	\$ 725,490,978	\$ 15,125,555	2.13%

	FY 2021	FY 2022	FY 21 – FY 22 Change	Percent
Campus	\$ 386,075,752	\$ 372,975,662	\$ (13,100,090)	-3.39%
<i>Ayers</i> ⁽¹⁾	7,533,983	9,309,762	1,775,779	23.57%
UMMC	167,469,574	175,134,698	7,665,124	4.58%
Agriculture	82,155,225	84,358,420	2,203,195	2.68%
Subsidiary	40,171,316	35,775,777	(4,395,539)	-10.94%
Financial Aid	42,085,128	49,107,957	7,022,829	16.69%
Capital Funds	-	-	-	0.00%
Total	\$ 725,490,978	\$ 726,662,276	\$ 1,171,298	0.16%

	FY 2022	FY 2023	FY 22 – FY 23 Change	Percent
Campus	\$ 372,975,662	\$ 408,139,334	\$ 35,163,672	9.43%
<i>Ayers</i> ⁽¹⁾	9,309,762	1,615,903	(7,693,859)	-82.64%
UMMC ⁽²⁾	175,134,698	186,924,508	11,789,810	6.73%
Agriculture	84,358,420	89,154,391	4,795,971	5.69%
Subsidiary	35,775,777	36,387,533	611,756	1.71%
Financial Aid	49,107,957	53,631,667	4,523,710	9.21%
Capital Funds ⁽³⁾	-	79,736,425	79,736,425	-
Total	\$ 726,662,276	\$ 855,589,761	\$ 128,927,485	17.74%

⁽¹⁾ In 2002 a Settlement Agreement was entered into in connection with *Jake Ayers, Jr. et al and United States of America v. Ronnie Musgrove, Governor, State of Mississippi, et al*, Civil Action No. 4:75CV9-B-D, US District Court for the Northern District of Mississippi. The Settlement Agreement provided approximately \$417 million in funding over a 20-year period for certain programs, facilities and other resources at Jackson State University, Alcorn State University and Mississippi Valley State University. *Ayers* funding is expected to end after FY 2022; however, the Board may have some unspent funds and/or interest that is earned on an endowment created by the settlement to be allocated in future years.

⁽²⁾ Not shown is \$100,070,000 in American Rescue Plan Act Capital Project Funds

⁽³⁾ Not shown is \$55,000,000 in American Rescue Plan Act Capital Project Funds for new nursing school building.

Source: IHL Budgets

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**MEMBER INSTITUTIONS - Appropriations by University
Fiscal Year 2022**

	FY 2022
Alcorn State University	\$ 29,059,604
Delta State University	21,371,277
Jackson State University	44,586,530
Mississippi State University	181,004,241
Mississippi University for Women	16,236,540
Mississippi Valley State University	16,314,134
University of Mississippi	95,593,314
University of Mississippi Medical Center	175,134,698
University of Southern Mississippi	89,996,739
System Administration	57,365,199
Total	\$ 726,662,276

Source: IHL Budgets

The following charts provide select financial information for the Member Institutions.

**IHL SYSTEM – FINANCIAL INFORMATION
(Initial Budget – In Millions)**

	Operating Budget			State Appropriations			Annual Payroll ⁽²⁾		
	21-22	20-21	19-20	21-22	20-21	19-20	21-22	20-21	19-20
Alcorn State University	\$109.7	\$110.1	\$101.3	\$29.1	\$28.6	\$28.3	\$40.8	\$41.1	\$42.3
Delta State University	\$70.5	\$74.3	\$74.1	\$21.4	\$21.9	\$21.1	\$36.0	\$35.2	\$35.6
Jackson State University	\$201.0	\$185.6	\$192.7	\$44.6	\$44.8	\$43.9	\$84.2	\$80.1	\$85.1
Mississippi State University	\$1,139.9	\$1,046.9	\$1,018.6	\$181.0	\$182.6	\$179.0	\$394.2	\$380.3	\$372.5
Mississippi University for Women	\$57.9	\$57.1	\$59.7	\$16.2	\$16.6	\$16.0	\$27.2	\$26.2	\$26.3
Mississippi Valley State University	\$59.9	\$59.9	\$61.7	\$16.3	\$15.7	\$16.1	\$24.3	\$24.0	\$25.1
University of Mississippi	\$829.4	\$801.1	\$794.2	\$95.6	\$99.9	\$93.5	\$306.8	\$297.2	\$300.9
University of Mississippi Medical Center	\$1,899.3	\$1,804.6	\$1,796.8	\$175.1	\$167.5	\$174.1	\$981.7	\$974.0	\$963.2
University of Southern Mississippi	\$430.2	\$420.2	\$402.8	\$90.0	\$91.4	\$88.3	\$182.9	\$175.5	\$178.4
Executive Office ⁽¹⁾	\$85.6	\$84.7	\$79.4	\$57.4	\$56.6	\$50.0	\$9.1	\$9.0	\$9.5
SYSTEM	\$4,883.6	\$4,644.6	\$4,581.4	\$726.7	\$725.5	\$710.4	\$2,087.2	\$2,042.6	\$2,038.9

⁽¹⁾ Includes Ayers Endowment Fund, Ayers Summer Development Program, Delta Revitalization, Geospatial Licenses and Space Efficiency, Student Aid and Volunteer Commission.

⁽²⁾ Includes all campus budgets, agricultural budgets, auxiliaries and subsidiaries.

Source: IHL Budgets

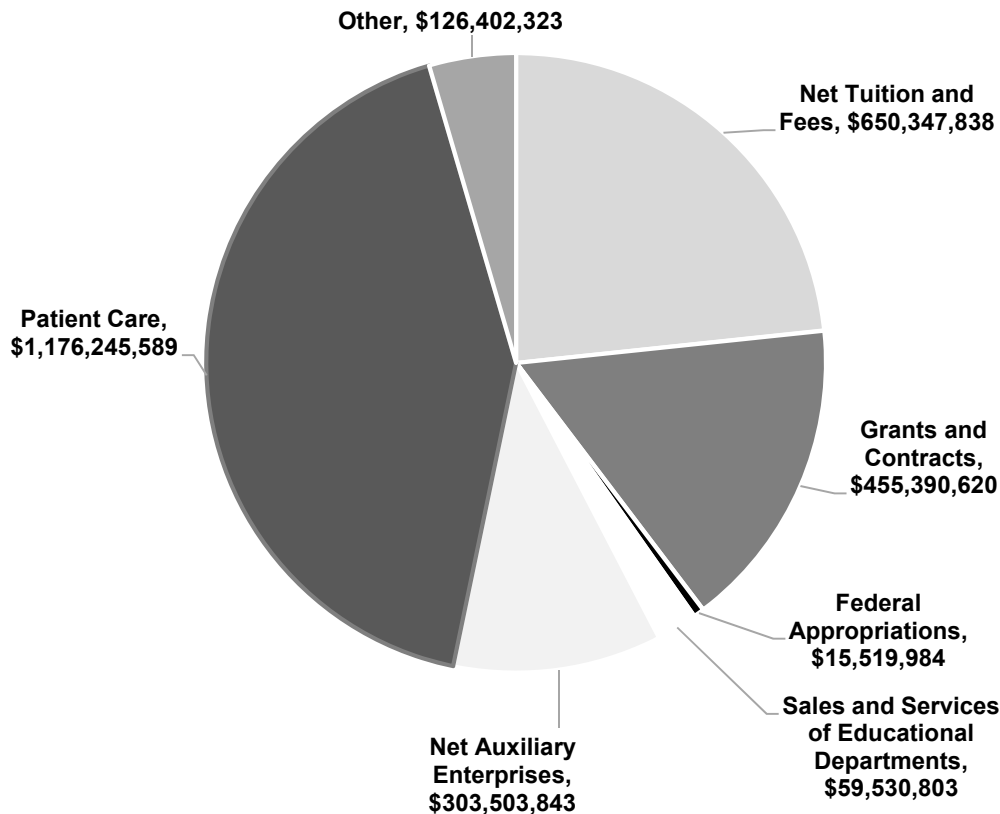
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IHL SYSTEM – Statement of Revenues, Expenditures & Change in Net Assets⁽¹⁾

	2020	2021	Change	% Change
Operating Revenues	\$ 2,752,093,996	\$ 2,786,941,000	\$ 34,847,004	1.27%
Operating Expenses	3,792,667,222	3,744,020,192	(48,647,030)	-1.28%
Operating Income (Loss)	(1,040,573,226)	(957,079,192)	83,494,034	8.02%
Non-Operating Revenues	954,950,291	1,081,842,228	126,891,937	13.29%
Income (Loss) Before Other Revenues	(85,622,935)	124,763,036	210,385,971	245.71%
Other Revenues	127,586,688	108,396,458	(19,190,230)	-15.04%
Change in Net Assets	\$ 41,963,753	\$ 233,159,494	\$ 191,195,741	455.62%

⁽¹⁾ See Management’s Discussion and Analysis beginning on page 9 of the “STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020” in “APPENDIX C”

**IHL SYSTEM - Operating Revenues by Category
FY 2021**



Source: 2021 IHL Audit

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The following chart sets forth the annual cost of education for Member Institutions for 2021 - 2022.

2021-22 ANNUAL COST OF EDUCATION						
Member Institution	In-State Tuition	Average Room ⁽²⁾	Average Board	Total In-State Tuition & Other Costs	Out-of-State Tuition Surcharge	Total Out-of-State Tuition & Other Costs
Alcorn State University	\$8,176	\$6,566	\$3,530	\$18,272	\$0	\$18,272
Delta State University	\$8,360	\$4,531	\$2,760	\$15,651	\$0	\$15,651
Jackson State University	\$8,445	\$5,845	\$4,132	\$18,422	\$1,000	\$19,422
Mississippi State University	\$9,220	\$6,612	\$3,849	\$19,681	\$15,680	\$35,361
Mississippi University for Women	\$7,756	\$4,568	\$3,340	\$15,664	\$0	\$15,664
Mississippi Valley State University	\$7,048	\$4,549	\$3,612	\$15,209	\$0	\$15,209
University of Mississippi ⁽¹⁾	\$9,044	\$6,039	\$3,897	\$18,980	\$16,842	\$35,822
University of Southern Mississippi	\$9,204	\$5,648	\$3,925	\$18,777	\$2,000	\$20,777

⁽¹⁾ Excludes UMMC.

⁽²⁾ Double occupancy.

Source: IHL Website (mississippi.edu).

The following charts provide historical enrollment data for the Member Institutions.

MEMBER INSTITUTIONS – HEADCOUNT ENROLLMENT⁽¹⁾

Member Institution ⁽²⁾	Fall 2021	Fall 2020	Fall 2019	Fall 2018	Fall 2017
Alcorn State University	3,074	3,230	3,523	3,658	3,716
Delta State University	2,789	3,091	3,829	3,736	3,824
Jackson State University	7,220	7,231	7,509	7,794	9,449
Mississippi State University	23,450	23,273	22,419	22,045	21,961
Mississippi University for Women	2,627	2,896	3,011	2,853	2,920
Mississippi Valley State University	2,064	2,090	2,153	2,301	2,420
University of Mississippi ⁽³⁾	22,358	22,413	22,950	23,655	24,463
University of Southern Mississippi	17,130	19,097	16,823	16,998	16,769
IHL System Total	80,712	83,321	82,217	83,040	85,522

⁽¹⁾ Enrollment figures represent census taken on November 1 of 2017, 2018, 2019, 2020 and 2021. Enrollment figures include duplicated counts of students who are concurrently enrolled at more than one campus.

⁽²⁾ Includes all campuses of each Member Institution.

⁽³⁾ Includes UMMC.

Source: IHL website (mississippi.edu)

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MEMBER INSTITUTIONS – FULL TIME EQUIVALENT ENROLLMENT ⁽¹⁾

Member Institution ⁽²⁾	Fall 2021	Fall 2020	Fall 2019	Fall 2018	Fall 2017
Alcorn State University					
Undergraduate	2,331.4	2,574.4	2,998.8	3,121.0	3,182.4
Graduate	314.3	294.8	271.2	287.3	319.6
Total	2,645.7	2,869.2	3,270.0	3,408.3	3,502.0
Delta State University					
Undergraduate	1,660.3	1,915.6	2,352.9	2,382.9	2,517.8
Graduate	377.8	365.3	341.0	367.6	455.9
Total	2,038.1	2,280.9	2,693.9	2,750.5	2,973.7
Jackson State University					
Undergraduate	4,348.8	4,426.6	4,610.9	5,240.4	6,341.0
Graduate	1,339.2	1,358.5	1,023.6	1,124.5	1,221.5
Total	5,688.0	5,785.1	5,634.5	6,364.9	7,562.5
Mississippi State University					
Undergraduate	17,593.1	17,913.7	17,993.4	17,719.3	17,730.8
Graduate	3,003.3	2,837.9	2,483.4	2,507.6	2,576.1
Total	20,596.4	20,751.6	20,476.8	20,226.9	20,306.9
Mississippi University for Women					
Undergraduate	1,786.4	2,067.4	2,209.6	2,165.0	2,246.8
Graduate	208.2	197.2	163.1	146.2	156.1
Total	1,994.6	2,264.6	2,372.7	2,311.2	2,402.9
Mississippi Valley State University					
Undergraduate	1,313.8	1,414.8	1,558.8	1,659.4	1,794.6
Graduate	204.2	198.2	184.1	213.5	247.1
Total	1,518.0	1,613.0	1,742.9	1,872.9	2,041.7
University of Mississippi ⁽³⁾					
Undergraduate	15,448.9	15,524.8	16,459.4	17,239.2	18,335.1
Graduate	4,977.4	4,810.3	4,514.7	4,551.7	4,615.7
Total	20,426.3	20,335.1	20,974.1	21,790.9	22,950.8
University of Southern Mississippi					
Undergraduate	9,972.2	10,676.8	10,653.0	10,925.7	11,285.3
Graduate	2,188.7	2,009.7	1,637.4	1,653.5	1,791.2
Total	12,160.9	12,686.5	12,290.4	12,579.2	13,076.5
All Member Institutions					
Undergraduate	54,454.9	56,514.1	58,836.8	60,452.9	63,433.8
Graduate	12,613.1	12,071.9	10,618.5	10,851.9	11,383.2
Total	67,068.0	68,586.0	69,445.3	71,304.8	74,817.0

⁽¹⁾ Full-Time Equivalent enrollment figures are calculated by finding the sum of the total number of undergraduate hours attempted divided by 15 and the total number of graduate hours divided by 12.

⁽²⁾ Includes all campuses of each Member Institution.

⁽³⁾ Includes UMMC.

Source: IHL website (mississippi.edu)

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THE UNIVERSITY

The University is located in the center of the City of Oxford, Mississippi, and, with its four regional campuses, is a major factor in that municipality's growth and development as the largest employer in Lafayette County, Mississippi.

The University was established by the Mississippi Legislature in 1844 and accepted its first students in 1848. The University is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award baccalaureate, master's, specialist, first professional and doctoral degrees. The University is one of the eight State Institutions of Higher Learning in the State and is managed and directed by the constitutionally created Board which is appointed by the Governor with the approval of the State Senate. The University is listed in the elite group of the Carnegie Classification of Institutions of Higher Education as an R1 University for Very High Research Activity Doctoral Universities.

The main campus in Oxford encompasses over 1,000 acres, including facilities for residential living, intercollegiate athletics, and a Research Park. The University's academic structure consists of a College of Liberal Arts, a Graduate School, an Honors College, nine professional schools, and cross-disciplinary degree program in General Studies. The University's libraries house nearly 3.5 million volumes, and access to 2.2 million electronic resources, and 3.7 million unique titles. The University's libraries house the Hall of Mississippi Writers, William Faulkner Room, James Meredith's papers, a world-renowned Music/Blues Archive, and the national library of the accounting profession. The campus features various national centers and institutes including the National Center for Physical Acoustics, the Institute of Child Nutrition, the Croft Institute for International Studies, the Center for Manufacturing Excellence, and the Center for the Study of Southern Culture.

Dr. Glenn Boyce became the 18th Chancellor of the University of Mississippi on October 14, 2019. His career spans more than 37 years across secondary and post-secondary education. Before becoming chancellor, Boyce served as Commissioner of Higher Education for the State of Mississippi for three years. In that position, Boyce led the state's university system, which serves more than 95,000 students at four research universities, four regional universities, and the academic health science center. While he was Commissioner, the university system set record enrollments, awarded record numbers of degrees, launched the statewide "Complete 2 Compete" program to increase the number of degree holders in Mississippi, prioritized the needs of business and industry and streamlined operations to increase efficiencies. Previously, Boyce served as the IHL's associate commissioner for academic and student affairs. He joined IHL after serving as president of Holmes Community College for more than nine years. He earned his bachelor's degree in education and a doctorate in education leadership from the University of Mississippi. Boyce and his wife, Emily, met while Ole Miss undergraduates. The Boyce's are also Ole Miss parents as all three of their daughters hold a degree from the University.

Steven Holley serves as Vice Chancellor for Administration and Finance at the University. Mr. Holley joined the University and assumed this position in February, 2021. His areas of responsibility include budget, contractual services, facilities planning, fiscal affairs, health and safety, human resources, landscape services, facilities management, procurement services, campus mail, the golf course, and airport operations. A native of Wheeler, Mississippi, Mr. Holley has a Bachelor of Accountancy degree and a Master of Business Administration from the University of Mississippi. He is a certified public accountant licensed in Tennessee (inactive status). Prior to his arrival at the University, he served as vice president for finance and administration and treasurer at the Claremont Colleges, a consortium of seven private institutions. He served previously as vice president and chief business officer at Abilene Christian University. Earlier in his career, Holley served as chief financial officer and treasurer at Del-Nat Tire Corp.

He also served in a number of positions at Federal Express, Coca-Cola Enterprises and Price Waterhouse LLP.

DEBT SERVICE REQUIREMENTS – THE CORPORATION

The following table sets forth for each fiscal year the amount required each year for debt service on the Series 2022 Bonds, as well as other outstanding bonds of the Corporation secured by revenues similar to the revenues securing the Series 2022 Bonds. The principal maturities of the Series 2022 Bonds will be payable on October 1, and interest will be payable on April 1, 2023 and semiannually thereafter on October 1 and April 1 of each year.

Fiscal Year Ending	Current Bond Debt Service for the Corporation ⁽¹⁾	Other Obligations Debt Service for the Corporation ⁽¹⁾	Series 2022 Bonds Principal	Series 2022 Bonds Interest	Total Series 2022 Bonds Debt Service	Total Bond Debt Service for the Corporation
6/30/2023	\$7,529,707	\$1,330,305	-	\$1,666,497	\$1,666,497	\$10,526,509
6/30/2024	19,584,531	1,995,458	\$1,110,000	3,380,994	4,490,994	26,070,982
6/30/2025	19,655,113	1,995,458	1,170,000	3,323,994	4,493,994	26,144,565
6/30/2026	19,734,761	1,995,458	1,225,000	3,264,119	4,489,119	26,219,338
6/30/2027	19,211,347	915,726	1,290,000	3,201,244	4,491,244	24,618,317
6/30/2028	19,310,848	783,935	1,355,000	3,135,119	4,490,119	24,584,902
6/30/2029	18,789,774	-	1,425,000	3,065,619	4,490,619	23,280,393
6/30/2030	18,913,923	-	1,500,000	2,992,494	4,492,494	23,406,417
6/30/2031	14,983,786	-	1,575,000	2,915,619	4,490,619	19,474,404
6/30/2032	15,020,728	-	1,655,000	2,834,869	4,489,869	19,510,597
6/30/2033	13,070,425	-	1,740,000	2,749,994	4,489,994	17,560,419
6/30/2034	11,813,480	-	1,830,000	2,660,744	4,490,744	16,304,224
6/30/2035	9,999,786	-	1,925,000	2,566,869	4,491,869	14,491,655
6/30/2036	9,159,502	-	2,025,000	2,468,119	4,493,119	13,652,621
6/30/2037	3,157,100	-	2,125,000	2,364,369	4,489,369	7,646,469
6/30/2038	3,193,806	-	2,225,000	2,266,744	4,491,744	7,685,550
6/30/2039	3,235,225	-	2,315,000	2,175,944	4,490,944	7,726,169
6/30/2040	3,276,063	-	2,410,000	2,079,938	4,489,938	7,766,000
6/30/2041	1,851,031	-	2,515,000	1,978,359	4,493,359	6,344,391
6/30/2042	1,852,500	-	2,620,000	1,870,813	4,490,813	6,343,313
6/30/2043	1,851,625	-	2,735,000	1,757,019	4,492,019	6,343,644
6/30/2044	1,851,875	-	2,865,000	1,627,275	4,492,275	6,344,150
6/30/2045	1,848,125	-	3,010,000	1,480,400	4,490,400	6,338,525
6/30/2046	1,850,125	-	3,165,000	1,326,025	4,491,025	6,341,150
6/30/2047	-	-	3,330,000	1,163,650	4,493,650	4,493,650
6/30/2048	-	-	3,500,000	992,900	4,492,900	4,492,900
6/30/2049	-	-	3,670,000	822,825	4,492,825	4,492,825
6/30/2050	-	-	3,840,000	653,850	4,493,850	4,493,850
6/30/2051	-	-	4,015,000	477,113	4,492,113	4,492,113
6/30/2052	-	-	4,200,000	292,275	4,492,275	4,492,275
6/30/2053	-	-	4,395,000	98,888	4,493,888	4,493,888
TOTAL	\$240,745,187	\$9,016,339	\$72,760,000	\$63,654,675	\$136,414,675	\$386,176,201

(1) As of October 1, 2022. Includes bond issues as listed on Table "OUTSTANDING OBLIGATIONS OF THE CORPORATION AND THE UNIVERSITY" in "APPENDIX A" for a detailed listing of the Corporation's currently outstanding bond issues and other obligations.

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DEBT SERVICE REQUIREMENTS – MEMBER INSTITUTIONS

The following table sets forth for each fiscal year the amount required each year for debt service on the Series 2022 Bonds, as well as other outstanding bonds of the Member Institutions of the Board and The University of Mississippi Medical Center. Member Institutions of the Board, for which bonds have been issued under the Act, in addition to the University, include Mississippi State University, the University of Southern Mississippi, Jackson State University, Delta State University, Alcorn State University, Mississippi University for Women and Mississippi Valley State University. The principal maturities of the Series 2022 Bonds will be payable on October 1, and interest will be payable on April 1, 2023 and semiannually thereafter on October 1 and April 1 of each year.

Fiscal Year Ending	Current Bond Net Debt Service for Member Institutions⁽¹⁾	Current Obligations Debt Service for Member Institutions⁽¹⁾	Current Bond Net Debt Service for UMMC	Series 2022 Bonds Principal	Series 2022 Bonds Interest	Total Series 2022 Bonds Debt Service	Total Bond Net Debt Service and Other Obligations for Member Institutions
6/30/2023	\$28,265,485	\$6,934,749	\$20,722,476	-	\$1,666,497	\$1,666,497	\$57,589,207
6/30/2024	67,642,068	9,647,032	20,698,289	\$1,110,000	3,380,994	4,490,994	102,478,383
6/30/2025	65,725,952	9,590,546	19,915,136	1,170,000	3,323,994	4,493,994	99,725,628
6/30/2026	66,016,345	5,523,892	19,972,139	1,225,000	3,264,119	4,489,119	96,001,495
6/30/2027	65,503,766	2,842,751	20,011,649	1,290,000	3,201,244	4,491,244	92,849,410
6/30/2028	66,252,410	2,723,890	20,038,993	1,355,000	3,135,119	4,490,119	93,505,412
6/30/2029	65,688,307	1,941,590	20,113,483	1,425,000	3,065,619	4,490,619	92,233,999
6/30/2030	65,145,358	1,956,845	20,153,686	1,500,000	2,992,494	4,492,494	91,748,383
6/30/2031	60,472,212	1,965,595	20,206,351	1,575,000	2,915,619	4,490,619	87,134,777
6/30/2032	60,894,363	1,967,988	20,270,029	1,655,000	2,834,869	4,489,869	87,622,248
6/30/2033	57,537,607	1,643,188	20,675,675	1,740,000	2,749,994	4,489,994	84,346,463
6/30/2034	56,608,360	1,646,258	20,776,895	1,830,000	2,660,744	4,490,744	83,522,256
6/30/2035	51,914,164	-	22,214,666	1,925,000	2,566,869	4,491,869	78,620,699
6/30/2036	44,982,068	-	21,555,189	2,025,000	2,468,119	4,493,119	71,030,375
6/30/2037	34,340,671	-	21,563,035	2,125,000	2,364,369	4,489,369	60,393,075
6/30/2038	29,834,882	-	21,793,047	2,225,000	2,266,744	4,491,744	56,119,673
6/30/2039	29,992,221	-	21,793,369	2,315,000	2,175,944	4,490,944	56,276,533
6/30/2040	27,342,105	-	21,795,127	2,410,000	2,079,938	4,489,938	53,627,170
6/30/2041	22,014,197	-	21,797,883	2,515,000	1,978,359	4,493,359	48,305,439
6/30/2042	22,143,905	-	16,636,200	2,620,000	1,870,813	4,490,813	43,270,918
6/30/2043	19,495,834	-	16,635,450	2,735,000	1,757,019	4,492,019	40,623,303
6/30/2044	14,832,062	-	16,635,550	2,865,000	1,627,275	4,492,275	35,959,887
6/30/2045	7,586,775	-	16,633,350	3,010,000	1,480,400	4,490,400	28,710,525
6/30/2046	3,686,125	-	16,637,700	3,165,000	1,326,025	4,491,025	24,814,850
6/30/2047	-	-	16,637,000	3,330,000	1,163,650	4,493,650	21,130,650
6/30/2048	-	-	-	3,500,000	992,900	4,492,900	4,492,900
6/30/2049	-	-	-	3,670,000	822,825	4,492,825	4,492,825
6/30/2050	-	-	-	3,840,000	653,850	4,493,850	4,493,850
6/30/2051	-	-	-	4,015,000	477,113	4,492,113	4,492,113
6/30/2052	-	-	-	4,200,000	292,275	4,492,275	4,492,275
6/30/2053	-	-	-	4,395,000	98,888	4,493,888	4,493,888
TOTAL	\$1,033,917,245	\$48,384,322	\$495,882,367	\$72,760,000	\$63,654,675	\$136,414,675	\$1,714,598,609

(1) As of October 1, 2022. The total current bond net debt service (net of capitalized interest) of Member Institutions and MCEBC. See Table "MEMBER INSTITUTIONS OUTSTANDING OBLIGATIONS" herein for a detailed listing of the Member Institutions' current outstanding bond issues.

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MEMBER INSTITUTIONS OUTSTANDING OBLIGATIONS⁽¹⁾

NAME OF ISSUE	OUTSTANDING PRINCIPAL BALANCE AS OF OCTOBER 1, 2022
Alcorn State University EBC Revenue Refunding Bonds, Series 2016	\$39,680,000
Delta State University EBC Revenue Refunding Bonds, Series 2016	11,535,000
Jackson State University EBC Revenue Bonds, Series 2015A	11,280,000
Jackson State University EBC Taxable Revenue Refunding Bonds, Series 2017A	27,300,000
Jackson State University EBC Revenue Refunding Bonds, Taxable (Convertible to Tax-Exempt) Series 2021A	42,380,000
Jackson State University EBC Revenue Refunding Bonds, Taxable Series 2021B	6,295,000
Mississippi State University EBC Revenue Bonds, Series 2013	7,725,000
Mississippi State University EBC Revenue Refunding Bonds, Series 2014A	60,980,000
Mississippi State University EBC Revenue Bonds, Taxable Series 2014B	15,260,000
Mississippi State University EBC Revenue Bonds, Series 2015	48,295,000
Mississippi State University EBC Revenue Bonds, Series 2017	50,905,000
Mississippi State University EBC Revenue Refunding Bonds, Series 2017A	89,620,000
Mississippi State University EBC Extendable Commercial Paper Programs ⁽²⁾	-
Mississippi Valley University EBC Revenue Refunding Bonds, Series 2015	15,290,000
University of Mississippi EBC Revenue Bonds, Series 2015A	14,185,000
University of Mississippi EBC Revenue Bonds, Taxable Series 2015B	5,915,000
University of Mississippi EBC Revenue Bonds, Series 2015C	27,830,000
University of Mississippi EBC Revenue Bonds, Taxable Series 2015D	13,410,000
University of Mississippi EBC Revenue Refunding Bonds, Series 2016A	20,880,000
University of Mississippi EBC Revenue Refunding Bonds, Series 2017	32,600,000
University of Mississippi EBC Revenue Refunding Bonds, Series 2019A	65,460,000
University of Mississippi EBC Revenue Refunding Bonds, Taxable Series 2019B	655,000
University of Southern Mississippi EBC Revenue Bonds, Series 2013	6,705,000
University of Southern Mississippi EBC Revenue Refunding Bonds, Series 2015A	30,870,000
University of Southern Mississippi EBC Revenue Refunding Bonds, Taxable Series 2015B	3,230,000
University of Southern Mississippi EBC Revenue Refunding Bonds, Series 2016	53,380,000
University of Southern Mississippi EBC Revenue Refunding Bonds, Series 2017	42,730,000
TOTAL IHL without UMMC	\$744,395,000
University of Mississippi Medical Center EBC Revenue Refunding Bonds, Series 1998B	\$7,690,000
University of Mississippi Medical Center EBC Revenue Bonds, Series 2017A	137,390,000
University of Mississippi Medical Center EBC Revenue Refunding Bonds, Taxable Series 2017B	3,850,000
University of Mississippi Medical Center EBC Revenue Refunding Bonds, Series 2019	22,530,000
University of Mississippi Medical Center EBC Taxable Revenue Bonds, Series 2020B	153,045,000
TOTAL UMMC	\$324,505,000
TOTAL IHL and UMMC	\$1,068,900,000
Jackson State University Privately Placed Lease Revenue Certificates of Participation, Series 2014A	\$328,026
University of Mississippi 2016 Land Purchase Hancock Taxable Bank Note ⁽³⁾	3,772,962
University of Mississippi Indoor Tennis Facility 2018 Renasant Taxable Bank Note ⁽⁴⁾	4,682,541
Mississippi Hospital Equipment and Facilities Authority Revenue Refunding Bond, Series 2019A	17,390,000
Mississippi Hospital Equipment and Facilities Authority Revenue Taxable Refunding Bond, Series 2019B	2,105,000
University of Mississippi Medical Center Notes Payable	11,458,559
University of Mississippi Medical Center Series 2020A Sublease	3,435,000
University of Mississippi Medical Center Series 2020B Sublease	1,055,000
TOTAL MEMBER INSTITUTIONS OTHER OBLIGATIONS	\$44,227,088
TOTAL IHL, UMMC, Member Institutions Other Obligations	\$1,113,127,088

⁽¹⁾ Does not include the Series 2022 Bonds.

⁽²⁾ Under current Board authorization, up to \$50 million of Commercial Paper Notes may be issued by the Corporation. As of the date hereof, no Commercial Paper Notes are outstanding.

⁽³⁾ UMEBC purchased approximately 12.02 acres of land located adjacent to the Oxford campus of The University of Mississippi on May 27, 2016.

⁽⁴⁾ Renasant Bank loaned the Foundation funds for the construction of a new indoor tennis facility. The University of Mississippi has covenants to include all lease payments in their annual budget and provide for such payments from unrestricted revenues.

As of October 1, 2022, University and Board revenues are being used to make rental payments on leases securing the following revenue bonds of the Corporation and University:

OUTSTANDING OBLIGATIONS OF THE CORPORATION AND THE UNIVERSITY⁽¹⁾

Series	Original Principal Amount	Outstanding Principal Balance as of October 1, 2022	Final Maturity Date
Revenue Bonds, Series 2015A	\$15,660,000	\$14,185,000	2039
Revenue Bonds, Taxable Series 2015B	10,125,000	5,915,000	2029
Revenue Bonds, Series 2015C	31,630,000	27,830,000	2045
Revenue Bonds, Taxable Series 2015D	17,660,000	13,410,000	2035
Revenue Refunding Bonds, Series 2016A	33,245,000	20,880,000	2033
Revenue Refunding Bonds, Series 2017	38,995,000	32,600,000	2034
University of Mississippi EBC Revenue Refunding Bonds, Series 2019A	73,350,000	65,460,000	2035
University of Mississippi EBC Revenue Refunding Bonds, Taxable Series 2019B	3,365,000	655,000	2023
	<u>\$224,030,000</u>	<u>\$180,935,000</u>	
Other Obligations	Original Principal Amount	Outstanding Principal Balance as of October 1, 2022	Final Maturity Date
University of Mississippi 2016 Land Purchase Hancock Taxable Bank Note	\$9,500,000	\$3,772,962	2026
University of Mississippi Indoor Tennis Facility 2018 Renasant Taxable Bank Note	8,000,000	4,682,541	2028
	<u>\$17,500,000</u>	<u>\$8,455,503</u>	
TOTAL	<u>\$241,530,000</u>	<u>\$189,390,503</u>	

⁽¹⁾ Does not include the Series 2022 Bonds.

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APPENDIX B
DEFINED TERMS AND SUMMARY OF LEASE AND INDENTURE

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DEFINED TERMS

In addition to any words and terms elsewhere defined herein, the following words and terms shall have the following meanings, unless the context or use otherwise requires. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The words “Bond” and “person” shall include the plural as well as the singular number unless the context shall otherwise indicate.

Act:

“Act” means Sections 37-101-61 through 37-101-71, Mississippi Code of 1972, as amended.

Additional Bonds:

“Additional Bonds” means Bonds, in addition to the Series 2022 Bonds, issued by the Corporation pursuant to the terms and conditions of the Indenture.

Advance Rentals:

“Advance Rentals” mean payments of rent under the Lease in the form of moneys or Qualified Permitted Investments in any amount sufficient, in combination with amounts then on deposit in the Bond Fund available to pay principal of, premium, if any, and interest on the Series 2022 Bonds, to satisfy all principal, premium, if any, and interest due on the Series 2022 Bonds and to pay all fees and expenses of the Trustee and other reasonable costs incident to the defeasance of the lien of the Indenture.

Authorized Board Representative:

“Authorized Board Representative” means the Vice Chancellor for Administration and Finance of the University, the Controller of the University, or such other persons as may be hereafter designated to act on behalf of the Board by written certificate furnished to the Trustee and the Corporation containing the specimen signature of such person and signed by the Board's President. Such a certificate may designate one or more alternates.

Authorized Corporation Representative:

“Authorized Corporation Representative” means the President, Treasurer or Secretary of the Corporation, or such other person as may be hereafter designated to act on behalf of the Corporation by written certificate furnished to the Trustee and the Board containing the specimen signature of such person and signed by the Corporation's President. Such a certificate may designate one or more alternates.

Board:

“Board” means the Board of Trustees of State Institutions of Higher Learning of the State of Mississippi.

Board of Directors:

“Board of Directors” means the governing body of the Corporation.

Bond Counsel:

“Bond Counsel” means, with respect to the original issuance of the Series 2022 Bonds, Butler Snow LLP, Ridgeland, Mississippi, and thereafter such other firm of nationally recognized attorneys appointed by the Corporation and acceptable to the Trustee, which is experienced in issuing opinions with respect to tax-exempt bonds under the exemptions provided in the Code.

Bond Fund:

“Bond Fund” means the Bond Fund established pursuant to the Indenture.

Bond Proceeds:

“Bond Proceeds” mean the proceeds received by the Trustee (on behalf of the Corporation) from the sale and issuance of the Series 2022 Bonds.

Bond Register:

“Bond Register” means the registration records of the Corporation kept by the Trustee to evidence the registration and transfer of the Bonds.

Bonds:

“Bonds” mean the Series 2022 Bonds and any Additional Bonds issued pursuant to the Indenture.

Business Day:

“Business Day” means any day, other than a Saturday or Sunday, on which the Trustee or the New York Stock Exchange is not required or authorized by law to remain closed.

Certified Resolution:

“Certified Resolution” with reference to the Corporation, means a copy of a resolution certified by the Secretary of the Corporation to have been duly passed and adopted by the Board of Directors of the Corporation at a meeting duly called and convened, and, with reference to the Board, means a copy of a resolution certified by its Executive Secretary as having been duly passed and adopted by the Board at a meeting duly called and convened.

Closing Date:

“Closing Date” means the date of issuance and delivery of the Series 2022 Bonds.

Code:

“Code” means the Internal Revenue Code of 1986, as amended, and regulations and rulings published thereunder.

Construction Fund:

“Construction Fund” means the Construction Fund established pursuant to the Indenture.

Continuing Disclosure Agreement:

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement between the Board and the Trustee dated as of October 1, 2022, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Corporation:

“Corporation” means The University of Mississippi Educational Building Corporation, a Mississippi non-profit corporation, its successors and assigns.

Costs of Issuance:

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Corporation and related to the authorization, sale and issuance of the Series 2022 Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, professional consultants' fees, costs of credit ratings, fees and charges for execution, transportation and safekeeping of the Series 2022 Bonds, bond or reserve fund insurance premiums, credit enhancements or liquidity facility fees, and other costs, charges and fees in connection with the foregoing.

Costs of Issuance Account:

“Costs of Issuance Account” means the Costs of Issuance Account established pursuant to the Indenture.

Designated Revenues:

“Designated Revenues” means all unrestricted revenues of the Board which include without limitation, tuition, fees and auxiliary enterprises net of scholarship allowances, sales and services, other operating revenues (including those of the University), State appropriations and unrestricted net asset balances.

DTC:

“DTC” means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depositories appointed pursuant to the Indenture.

Event of Default:

“Event of Default” means one or more of those events designated as “Events of Default” in the Indenture or the Lease, as applicable.

Federal Tax Certificate:

“Federal Tax Certificate” means the Tax Compliance Certificate and Agreement of the Corporation and the Board, respectively, setting forth certain representations and covenants relating the tax-exempt status of the Series 2022 Bonds.

Fitch:

“Fitch” means Fitch Ratings Ltd. and its successors and assigns.

Ground Lease:

“Ground Lease” means the Ground Lease dated as of October 1, 2022, by and among the Board and the University, as lessor, and the Corporation, as lessee, in connection with the issuance of the Series 2022 Bonds, as the same may be amended or supplemented.

Indenture:

“Indenture” means the Trust Indenture dated as of October 1, 2022, by and between the Corporation and the Trustee pursuant to which the Series 2022 Bonds are issued, as the same may be supplemented or amended.

Lease:

“Lease” means the Lease Agreement dated as of October 1, 2022, by and between the Corporation, as lessor, and the Board, as lessee, in connection with the issuance of the Series 2022 Bonds, as the same may be amended or supplemented.

Moody’s:

“Moody’s” means Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation with the approval of the Board.

Opinion of Bond Counsel:

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

Opinion of Counsel:

“Opinion of Counsel” means a written opinion of counsel (who may be counsel for the Board or the Corporation) selected by the Board or the Corporation and acceptable to the Trustee.

Outstanding:

“Outstanding,” when applied to the Series 2022 Bonds, Additional Bonds or any other obligation, means all obligations of the class concerned which shall have been authenticated, issued and delivered with the exception of (a) obligations in lieu of which other obligations have been issued under agreement to replace lost, destroyed or mutilated obligations, and (b) obligations which have been redeemed or discharged under the provisions of the Indenture.

Paying Agent:

“Paying Agent” means the Trustee in its capacity as paying agent for the Series 2022 Bonds.

Permitted Investments:

“Permitted Investments” mean, to the extent permitted by State law:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation),
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

- U.S. treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

- (3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank

- (4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System

- (5) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of “P-1” by Moody's and “A-1” or “A-1+” by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

- (6) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody's and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;

- (7) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including those offered by the Trustee and its affiliates;

- (8) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of

any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(9) Municipal Obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody's and S&P.

(10) Any other investments in which institutional funds are authorized to be invested under the policies and bylaws of the Board.

The value of the above investments shall be determined as follows:

(a) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers;

(b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and

(c) As to any investment not specified above: the value thereof established by prior agreement among the Issuer and the Trustee.

Person or person:

“Person” or “person” means, as the case may be, any individual, sole proprietorship, corporation, limited liability company, partnership (including, without limitation, general and limited partnership), joint venture, association, joint stock company, trust, unincorporated organization or government, any agency or political subdivision thereof or public corporation.

Project:

“Project” means using a portion of the Bond Proceeds to acquire, construct, maintain, enlarge, improve, or equip public buildings, land, and facilities on the main campus of the University, including the construction, equipping, and landscaping of an approximately 202,000 gross square foot STEM building on the Project Site to be known as the Jim and Thomas Duff Center for Science and Technology Innovation.

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Project Site:

“Project Site” means the site on the campus of the University on which the Project is located as set forth in Exhibit A to the Lease.

Qualified Permitted Investments:

“Qualified Permitted Investments” mean obligations described in paragraph (1) or (2) of the definition of Permitted Investments.

Rebate Fund:

“Rebate Fund” means the Rebate Fund established pursuant to the Indenture.

Record Date:

“Record Date” means, as to interest payments, the 15th day of the months preceding the dates set for payment of interest on the Series 2022 Bonds and, as to payments of principal, the 15th day of the month preceding the maturity date thereof.

Record Date Registered Owner:

“Record Date Registered Owner” means the Registered Owner as of the Record Date.

Registered Owner:

“Registered Owner” means the person in whose name any Series 2022 Bond shall be registered in the Bond Register maintained under the Indenture and the executors, administrators and other legal representatives authorized in writing to act on behalf of such person.

Series 2022 Bonds:

“Series 2022 Bonds” means the \$72,760,000 aggregate principal amount of The University of Mississippi Educational Building Corporation Revenue Bonds, Series 2022 (New Facilities Project), authorized to be issued by the Corporation pursuant to the terms and conditions of the Indenture.

Series 2022 Construction Account:

“Series 2022 Construction Account” means the Series 2022 Construction Account established pursuant to the Indenture.

Series 2022 Costs of Issuance Account:

“Series 2022 Costs of Issuance Account” means the Series 2022 Costs of Issuance Account established pursuant to the Indenture.

S&P:

“S&P” means Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., a New York corporation, its successors and assigns, and, if such corporation shall for any reason no

longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation with the approval of the Board.

State:

“State” means the State of Mississippi.

Supplemental Indenture:

“Supplemental Indenture” means any indenture which supplements or amends the Indenture in accordance with the provisions of the Indenture.

Trust Estate:

“Trust Estate” means the rights and interest granted by the granting clauses of the Indenture.

Trustee:

“Trustee” means The Bank of New York Mellon Trust Company, N.A., in its capacity as trustee under the Indenture, or its duly appointed successor.

Underwriters:

“Underwriters” means Raymond James & Associates, Inc., acting for and on behalf of itself, Wells Fargo Bank, National Association and Stephens Inc., as the original purchaser of the Series 2022 Bonds.

University:

“University” means the University of Mississippi.

Written Direction:

“Written Direction,” with reference to the Corporation, means a direction in writing signed by an Authorized Corporation Representative, and with reference to the Board, means a direction in writing signed by the Board's President or an Authorized Board Representative, which, in either case may be transmitted to the Trustee by electronic means.

Written Request:

“Written Request,” with reference to the Corporation, means a request in writing signed by an Authorized Corporation Representative, and, with reference to the Board, means a request in writing signed by the Board's President or an Authorized Board Representative.

Yield:

“Yield” means yield computed in accordance with Subsection 148(h) of the Code or any regulations promulgated by the Internal Revenue Service under Section 148 of the Code.

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SUMMARY OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the Corporation and the Trustee. Capitalized terms used in this summary but not defined herein shall have the meaning ascribed to such terms in the Indenture and in this Appendix B.

Places and Forms of Payment. The principal of, premium, if any, and interest on the Series 2022 Bonds shall be payable in lawful money of the United States of America. The principal of, premium, if any, and interest on Additional Bonds shall be payable in lawful money of the United States of America as provided for the payment of principal of, premium, if any, and interest on the Series 2022 Bonds or at such other place or places as may be prescribed in the proceedings or Supplemental Indenture authorizing the issuance thereof.

Payment of principal and premium, if any, on the Series 2022 Bonds shall be paid by check or draft, upon presentation and surrender of the Series 2022 Bonds at the principal office of the Trustee or such other address as designated by the Trustee, to the Record Date Registered Owners thereof whose names shall appear in the Bond Register maintained by the Trustee.

Payment of each installment of interest on the Series 2022 Bonds shall be made to the Record Date Registered Owners thereof whose names shall appear in the Bond Register maintained by the Trustee. Interest shall be payable in the aforesaid manner irrespective of any transfer or exchange of such Series 2022 Bonds subsequent to the Record Date and prior to the due date of such interest installment.

Interest on the Series 2022 Bonds shall be paid by check or draft mailed to Registered Owners at the addresses appearing in the Bond Register maintained by the Trustee or in such other manner as may be agreed upon by such Registered Owners and the Trustee; provided, however, at the option of a Registered Owner of at least \$1,000,000 in aggregate principal amount of Series 2022 Bonds, such payment may be accomplished by wire transfer. Any such address may be changed by written notice from the Registered Owner to the Trustee by certified mail, return receipt requested, or such other method as may be subsequently prescribed by the Trustee, such notice to be received by the Trustee not later than the 15th day of the calendar month preceding the applicable interest payment due to be effective as of such date. Interest will be calculated on the per annum basis of a 360 day year consisting of twelve, thirty-day months.

Authentication. Only such Bonds as shall be authenticated by the endorsement thereon of a certificate substantially in the form prescribed in the Indenture, executed by the Trustee by one of its authorized officers or agents, shall be secured by the Indenture or shall be entitled to any benefit thereunder, and every such certificate of the Trustee upon any Bond purporting to be secured hereby shall be conclusive evidence that the Bond so certified has been duly issued under the Indenture, and that the Registered Owner is entitled to the benefit of the trust thereby created. It shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds secured under the Indenture.

Execution. All Bonds issued under the Indenture shall be executed in the name of the Corporation by the President and attested by its Secretary or Treasurer. Either or both of said signatures may be by facsimile. The seal of the Corporation may be affixed manually or by a facsimile reproduction thereof. In case any officer of the Corporation who shall have signed or sealed any Bond shall cease to be such officer before the Bond so signed or sealed shall have been actually certified by the Trustee or delivered or issued, such Bond may be authenticated, delivered and issued with the same effect as though the person who had signed such Bond had not ceased to be an officer of the Corporation.

Registration and Transfer of Bonds. Records for the registration and transfer of the Bonds as provided in the Indenture shall be kept in the Bond Register by the Trustee, which is the registrar of the Bonds. At reasonable times and under reasonable regulations established by the Trustee, the list of Registered Owners of the Bonds may be inspected and copied by the Board and/or the Corporation. Upon

surrender for transfer of any Bond to the Trustee, the Corporation shall execute and the Trustee shall authenticate and deliver to the transferee or transferees a new Bond or Bonds of the same series and interest rate for a like aggregate principal amount. Certificates, blank as to denomination, rate of interest, date of maturity and CUSIP number and sufficient in quantity in the judgment of the Corporation to meet the reasonable transfer and reissuance need of the Bonds, shall be printed and delivered to the Trustee in a generally accepted format and held by the Trustee until needed for transfer or reissuance, whereupon the Trustee shall imprint the appropriate information as to denomination, rate of interest, date of maturity and CUSIP number prior to the registration, authentication and delivery thereof to the transferee of the Bonds. The Trustee is authorized upon the approval of the Corporation to have printed at the expense of the Corporation from time to time as necessary additional certificates bearing the manual or facsimile seal of the Corporation and the manual or facsimile signatures of the persons who were the officials of the Corporation as of the date of original issue of the Bonds. The execution by the Corporation of any Bond in the denomination of \$5,000 or any integral multiple thereof shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate, register and deliver such Bond. No charge shall be made to any Registered Owner for the privilege of registration, but any Registered Owner requesting any such registration shall pay any tax or other governmental charge required to be paid with respect thereto. The Trustee shall not be required to transfer any Bond during the period between the 15th day of the month preceding any interest or principal and interest payment date and any such date or transfer any Bonds selected for redemption in whole or in part. Prior to any transfer of the Bonds that is outside of the Book-Entry Only system (including, but not limited to, the initial transfer outside of the Book-Entry Only system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Persons Treated as Owners. Except as provided in the next paragraph, the person in whose name any Bond shall be registered in the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and neither the Corporation nor the Trustee shall be affected by any notice to the contrary. Payment of or on account of the principal of any such Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

In the event the purchaser of the Bonds shall fail to designate the names, addresses and social security or tax identification numbers of the Registered Owners of the Bonds within thirty (30) days of the date of sale, or at such other later date as may be designated by the Corporation, one Bond registered in the name of said purchaser may be issued in the full amount for each maturity. Ownership of the Bonds shall be in said purchaser until the initial Registered Owner has made timely payment and, upon request by the purchaser within reasonable time of the initial delivery of the Bonds, the Trustee shall re-register any such Bond in the Bond Register in the name of the Registered Owner to be designated by said purchaser in the event timely payment has not been made by the initial Registered Owner.

Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be stolen, destroyed or lost, the Corporation shall execute and the Trustee shall authenticate, if not then prohibited by law, and deliver a new Bond of like series, date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated Bond, or in lieu of and in substitution for such Bond stolen, destroyed or lost, as the case may be, upon the Registered Owner's paying the reasonable expenses and charges of the Corporation and the Trustee in connection therewith, and in case of a Bond stolen, destroyed or lost, his filing with the Corporation or Trustee evidence satisfactory to them that such Bond was stolen, destroyed or lost, and of such Registered Owner's ownership thereof, and furnishing the Corporation or Trustee with such security or indemnity as may be required by law or by them to save each

of them harmless from all risks, however remote. In the event any Bond shall have matured, instead of issuing a duplicate Bond, the Corporation may direct the Trustee in writing to pay the same without surrender thereof.

Funds to be Invested as Directed by the Corporation. All moneys in any of the funds established pursuant to the Indenture, all moneys to be used to reconstruct any of the Project which are received by the Trustee as insurance proceeds due to loss or damage to the Project or any portion thereof or as condemnation proceeds, and all other insurance proceeds received and retained by the Trustee shall be invested and reinvested in Permitted Investments as directed by Written Directions of the Corporation as provided in the Indenture, and any interest, profit or loss on such investments shall be credited or charged to the fund of which such investment was made. Investments may be made through the Trustee's investment department.

Duration and Amount of Investment. Moneys in the Bond Fund and the Construction Fund shall be invested in Permitted Investments in accordance with Written Directions of the Corporation. Any investment of moneys in the Bond Fund and the Construction Fund must be made in accordance with the terms and provisions of the Federal Tax Certificate.

Whenever any moneys in any of the funds established by the Trustee pursuant to the Indenture (except for the Rebate Fund) are invested under the provisions of the Indenture and are needed to prevent default in the payment of principal of, premium, if any, and interest on the Bonds or any of them, the Trustee shall liquidate such investments at such times and in such manner as the Trustee shall deem best and shall, without further instructions, cause the proceeds thereof to be applied to the payment of such principal of, premium, if any, and interest. Otherwise, such investments shall be liquidated only upon the maturity thereof.

The Trustee shall not be liable or responsible for any loss resulting from any investment under the provisions of the Indenture made by it in good faith in accordance therewith.

Additional Bonds. Except when an Event of Default is existing under the Indenture, the Corporation and the Board may from time to time agree upon and approve the issuance and delivery of Additional Bonds for the following purposes: (a) refunding the Series 2022 Bonds or any other series of Bonds; (b) providing funds to pay the cost of additional improvements to the Project and/or the Project Site, as well as the payment of all expenses incidental thereto; (c) in the event all or a portion of the Project shall be destroyed or damaged by disaster to such an extent that it can no longer serve its intended purpose, restoring said portion to reasonable condition to enable its continued service for such intended purpose; and (d) paying all reasonable expenses incidental to the issuance of such Additional Bonds. All Additional Bonds shall be of the same rank as the Series 2022 Bonds and shall be payable from the Bond Fund on a parity with the Series 2022 Bonds, but shall bear such date or dates, bear such interest rate or rates, have such maturity dates and be issued at such prices as shall be approved in writing by the Corporation and the Board.

Upon the execution and delivery in each instance of appropriate supplements to the Indenture and to the Lease, the Corporation shall execute and deliver to the Trustee, and the Trustee shall authenticate, such Additional Bonds and deliver them to the purchaser as may be directed by the Corporation, but only as provided in the Indenture. Prior to the delivery by the Trustee of any of such Additional Bonds the following items shall be filed with the Trustee:

(a) A Certified Resolution of the Board authorizing the execution of a supplemental Lease meeting the requirements of the next succeeding paragraph and an amendment to the Ground Lease, if necessary.

(b) An executed counterpart of a supplemental Lease pursuant to which the amounts of the rental payments, and, if necessary, the duration of the term of the Lease shall be increased, so as to assure that the additional rental payments will adequately provide for the retirement of the Additional Bonds by

making available sufficient money for the payment when due of principal, premium, if any, and interest thereon. Any such supplemental Lease shall make only those changes in the Lease as may be required to reflect the improvements, if any, to be made to the Project and the increased rental payments necessary to meet the requirements above set out, and such other changes as the Trustee determines will not adversely affect the security of the Bonds.

(c) An executed amendment to the Ground Lease, if any additional real estate or interest therein or extension of the term of the Ground Lease is necessary for the construction, acquisition, operation, maintenance and use of the Project as improved with the proceeds of said Additional Bonds.

(d) A Certified Resolution or Resolutions of the Corporation authorizing the execution and delivery of a supplemental Lease, an amendment to the Ground Lease, if necessary, a Supplemental Indenture and the issuance of such Additional Bonds.

(e) A fully executed Supplemental Indenture which shall supplement and amend the Indenture to specifically include such Additional Bonds within the meaning of "Bonds" as defined in the Indenture and shall provide for the terms and details of said Additional Bonds. Said Supplemental Indenture (1) must provide that the proceeds of the Additional Bonds are to be used solely for refunding Outstanding Bonds or for one or more of the purposes set out in the Indenture, and for the payment of reserves and other expenses incidental thereto and to the issuance of such Additional Bonds, with any surplus being applied only to the retirement of Bonds or deposits in funds referred to in the Indenture or in the Supplemental Indenture pursuant to which such Additional Bonds are issued; and (2) must provide that said Additional Bonds shall fall due each year on the date on which principal matures, and bear interest payable semiannually on April 1 and October 1 of each year (except that the first interest payment date may be at any time within one year from the delivery of such Additional Bonds).

(f) A request and authorization to the Trustee on behalf of the Corporation and signed by the President or Secretary of the Corporation to authenticate and deliver such Additional Bonds to the purchaser therein identified upon payment to the Trustee, but for the account of the Corporation, of a sum specified in such request and authorization plus accrued interest, if any, thereon to the date of delivery. Such proceeds shall be paid over to the Trustee and deposited to the credit of the appropriate funds established pursuant to a Supplemental Indenture in such respective amounts as shall be specified in the Supplemental Indenture authorizing such Additional Bonds.

(g) A Written Request of the Board to the Corporation and the Trustee in the form of a copy, duly certified by the Secretary of the Board, of the resolution adopted by the Board approving the issuance of such Additional Bonds on its behalf.

(h) An original executed counterpart of an approving Opinion of Bond Counsel with respect to the validity of the Additional Bonds and opining that the issuance and sale of the Additional Bonds will not result in rendering interest on any of the Bonds subject to federal or State income taxation, as applicable.

Financial Statements. The Trustee covenants and agrees in the Indenture to keep proper statements of record and account in which complete and correct entries shall be made of all transactions relating to the Project, including records showing the receipts, disbursements, allocation and application of the rental payments and revenues accruing to and funds comprising the trusts created by the Indenture, and also including the amounts thereof forwarded to the Corporation or paid to the Trustee. Such statements shall be available for inspection by the Registered Owner of any of the Bonds at reasonable hours, under reasonable conditions and at their expense. Not more than twelve months after the close of each fiscal year of the Corporation, the Trustee agrees to furnish to the Registered Owner of any of the Bonds who may so request in writing at the expense of the requesting Registered Owner, copies of financial statements covering receipts, disbursements, allocation and application of such rentals and revenues or funds for such fiscal year. Such financial statements shall be retained by the Trustee so long as any Bonds are Outstanding. The Corporation covenants in the Indenture that it will promptly furnish the Trustee with such additional

information as is deemed necessary by the Trustee to carry out the provisions of the Indenture. The Corporation shall continually require the Board to furnish to the Trustee copies of the annual audit of the University or the Board in accordance with the Lease. The Trustee shall make such audits available for inspection by the Registered Owner of any of the Bonds at the office of the Trustee and shall send the same to any such Registered Owner at the expense of the requesting Registered Owner upon receipt of a written request therefor. The Trustee shall have no duty to review or analyze any such audits or financial statements delivered to it or to verify the accuracy thereof and shall hold such audits and financial statements solely as a repository for the benefit of the Registered Owner of the Bonds; the Trustee shall not be deemed to have notice of any information contained therein or default or Event of Default which may be disclosed therein in any manner.

Ownership. The Corporation covenants in the Indenture that it is the owner and lawfully possessed of the Trust Estate; that the Ground Lease and the Lease are at the date of the execution and delivery of the Indenture valid subsisting demises in accordance with the terms therein set forth of the property which such documents purport to demise; that the Ground Lease and the Lease were lawfully made; that the covenants contained in the Ground Lease and the Lease on the part of the Corporation are valid and binding and that the Indenture is executed in conformity therewith; that the Corporation has good right, full power and lawful authority to assign and to transfer in trust and pledge the Trust Estate in the manner and form provided in the Indenture; and that the Corporation forever will cooperate with the Board to defend the title to the Project and every part thereof to the Trustee and its respective successors and assigns, for the benefit of the Registered Owners of the Bonds against the claims of all persons whomsoever.

Changes to or Cancellation of Ground Lease or Lease, Etc. The Corporation further covenants in the Indenture that, unless it receives the written consent of the Trustee, it will not alter, modify or cancel, or agree to consent to alter, modify or cancel, the Ground Lease or the Lease; but with the written consent of the Trustee, the Corporation may consent to alterations or modifications thereof, provided, that in the opinion of the Trustee and pursuant to an Opinion of Counsel selected by it, such alterations or modifications will not result in any impairment of the Trust Estate or of the security given by the Indenture or intended to be given for the payment of the Bonds.

In the Indenture, the Corporation and the Trustee acknowledge and agree that following the execution and delivery of the Indenture, the Corporation may desire to supplement the definition of Project and Project Site therein and in the Lease, as well as Exhibit A to the Lease and the Ground Lease, for the limited purpose of expanding items constituting the Project and expanding real property descriptions of the Project Site in Exhibit A to each of the Lease and the Ground Lease. In such event, notwithstanding any other provision of the Indenture, the Lease and the Ground Lease may be so supplemented provided that such supplemental documents may be executed and delivered by the parties thereto, as appropriate, without formal adoption and approval by the Board, but with the giving of notice of such supplementation to the Board and the Trustee.

The Corporation and the Trustee may, without the consent of or notice to Registered Owners of the Bonds, consent to any amendment, change or modification of the Ground Lease or the Lease as may be required (a) by the provisions of such leases or the Indenture, (b) in connection with the issuance of Additional Bonds, (c) for the purpose of curing any ambiguity or formal defect or omission, (d) in connection with additional real property which is to become part of the Project or (e) in connection with any other change therein which is not to the prejudice of the Trustee or the Registered Owners of the Bonds. If any such amendment, change or modification does not come within the purview of (a), (b), (c), (d) or (e) of the preceding sentence or the preceding paragraph, prior to giving its consent the Trustee shall obtain the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then Outstanding. No amendment, change or modification of the Lease shall be made which would (a) permit the Project or any portion thereof to be used in any manner which would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code and the regulations promulgated pursuant

thereto nor (b) amend or repeal provisions of the Lease limiting the assignment of the Board's interest in the Lease, except upon receipt by the Trustee and the Corporation of an Opinion of Bond Counsel to the effect that such amendment or repeal would not result in causing interest on the Bonds or any of them to be subject to federal or State income taxation nor (c) reduce the amount or delay the time of rental payments under the Lease. Prior to consenting to any amendment, change or modification of the Ground Lease or the Lease there shall be delivered to the Trustee an Opinion of Counsel, upon which the Trustee shall conclusively rely, to the effect that such amendment, change or modification is authorized or permitted pursuant to the terms of the Indenture.

The Corporation and the Trustee shall agree to any amendment to the Lease recommended by an Opinion of Bond Counsel, filed with the Trustee, to restrict further the agreements referred to in paragraph (e) of the definition of "Permitted Encumbrances" in the Lease in order to prevent said paragraph from permitting any agreement which would cause interest on the Bonds to be subject to federal or State income taxation.

The Corporation covenants in the Indenture that it will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Ground Lease and the Lease to be kept, performed and complied with by it.

The Corporation further covenants in the Indenture that it will not do or permit anything to be done, or omit or refrain from doing anything in any case where any such act done, or permitted to be done, or any such omission of or refraining from action would or might be a basis for declaring a forfeiture of the Ground Lease or the Lease; that upon request of the Trustee, the Corporation will promptly deposit with the Trustee (to be held by the Trustee until title and rights of the Trustee under the Indenture shall be released and reconveyed) any and all documentary evidence received by it showing compliance with the provisions of the Ground Lease and the Lease to be performed by it; that the Corporation, immediately upon its receiving or giving any notice, communication or other document in any way relating to or affecting the Ground Lease or the Lease, which may or can in any manner affect the estate of the Corporation in or under the Ground Lease or the Lease, or affect any portion of the Trust Estate, will deliver the same or a copy thereof, to the Trustee; that the Corporation will cause the Board to pay or cause to be paid all taxes, assessments and other charges, if any, that may be levied, assessed or charged upon the Trust Estate, or any part thereof, promptly as and when the same shall become due and payable; that the Corporation will, upon request of the Trustee, from time to time keep the Trustee advised of such payments, and deliver such evidence thereof as the Trustee may reasonably require; that the Corporation will not suffer the Project Site, the Project, the Trust Estate, or any part of any of them to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor; nor do or permit to be done anything that might otherwise weaken, diminish or impair the security intended to be given by or under the Indenture, nor suffer any portion of the Trust Estate or the Project to be sold under any mechanic's lien or other proceedings.

The Corporation covenants in the Indenture that it will not sell, lease, convey, mortgage, encumber or otherwise dispose of any part of the Project or the income or revenue derived from the sale, lease or other disposition thereof or of its rights under the Lease and the Ground Lease except as specifically permitted therein and in the Indenture.

Repairs; Free From Liens; Bylaws; Etc. The Corporation covenants and agrees in the Indenture as follows:

(a) To cause the Project to be maintained in good working condition and to be kept in good repair and not to commit or allow any waste with respect to the Project or the Trust Estate.

(b) To comply with and abide by every statute, order, rule or regulation now in force or hereafter enacted by any competent governmental agency or authority with respect to or affecting the operation of the properties and activities of the Corporation.

(c) To cause the Board to keep the Project, the Trust Estate and all parts thereof free from judgments, mechanic's and materialmen's liens, claims, demands and encumbrances of whatsoever nature or character, to the end that the priority of the lien of the Indenture may at all times be maintained and preserved, and free from any claim or liability, which, in the judgment of the Trustee (and its determination thereof shall be binding and final and which may be based upon an opinion of counsel), might hamper the Corporation or the Board in conducting their activities or operating the Project, and the Trustee at its option and election (after first giving the Corporation ten (10) days' written notice to comply therewith and failure of the Corporation to so comply within said period) may defend against any and all actions or proceedings in which the validity of the Indenture or its priority is or might be questioned, or pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that in defending against such actions or proceedings or in paying or compromising such claim or demands, the Trustee shall not in any event be deemed to have waived or released the Corporation from liability for or on account of any of its covenants and warranties contained in the Indenture, or from its liabilities under the Indenture to defend the validity and priority of the Indenture and the lien thereof and to perform such covenants and warranties.

(d) To comply with the terms, covenants and provisions, express or implied, of all contracts and agreements affecting or involving the Project Site, the Project, the Trust Estate or the activities of the Corporation.

(e) Whenever and so often as requested so to do by the Trustee or the Registered Owners of a majority in principal amount of the then Outstanding Bonds, promptly to execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly to do or cause to be done all such other and further things as may be necessary or reasonably required in order to vest further and more fully in the Trustee and the Registered Owners of the Bonds all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Indenture.

(f) Upon the request of the Trustee or the Registered Owners of a majority in principal amount of the Bonds, to cause the Board to take promptly such action from time to time as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Project, the Trust Estate or any part thereof, whether now existing or hereafter arising, and to prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and, to the extent permitted by applicable law, to indemnify and save the Trustee and every such Registered Owner of a Bond harmless from all loss, cost, damage and expense, including attorneys' fees, costs and expenses which they or either of them may incur by reason of any such defect, cloud, suit, action or proceedings.

(g) To the extent permitted by applicable law, to cause the Board to defend against every suit, action or proceeding at any time brought against the Trustee or any Registered Owner of a Bond upon any claim arising out of the receipts, applications or disbursements of any of the income or proceeds from the Project or the Trust Estate or involving the Trustee or the rights of such Registered Owner of a Bond under the Indenture, and to the extent permitted by applicable law, to indemnify and save harmless the Trustee and any Registered Owner of a Bond against any and all liability claimed or asserted by any person whomsoever, arising out of such receipt, application or disbursement of any such proceeds; provided, however, that the Trustee or such Registered Owner of a Bond at its or their election may appear in and defend any such suit, action or proceedings, notwithstanding any contrary provisions of the Indenture, and this covenant shall continue and remain in full force and effect, even though all indebtedness, liabilities, obligations and other sums secured by the Indenture may have been fully paid and satisfied, and the Indenture may have been released and the lien thereof discharged or the sooner resignation or removal of the Trustee.

(h) To at all times maintain the Corporation's right to carry on its business, and to duly procure all renewals and extensions thereof and to diligently maintain, preserve and renew all the rights, powers,

privileges and franchises now owned or hereafter acquired and to maintain its existence as a nonprofit corporation in good standing organized and existing under the laws of the State.

(i) To not permit its interest in the Ground Lease or the Lease to be assigned except as assigned to the Trustee as security for the Bonds issued under the Indenture and the performance of all obligations imposed upon the Corporation under the Indenture.

(j) To not permit any amendment to its Articles of Incorporation or its Bylaws without the consent of the Board and the Trustee. The Trustee shall consent to any such amendment desired by the Corporation and approved by the Board if there is furnished to the Trustee an Opinion of Bond Counsel satisfactory to the Trustee which shows that such amendment will not permit the Corporation to engage in any business other than that for which it was created, or result in any income to the Corporation, or any interest on any of the Bonds being made subject to federal or State income taxation. However, if the Trustee and the Corporation shall receive an Opinion of Counsel to the effect that an amendment to the Corporation's Articles of Incorporation or Bylaws is necessary or desirable to prevent the income of the Corporation or the interest on any of the Bonds from being subject to federal or State income taxation, the Corporation shall immediately proceed to make such amendment to its Articles of Incorporation or Bylaws, and the consent of the Board and the Trustee thereto shall not be required.

(k) To not engage in any activities other than those permitted by the Articles of Incorporation and the Bylaws of the Corporation.

Merger, Consolidation or Sale of Assets. The Corporation covenants in the Indenture that it will not be or become a party to any merger or consolidation and will not sell, lease or otherwise dispose of all or substantially all of its properties or assets to any other corporation or other entity, except by the Lease or upon compliance with the terms of the Lease and the Indenture, so long as any of the Bonds are Outstanding under the Indenture; provided, however, that the Corporation may consolidate or merge with another nonprofit corporation formed solely for the purpose of financing or constructing improvements for the Board under arrangements similar to those pertaining to the Corporation under the Indenture and under the Lease if the Trustee each expressly authorizes such merger in writing. The Trustee shall authorize any such merger or consolidation in writing if it receives a Written Request of the Board and the Corporation to do so and an opinion of counsel upon which the Trustee shall conclusively rely, to the effect that such merger or consolidation would adversely affect the security of the Bonds, or might result in violation of any section or provision of the Indenture.

No Action Affecting Tax-Exempt Status of Series 2022 Bonds. The Corporation covenants in the Indenture that it will not take any action or refrain from taking any action, which might result in the income of the Corporation becoming taxable to it or in the interest on the Series 2022 Bonds becoming taxable to the owner thereof under the federal income tax laws or the laws of the State. The Corporation covenants in the Indenture that it will not permit the Project or any portion thereof to be used in any manner which would cause the Series 2022 Bonds to be "private activity bonds" within the meaning of Section 141 of the Code and the regulations promulgated pursuant thereto. The Corporation and the Board covenant in the Indenture to comply with the provisions of the Federal Tax Certificate. The Corporation agrees in the Indenture to establish with the Trustee a Rebate Fund, which shall not be a trust fund under the Indenture, and the terms of and provisions governing which shall be as set forth in the Federal Tax Certificate; provided that said compliance shall not be required if the Corporation or the Board delivers to the Trustee an Opinion of Bond Counsel to the effect that compliance is not required to preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2022 Bonds. In the event of any conflict between the provisions of the Federal Tax Certificate and the provisions of the Indenture, the provisions of the Federal Tax Certificate shall govern. The Indenture provides that this covenant shall survive the payment in full or the defeasance of all Outstanding Series 2022 Bonds.

Condemnation. In the event that title to, or the temporary use of, the Project Site or Project shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Corporation and the Trustee will cause the net proceeds, after payment of expenses incurred in the collection of the award received by them or either of them from any award made in such eminent domain proceedings, to be paid to and held by the Trustee in a separate trust account, to be applied in one of the following ways as shall be directed in writing by the Board:

(a) the restoration of any affected portion of the Project to substantially the same condition as such existed prior to the exercise of the said power of eminent domain; or

(b) the repair of existing facilities and the acquisition, by construction or otherwise, by the Board of other improvements suitable for the Board's operations on or adjacent to the affected Project Site (which improvements shall be deemed a part of the Project and available for use and occupancy by the Board without the payment of any money other than as provided in the Lease to the same extent as if such eminent domain proceedings had not occurred); provided, that such improvements shall be acquired by the Board subject to no liens or encumbrances other than Permitted Encumbrances and shall be located on real property owned by the Board and leased under the Ground Lease and shall not be used in any manner which would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code and the regulations promulgated thereto.

The Corporation shall cooperate fully with the Board in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit the Board to litigate any such proceeding in the name and on behalf of the Corporation. In no event will the Corporation voluntarily settle, or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Board.

Events of Default. The following shall be Events of Default under the Indenture:

(a) default in the due and punctual payment of the principal of, and premium, if any, of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or otherwise;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) default by the Corporation in the performance or observance of any other of the covenants, agreements or conditions on its part, contained in the Indenture or in the Bonds, and such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Corporation by the Trustee, or to the Corporation and the Trustee by the Registered Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding;

(d) attachment or taking into custody under any court process of the Trust Estate (including any rental payments due from the Board to the Corporation under the terms of the Lease); or

(e) an Event of Default by the Board under the Lease.

Remedies. The Trustee, in case of the occurrence of an Event of Default specified in the Indenture, may and, upon the written request of the Registered Owners of a majority in principal amount of the Bonds then Outstanding and upon being first indemnified, shall, to the extent then permitted by law, exercise any or all of the following remedies:

(a) The Trustee, personally or by its agents or attorneys, may exercise any and all of the rights granted to it by the granting clauses of the Indenture, including particularly the collection of the rental

payments under the Lease and all rentals due from the Board or any other lessee of any of the Project to the Corporation and may upon application to any court of competent jurisdiction secure the appointment of a receiver to collect and apply such rentals, and may pay or cause to be paid all reasonable charges, including taxes and assessments levied thereon and operating and maintenance expenses and all disbursements and liabilities of the Trustee under the Indenture and apply the net proceeds arising from the exercise of such rights as follows:

- (1) to the payment of all amounts owed as rebate to the United States of America;
- (2) to the compensation of the Trustee, its agents, attorneys and counsel, and of all proper expenses, liabilities and advances incurred or made under the Indenture by the Trustee or by any Registered Owner of the Bonds, and of all taxes, assessments or liens superior to the lien of the Indenture;
- (3) to the payment of the whole amount then owing or unpaid upon the Bonds for principal and interest, together, if and to the extent permitted by law, with interest at the respective rates borne by the Bonds on overdue principal and interest; and in case such proceeds shall be insufficient to pay the whole amount so due and unpaid on the Bonds, then to the payment of such principal and interest, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, ratably, in proportion to the aggregate of such principal and accrued and unpaid interest; and
- (4) to the payment of the surplus, if any, to the Board, its successors and assigns, or to whomever may be lawfully entitled to receive the same.

(b) The Trustee may proceed to protect and enforce its rights and the rights of the Registered Owners of the Bonds under the Indenture and the rights of the Corporation under the Ground Lease and under the Lease whether the Ground Lease or the Lease is then in default or not, by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained in the Indenture or in the Lease, or in aid of the execution of any power granted in the Indenture or in the Lease, or in its own name and as trustee of an express trust to recover judgment for the amount of the principal of or interest on any of the Bonds if the same shall have become due, whether in accordance with the terms thereof or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel may deem most effectual to protect and enforce any of the rights or interests under the Bonds and the Indenture, or either of them. All rights of action under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relative thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, and any recovery of judgment shall be for the ratable benefit of the Registered Owners of the Bonds subject to the provisions of the Indenture.

(c) The Trustee is appointed by the Indenture, and the successive respective Registered Owners of the Bonds acquiring ownership of the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney-in-fact of the respective Registered Owners of the Bonds, with authority to make or file in the respective names of the Registered Owners of the Bonds or on behalf of all Registered Owners of the Bonds as a class, any proof of debt, amendment to proof of debt, petition or other document; to receive payment of all sums becoming distributable on account thereof; to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of Registered Owners of the Bonds as a class, as may be necessary or advisable, in the opinion of the Trustee, in order to have the respective claims of the Registered Owners of the Bonds against the Corporation allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings to which the Corporation shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

(d) The Trustee may, and shall, upon the written request of the owners of not less than a majority of the aggregate principal amount of the Bonds outstanding, by written notice to the Corporation,

declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding.

Delay or Waiver by Trustee or Registered Owners of the Bonds. No delay or omission of the Trustee or of any Registered Owner of any of the Bonds to exercise any right or power arising from any default on the part of the Corporation shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Trustee or any Registered Owner of the Bonds of any such default, whether such waiver be full or partial shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided in the Indenture. No remedy under the Indenture is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given under the Indenture or otherwise existing.

Rights and Remedies of Registered Owners of the Bonds. No Registered Owner of any of the Bonds shall have any right to institute or prosecute any suit or proceedings at law or in equity for the appointment of a receiver of the Corporation for the enforcement of any of the provisions of the Indenture or of any remedies thereunder in respect to the Project unless the Trustee, after written request and indemnification by the Registered Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have neglected for 60 days to take such action; provided, however, that the right of any Registered Owner of any Bond to receive payment of the principal thereof, premium, if any, and interest thereon, or any one of them, on or after the respective due dates expressed therein or to institute suit for the enforcement of any such payment shall not be impaired or affected without the consent of such Registered Owner.

Obligation to Pay Principal, Premium, If Any, and Interest Not Affected. Nothing in any provision of the Indenture or in the Bonds shall affect or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of, premium, if any, and interest on the Bonds to the respective Registered Owners of the Bonds at their respective dates of maturity or earlier redemption, but solely from the sources provided in the Indenture and at the places in such Bonds expressed.

Supplemental Indentures Not Requiring Consent of Registered Owners of the Bonds. With the consent of the Board expressed by resolution, the Corporation and the Trustee from time to time and at any time, and subject to the conditions and restrictions contained in the Indenture, may enter into a Supplemental Indenture or Supplemental Indentures, which Supplemental Indenture or Supplemental Indentures thereafter shall form a part of the Indenture, for any one or more of all of the following purposes:

(a) to add to the covenants and agreements of the Corporation contained in the Indenture, other covenants and agreements thereafter to be observed (including additional security thereto) or to surrender any right or power reserved to or conferred upon the Corporation in the Indenture;

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Corporation may deem necessary or desirable and not inconsistent with the Indenture and which shall not adversely affect the interests of the Registered Owners of the Bonds;

(c) to modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification of the Indenture and of any indenture supplemental to the Indenture under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or any state Blue Sky law and, if they so determine, to add to the Indenture, or any Supplemental Indenture, any other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute or any state Blue Sky law;

(d) to provide for the issuance of Additional Bonds pursuant to the provisions of the Indenture;
and

(e) to comply with the provisions of the Indenture when money and Qualified Permitted Investments sufficient to provide for the retirement of the Bonds shall have been deposited with the Trustee or other financial institution as provided in the Indenture.

Any Supplemental Indenture authorized by the provisions of the Indenture may be executed by the Corporation and the Trustee without the consent of or notice to the Registered Owners of any of the Bonds at the time Outstanding, notwithstanding any of the provisions of the Indenture which address Supplemental Indentures requiring consent of Registered Owners of the Bonds, but the Trustee shall not be obligated to enter into such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

Supplemental Indentures Requiring Consent of Registered Owners of the Bonds. With the consent of the Board expressed by resolution, and the consent (evidenced as provided in the Indenture) of the Registered Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, the Corporation and the Trustee may from time to time and at any time enter into a Supplemental Indenture or Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any Supplemental Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the Registered Owner of each Bond so affected (a) extend the maturity of any Bond or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce the amount of premium owed thereon, or reduce the amount or extend the due date of any principal installment established for mandatory redemption, or (b) reduce the aforesaid percentage of Registered Owners of Bonds required to approve any such Supplemental Indenture, or (c) permit the creation of any lien on the Project or deprive the Registered Owners of the Bonds (except as aforesaid) of the lien created by the Indenture upon the Trust Estate. Upon receipt by the Trustee of a Certified Resolution of the Corporation authorizing the execution of any such Supplemental Indenture, and upon the filing with the Trustee of evidence of the requisite consent of Registered Owners of the Bonds, as aforesaid, the Trustee shall join with the Corporation in the execution of such Supplemental Indenture unless such Supplemental Indenture affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion, but without obligation, enter into such Supplemental Indenture.

It shall not be necessary for the consent of Registered Owners of the Bonds under the provisions of this subheading to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Corporation and the Trustee of any Supplemental Indenture pursuant to the provisions under this subheading, notice of the substance of such Supplemental Indenture, setting forth the general terms thereof, shall be given by registered or certified mail to each Registered Owner of Bonds then Outstanding. Any failure of the Corporation to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Supplemental Indenture to Modify the Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of the Indenture, the Indenture shall be modified and amended in accordance therewith and the respective rights, duties and obligations of the Corporation, the Trustee and all Registered Owners of Bonds Outstanding thereunder shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Discharge of Lien. If the Corporation shall pay or cause to be paid to the Registered Owners of the Bonds the principal of, premium, if any, and interest to become due with respect thereto at the times

and in the manner stipulated therein and in the Indenture, or if provision satisfactory to the Trustee is made by the Corporation or the Board for such payment under the Lease, and if the Corporation shall keep, perform and observe all and singular the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions of the Indenture, then the Indenture and the estate and invested rights granted by the Indenture shall cease, determine and be void, and thereupon the Trustee shall, at the written direction of the Corporation, cancel and discharge the lien of the Indenture, and execute and deliver to the Corporation such instruments in writing as shall be requisite to satisfy the lien of the Indenture, and reconvey to the Corporation the estate conveyed by the Indenture, and assign and deliver to the Corporation any property at the time subject to the lien of the Indenture which may then be in its possession except cash held by the Trustee for the payment of interest and premium, if any, on any retirement of the Bonds.

Bonds for the payment or redemption of which sufficient moneys shall have been deposited with the Trustee or other qualified financial institution as provided in the Indenture (whether upon or prior to the maturity or the redemption date of such Bonds) in trust with irrevocable instructions to apply such funds to such payment or redemption shall be deemed to be paid within the meaning of the Indenture; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving thereof.

Without limiting the generality of the foregoing, provision for the payment of Bonds shall be deemed to have been made upon the delivery to the Trustee or other qualified financial institution as provided in the Indenture in trust with irrevocable instructions to apply the same or the proceeds thereof to such payment of (a) cash in an amount sufficient to make all payments specified above, or (b) Qualified Permitted Investments, maturing on or before the date or dates when the payments specified above shall become due, the principal amount of which, premium, if any, and the interest thereon, when due, is or will be, in the aggregate, sufficient to make all such payments, or (c) any combination of cash and Qualified Permitted Investments.

Notwithstanding anything to the contrary in the Indenture, any amount deposited with the Trustee or other qualified financial institution as provided in the Indenture pursuant to the provisions under this subheading shall not be invested at a Yield in excess of the Yield on the Series 2022 Bonds unless there is first delivered to the Trustee an Opinion of Bond Counsel to the effect that all or a portion of the amount deposited with the Trustee or other qualified financial institution as provided in the Indenture pursuant to the provisions under this subheading may be invested at a Yield in excess of the Yield on the Series 2022 Bonds without adversely affecting the tax-exempt status of interest on the Series 2022 Bonds, and only such amount as will, in the opinion of such Bond Counsel, not so affect the tax-exempt status of interest on the Series 2022 Bonds, may be invested at a Yield in excess of the Yield on the Series 2022 Bonds.

In the event of an advance refunding of Bonds, the Corporation shall cause to be delivered a verification report of an independent nationally recognized certified public accountant. If a forward supply contract is employed in connection with the advance refunding, (a) such verification report shall expressly state the adequacy of the escrow to accomplish the advance refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (b) any applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement shall be controlling.

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SUMMARY OF THE LEASE

The following is a brief summary of certain provisions of the Lease. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Lease, copies of which are on file with the Corporation and the Trustee. Capitalized terms used in this summary but not defined herein shall have the meaning ascribed to such terms in the Lease and in this Appendix B.

Prepayment of Rental Payments. In the Lease there is expressly reserved to the Board the right, and the Board is authorized and permitted, at any time it may choose, to prepay its rental payment obligations under the Lease, and the Corporation agrees in the Lease that it shall cause such payments to be paid to the Trustee or other qualified financial institution as provided in the Indenture and applied to the payment of the Series 2022 Bonds as provided in the Indenture provided such prepayments comply with the Indenture and the Code.

Maintenance and Utilities and Operation by Others. All maintenance and repair of the Project and utilities therefor shall be the responsibility of the Board, including electric power, gas, light, water and all other public utility services.

Subject to compliance with the Code and receiving an opinion of Bond Counsel, the Lease provides that Board may lease to others, or may arrange for the operation by others of, the Project or any part or parts thereof to the extent permitted in the Lease and may in any such lease or other arrangement require the lessee or operator to perform all or some maintenance and repair, but no such lease or other arrangement shall have the effect of relieving the Board from such responsibility under the terms of the Lease except to the extent that such maintenance and repair is in fact performed by the lessee or lessees or other operator.

Investments. In order to achieve the maximum economy with respect to the Project, the Corporation agrees in the Lease that it will, at all times practicable, cause moneys held by or for it to remain invested to the extent practicable, in investments which are lawful investments for moneys of the Corporation in accordance with and limited to the provisions regarding the investment of funds.

Interest on the Series 2022 Bonds to Remain Tax-Exempt. The Board and the Corporation recognize that the initial purchasers and the Registered Owners of the Series 2022 Bonds will have accepted the Series 2022 Bonds in reliance on the fact, and paid therefor a price reflecting, the understanding that interest on the Series 2022 Bonds is not included in gross income of the holders thereof for purposes of federal and State income taxation. Therefore, the parties agree in the Lease that neither will do anything which would in any way cause (a) the interest on the Series 2022 Bonds to be included in gross income of the holders thereof for purposes of federal income taxation and (b) the interest on the Series 2022 Bonds to be included in gross income of the holders thereof for purposes of State income taxation. The Board shall not let or sublet any of the Project or any portion thereof in any manner which would cause the Series 2022 Bonds to be private activity bonds (as such term is used in the Code). No more than ten percent (10%) of any of the Project will be “used” (within the meaning of Section 141 of the Code) directly or indirectly, in a “trade or business” (within the meaning of Section 141 of the Code, and including any activity carried on by any person other than a natural person) carried on by any Person other than a “governmental unit” (within the meaning of Section 141 of the Code, and specifically excluding the United States of America or any agency or instrumentality thereof); the Project will not be “used” for any “private business use” (within the meaning of Section 141 of the Code) which is not related to the “government use” (within the meaning of Section 141 of the Code) of the Project; and no party (other than a “governmental unit”) which shall use all or any part of the Project shall make any payments to the Corporation or the Board which are in any way related to the Project if the aggregate of all such payments from all such parties (other than “governmental units”) shall in any year equal or exceed ten percent (10%) of principal of or interest on the Series 2022 Bonds payable during such year, unless the Corporation or the Board shall have received an Opinion of Bond Counsel to the effect that receipt of such payments will not adversely affect the exclusion of interest on the Series 2022 Bonds from gross income for federal income tax purposes. The Board will not create

any debt service fund, sinking fund or other similar fund that will be reasonably expected to be used to pay principal of or interest on the Series 2022 Bonds or payments pursuant to the Lease; and no funds or accounts of the Board will be pledged to secure the payment of principal of or interest on the Series 2022 Bonds or payments pursuant to the Lease. The Board further covenants and agrees in the Lease that, notwithstanding any provision of the Lease or the rights of the Board thereunder, the Board will not take or permit to be taken on its behalf any action which would impair the exclusion of interest on the Series 2022 Bonds from gross income for federal income tax purposes, and it will take such reasonable action as may be necessary to continue such exclusion.

Arbitrage. The Corporation and the Board each represent, warrant, covenant and agree in the Lease that:

(a) They will neither take any action nor omit to take any action nor make any investment or use of the proceeds from the issue and sale of the Series 2022 Bonds, including amounts treated as proceeds, if any, which will cause the Series 2022 Bonds to be classified as arbitrage bonds within the meaning of Section 148 of the Code, and any regulations thereunder as such may be applicable to the Series 2022 Bonds, at the time of such action, investment or use.

(b) (1) They shall take all actions necessary in order to comply with the requirements of paragraphs (2) and (3) of Subsection 148(f) in order that the Series 2022 Bonds shall not be treated as arbitrage bonds pursuant to paragraph (1) of Subsection 148(f), including payment of all amounts, if any, required to be paid to the United States of America in accordance with and within the time limits prescribed in Subsection 148(f) and the Subsection 148(f) Regulations, the making of any and all calculations, computations and filings required pursuant to Subsection 148(f) and the Subsection 148(f) Regulations, and the maintenance of all such records as may be required pursuant to Subsection 148(f) and the Subsection 148(f) Regulations.

(2) In order to effectuate the foregoing covenants, (A) prior to delivery of the Series 2022 Bonds, they shall have received written instructions from Bond Counsel with respect to specific actions which will, under Subsection 148(f) and such regulations as may have been promulgated prior to delivery of the Series 2022 Bonds, assure compliance with such covenants; and (B) they shall comply with such instructions until they shall have received from Bond Counsel written advice that continued compliance with such instructions is not necessary in order to avoid adversely affecting the tax-exempt status of the interest on the Series 2022 Bonds or alternative written instructions with respect to certain actions which will assure compliance with the covenants set forth above, in which event they shall thereafter comply with all such alternative instructions.

(c) They shall not intentionally use any portion of the proceeds (within the meaning of Subsection 148(a) of the Code and any regulations promulgated pursuant thereto) of the Series 2022 Bonds to acquire higher yielding investments (as defined in Subsection 148(a) of the Code and all regulations promulgated pursuant thereto) or to replace funds which were used directly or indirectly to acquire higher yielding investments, except to the extent specifically permitted pursuant to Section 148 of the Code and any regulations promulgated thereunder.

(d) They shall not purchase or acquire any investment property with proceeds (within the meaning of Section 148 of the Code) of the Series 2022 Bonds in a manner or for a price which would cause the Series 2022 Bonds to be or become arbitrage bonds, within the meaning of Section 148 of the Code and all regulations promulgated thereunder, including, without limitation, to the extent prescribed by applicable regulations, investments (regardless of yield) which do not comply with the provisions of any regulations intended to assure that obligations are acquired at their "fair market value."

(e) The President of the Board and/or the President and Secretary of the Corporation are authorized in the Lease to execute a Federal Tax Certificate in connection with the sale and delivery of the Series 2022 Bonds, setting forth the reasonable expectations with respect to the investment and use of

proceeds of the Series 2022 Bonds and also setting forth certain covenants, stipulations and certifications with respect to the investment and expenditures of the proceeds of the Series 2022 Bonds, and they shall comply with all certifications, stipulations and covenants set forth in such certificate. In addition, such officials are authorized to make such elections as are necessary or appropriate under the Code or the Subsection 148(f) Regulations.

(f) There are no other obligations heretofore issued or to be issued by or on behalf of any state, territory or possession of the United States of America, or political subdivision of any of the foregoing, or of the District of Columbia, by or for the benefit of the Board or the Corporation, which (1) were or are to be sold at substantially the same time as the Series 2022 Bonds, (2) were or are to be issued pursuant to the same plan of financing as the financing plan for the Series 2022 Bonds and (3) are payable directly or indirectly by the Board or the Corporation or from substantially the same source from which the Series 2022 Bonds are payable. There are no additional facts or circumstances which may further evidence that the Series 2022 Bonds are part of any other issue of obligations.

(g) No payment of principal of or interest on the Series 2022 Bonds is or will be guaranteed (in whole or in part, directly or indirectly) by the United States of America, or any agency or instrumentality thereof or any entity with statutory authority to borrow from the United States of America. None of the proceeds of the Series 2022 Bonds will be: (1) used to make loans, the payment of principal of or interest on which is or will be guaranteed (in whole or in part, directly or indirectly) by the United States of America or any agency or instrumentality thereof or any entity with statutory authority to borrow from the United States of America; or (2) invested (directly or indirectly) in any deposit or account which is insured under federal law by the Federal Deposit Insurance Corporation, the National Credit Union Administration or any similar federally chartered corporation other than: (A) the investment of the proceeds of the Series 2022 Bonds for an initial temporary period (within the meaning of subparagraph 3(B) of Subsection 149(b) of the Code) until such proceeds are needed for the purpose for which the Series 2022 Bonds are being issued; (B) investments of a bona fide debt service fund (within the meaning of Subparagraph 3(B) of Subsection 149(b) of the Code); (C) investments of a reserve which meets the requirements of Subsection 148(d) of the Code; (D) investments in bonds issued by the United States Treasury; or (E) other investments permitted under regulations promulgated by the Internal Revenue Service pursuant to Subsection 149(b) of the Code.

(h) Notwithstanding any provision of the Lease or the rights of the Board or the Corporation thereunder, they will not take or permit to be taken on their behalf any action which would impair the exclusion of interest on the Series 2022 Bonds from gross income of the holders thereof for federal income tax purposes, and they will take such reasonable action as may be necessary to continue such exclusion, including, without limitation, the preparation and filing of any statements required to be filed by them in order to maintain such exclusion.

Changes in the Project. So long as the Board is not in default under the Lease, the Corporation shall not make any changes or alterations in or additions to the Project except for the limited purposes described in the following paragraph or with the written consent of the Board and upon such terms as may then be agreed. The Board may make or permit others to make improvements or modifications to any of the Project as it determines best serve the interests of the Board. The cost of any alterations, addition or improvement shall be promptly paid or discharged such so that such Project shall at all times be free of liens for labor and materials supplied thereto. All alterations, additions and improvements to the Project shall be and become a part of the Project Site.

The parties to the Lease acknowledge and agree therein that following the execution and delivery of the Lease, the Corporation may desire to supplement the definition of Project and Project Site, as well as legal description of the Project Site contained in the Lease for the limited purpose of expanding items constituting the Project and expanding real property descriptions of the Project Site. In such event, the Lease may be so supplemented provided that such Supplemental Lease may be executed and delivered by the

parties to the Lease without formal approval and adoption by the Board, but with the giving of notice of such supplementation to the Board and the Trustee.

Taxes. It is understood and agreed in the Lease that all taxes and assessments of any type or nature charged to the Corporation, the Board or affecting the Project and the Project Site or the respective interests in or estates therein, or affecting the amount available to the Corporation from payments received under the Lease for the retirement of the Series 2022 Bonds (including charges or encumbrances assessed or levied by any governmental agency, district or corporation having power to levy assessments or taxes) shall upon receipt of invoices therefor be paid by the Board under the Lease as rental payments. Upon Written Request of the Board, the Corporation agrees to take whatever steps are necessary to contest the assessed valuation, the amount of an assessment or tax, or to recover any assessment or tax paid if the Board believes such assessed valuation or assessment of tax to be improper or invalid. The Board agrees to reimburse the Corporation for any and all costs incurred by the Corporation in relation thereto.

Eminent Domain. If all or any part of the Project and/or the Project Site shall be taken under the power of eminent domain, the Lease shall continue in full force and effect and shall not be terminated by virtue of such taking, and the parties waive the benefit of a law to the contrary. Any award made in eminent domain proceedings for taking or damaging the Project in whole or in part shall be deposited with the Trustee and applied as provided in the Indenture.

Events of Default by Board. The following shall be Events of Default by the Board under the Lease:

(a) the Board shall fail to make any of the rental payments corresponding to debt service on the Series 2022 Bonds when due; or

(b) the Board shall fail to make any other of the rental payments under the Lease for a period of 30 days after notice of such failure shall have been given in writing to the Board by the Corporation or by the Trustee; or

(c) the Board shall fail to perform any other covenant in the Lease for a period of 30 days after written notice specifying such default shall have been given to the Board by the Corporation, or the Trustee, provided that if such failure to perform is such that it can be remedied but cannot be remedied within such 30-day period, it shall not be deemed an Event of Default so long as the Board diligently tries to remedy the same; or

(d) the Board's interest in the Lease or any part thereof is assigned or transferred (except to a successor political subdivision), without the written consent of the Corporation, the Trustee, either voluntarily or by operation of law.

Remedies Upon Default by Board. Upon the occurrence of any Event of Default under the Lease, the Trustee shall have the right and the Corporation, if requested by the Trustee, shall have the right, without further demand or notice, to take any one or more of the following actions:

(a) to exercise any available remedies at law or in equity;

(b) to enter the Project Site during reasonable business hours (and in emergencies at all times), (1) to inspect the same, (2) for any purpose connected with the Corporation's rights or obligations under the Lease and (3) for all other lawful purposes; and

(c) to declare the payment of all amounts owed by the Board under the Lease to be immediately due and payable, including but not limited to the payment of all rental payments thereunder, without further action, anything in the Lease to the contrary notwithstanding.

The foregoing remedies of the Corporation are in addition to and nonexclusive of any other legal or equitable remedy available to the Corporation. The Corporation has assigned under the Indenture all of

its rights and privileges under the Ground Lease and the Lease to the Trustee, and, whenever an Event of Default exists, the Trustee may exercise any or all of such rights or privileges as provided in the Indenture. The Board consents in the Lease to such assignment under the terms and provisions set forth in the Indenture.

Events of Default by Corporation. The following shall be Events of Default by the Corporation under the Lease:

(a) the Corporation shall fail to perform its obligations under the section of the Lease which involves receipt of prepayments of rent; or

(b) the Corporation shall fail to perform any of its obligations under the Lease for 30 days, or such additional time as is reasonably required to correct any such default, after having received notice by the Board properly specifying wherein the Corporation has failed to perform any such obligation.

No default by the Corporation under the Lease shall relieve the Board of its obligations to timely pay the rental payments and other amounts required to be paid by the Board under the Lease, so long as any Series 2022 Bonds remain Outstanding.

Remedies Upon Default by Corporation. The Board may exercise any remedy available at law or in equity to require the Corporation to remedy such default so long as such remedy does not interfere with or endanger the payment of the rental and the payment of all other amounts required by the Corporation to be made to the Trustee.

Interest of Board Not to be Assigned; Permitted Exceptions. Neither the Lease nor any interest of the Board in the Lease shall at any time after the date of the Lease, without (a) the prior written consent of the Trustee, and (b) receipt of an Opinion of Bond Counsel to the effect that such activities will not cause interest on the Series 2022 Bonds to become includable in gross income of the owners thereof for federal income tax purposes, be mortgaged, pledged, assigned, hypothecated or transferred by the Board by voluntary act or by operation of law or otherwise, whether or not such action constitutes an automatic Event of Default under the Lease, except for transfer to any successor agent or political subdivision of the State. The Board shall at all times remain liable for the performance of all of the covenants and conditions on its part to be performed, notwithstanding any assignment, transfer or subletting which may be made. Any sublease or assignment of the Lease by the Board shall include a provision that it shall terminate when the Lease terminates pursuant thereto.

Board May Grant Easements. The Board shall have the right under the Lease to grant easements which qualify as Permitted Encumbrances across, along, in, under or over any of the Project Site upon filing with the Corporation and the Bondholders a certificate executed by an Authorized Board Representative showing that the granting of such easement will not interfere with the use of the respective Project.

Amendments for S.E.C., Blue Sky and Other Limited Purposes. The Board and the Corporation agree in the Lease that if it shall ever become necessary to make any amendment to the Lease or to the Indenture in order to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or the registration of the Series 2022 Bonds with the Securities and Exchange Commission or the sale of the Series 2022 Bonds in accordance with the Blue Sky laws of any state, the Board and the Corporation will agree to such amendments to both the Lease and the Indenture as may be necessary or advisable, in the opinion of independent counsel, to permit such qualification, registration or sale; provided that the Lease may not be altered, modified or amended without the prior written consent of the Trustee as provided in the Indenture.

Termination of Lease. In any event, and notwithstanding any other provisions of the Lease, and regardless of any act or failure to act on the part of any party to the Lease, or the failure of the Board to make any payment contemplated in the Lease, upon the discharge of the Series 2022 Bonds or the defeasance of the lien of the Indenture, whichever shall occur first, the Lease and the term granted thereby shall cease and expire and all rights to the Corporation, or any other person or entity in and to the Project

Site or the Project shall cease, and the Corporation shall cause the Trustee to release any interest which the Trustee may have in the Project Site or the Project, as applicable, from the lien of the Indenture and the same shall become the property of the Board, and title to the same shall vest in the State without further action or demand by the Board, pursuant to the Lease and Section 37-101-71, Mississippi Code of 1972, as amended. Such termination of the right of the Corporation in the Project Site and the Project shall not terminate the right of the Corporation to any rental payments under the Lease which shall remain unpaid.

No Representations or Warranties Regarding Project Site or the Project. The Corporation has not made an inspection of the Project Site or the Project, and the Corporation makes no warranty or representation in the Lease, express or implied or otherwise, with respect to the same or the location, use, description, design, merchantability, environmental condition, fitness for use for any particular purpose, condition or durability thereof, or as to the quality of the material or workmanship therein, or as to the title thereto or ownership thereof or otherwise, it being agreed that all risks incidental thereto are to be borne by the Board. In the event of any defect or deficiency of any nature in the Project Site or the Project, whether patent or latent, the Corporation shall have no responsibility or liability with respect thereto. The provisions under this subheading have been negotiated and are intended to be a complete exclusion and negation of any warranties by the Corporation, express or arising pursuant to the Uniform Commercial Code of the State or any other law now or hereafter in effect or otherwise.

Board to Perform Its Duties Under the Indenture. In the Lease, the Board agrees to perform all duties required of it under the Indenture, which it has reviewed and approved.

Net Lease. The Lease shall be deemed and construed to be a “net lease” and the Board agrees in the Lease that the payments provided for in the Lease shall be an absolute net return to the Corporation free and clear of any expenses or charges whatsoever, except as otherwise specifically provided in the Lease.

Completion of Payments. All payments to be made to the Trustee under the Lease will be deemed to have been completed upon receipt thereof by the Trustee. All other payments under the Lease will be deemed to have been completed upon receipt by the payee.

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APPENDIX C
STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Financial Statements

June 30, 2021 and 2020

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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FINANCIAL AUDIT REPORT

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
State of Mississippi Institutions of Higher Learning
Jackson, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of State of Mississippi Institutions of Higher Learning (the IHL System), a component unit of the State of Mississippi, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the IHL System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. For the years ended June 30, 2021 and 2020, we did not audit the financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund. Those 2021 financial statements, which reflect approximately 4.5%, 1.7% and 0.6% of the assets, net position and revenues of the IHL System's business-type activities and 89.7%, 89.4% and 88.4% of assets, net assets and revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2021, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for the above mentioned entities/funds, is based solely on the reports of the other auditors. Those 2020 financial statements, which reflect approximately 5.0%, 1.5% and 0.7% of the assets, net position and revenues of the IHL System's business-type activities and 89.5%, 89.2% and 88.2% of assets, net assets and revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2020, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for the above mentioned entities/funds, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the IHL System as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the various schedules of Proportionate Share of Net Pension Liability, Proportionate Share of Contributions to PERS, Proportionate Share of Net OPEB Liability and Proportionate Share of Contributions to OPEB, collectively the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

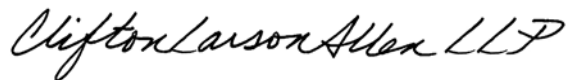
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the IHL System's basic financial statements. The combining supplementary information on pages 120-126 and the accompanying component unit additional information for inclusion in the State of Mississippi Comprehensive Annual Financial Report on pages 141-155 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining supplementary information and the accompanying component unit additional information for inclusion in the State of Mississippi Comprehensive Annual Financial Report is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audits and the reports of other auditors, the combining supplementary information and the accompanying component unit additional information for inclusion in the State of Mississippi Comprehensive Annual Financial Report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of the IHL System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the IHL System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the IHL System's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020



Introduction

The Board of Trustees of Mississippi's Institutions of Higher Learning (IHL System) governs the state's public four-year institutions. The Constitutional Governing Board was created in 1943 for the purpose of overseeing and directing Mississippi's eight public universities including the University of Mississippi Medical Center, various off-campus centers and multiple research institutes located throughout Mississippi.

The institutions serve approximately 77,000 students with an employee base of 27,600 individuals. Faculty makes up approximately 6,000 of the total employee count. The system offers over 800 degree programs and awarded approximately 19,100 degrees in academic year 2020.

In addition to regular operations, each university has established its own educational building corporation (EBC) in accordance with Section 37-101-61 of the Mississippi Code Annotated of 1972. The purpose of these corporations is to provide a means to acquire land or buildings, construct or renovate facilities, and/or equip facilities. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, and 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, deem EBCs to be component units of the IHL System; therefore, they are included as blended component units in the basic financial statements. In addition to EBCs, the IHL System has three additional component units considered significant to the financial statements. The three units are Mississippi State University Foundation, Inc., the University of Mississippi Foundation and the University of Southern Mississippi Foundation. These audited financial statements are discretely presented following the IHL System's financial statements.

This report was prepared in accordance with GASB Statements 34 and 35, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – An Amendment of GASB Statement No. 34*, and present financial data for the fiscal period ending June 30, 2021. The IHL System reports as a special purpose government, engaged solely in business-type activities. This section should be read in conjunction with the financial statements and the notes that follow.

The following is a list of abbreviations used throughout this financial report for the member universities of the IHL System:

ASU	Alcorn State University
DSU	Delta State University
JSU	Jackson State University
MSU	Mississippi State University
MUW	Mississippi University for Women
MVSU	Mississippi Valley State University

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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June 30, 2021 and 2020

UM	University of Mississippi
USM	University of Southern Mississippi
UMMC	University of Mississippi Medical Center
IHL Executive Office	Institutions of Higher Learning – Executive Office
UPM	University Press of Mississippi
M CVS	Mississippi Commission for Volunteer Service – Off-campus entity

The discussion and analysis below provide an overview of the financial position and activities of the IHL System for the years ended June 30, 2021 and 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes that follow this section.

Financial Highlights

The IHL System recorded an increase in net position of \$233 million in fiscal year 2021. Operating expenses were reduced by \$48.6 million, including a \$46.6 million reduction in salaries/wages and fringe benefits. Travel expenses were down \$22.9 million. Scholarship and fellowship expenses remained flat at approximately \$222 million after experiencing a 26% increase in fiscal year 2020. Patient care revenues of the medical center experienced a modest 1.8% decrease, or \$21.3 million.

Financial highlights (in millions)	Years ended June 30,		
	2019	2020	2021
Total operating revenues	\$ 2,720	2,752	2,787
Total operating expenses	3,611	3,793	3,744
Operating loss	(891)	(1,041)	(957)
State appropriations	669	702	687
Gifts	218	267	345
Investment income	44	18	89
Interest expense on capital asset-related debt	(43)	(36)	(37)
Other nonoperating revenues, net and other revenue, expenses, gains and losses	106	132	106
Increase in net position	103	42	233
Net position, beginning of the year	2,054	2,157	2,199
Net position, end of year	\$ 2,157	2,199	2,432

Operating revenues minus operating expenses typically result in an operating loss in the IHL System's financial statements. Nonoperating items, however, including state support, investment income, and gifts have typically enabled the IHL System to reflect an increase in the net position, or "equity" each year. This surplus has been reinvested within the IHL System to add a margin of educational excellence, upgrade the IHL System's facilities and provide a prudent reserve for contingencies such as the recent period of economic instability.

Overview of the Financial Statements

The IHL System's financial report consists of management's discussion and analysis, financial statements including notes, and financial statements of the discretely presented component units. The statements of IHL System's financial statements are the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; and the Statement of Financial Position and Statement of Activities for the discretely presented component units.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

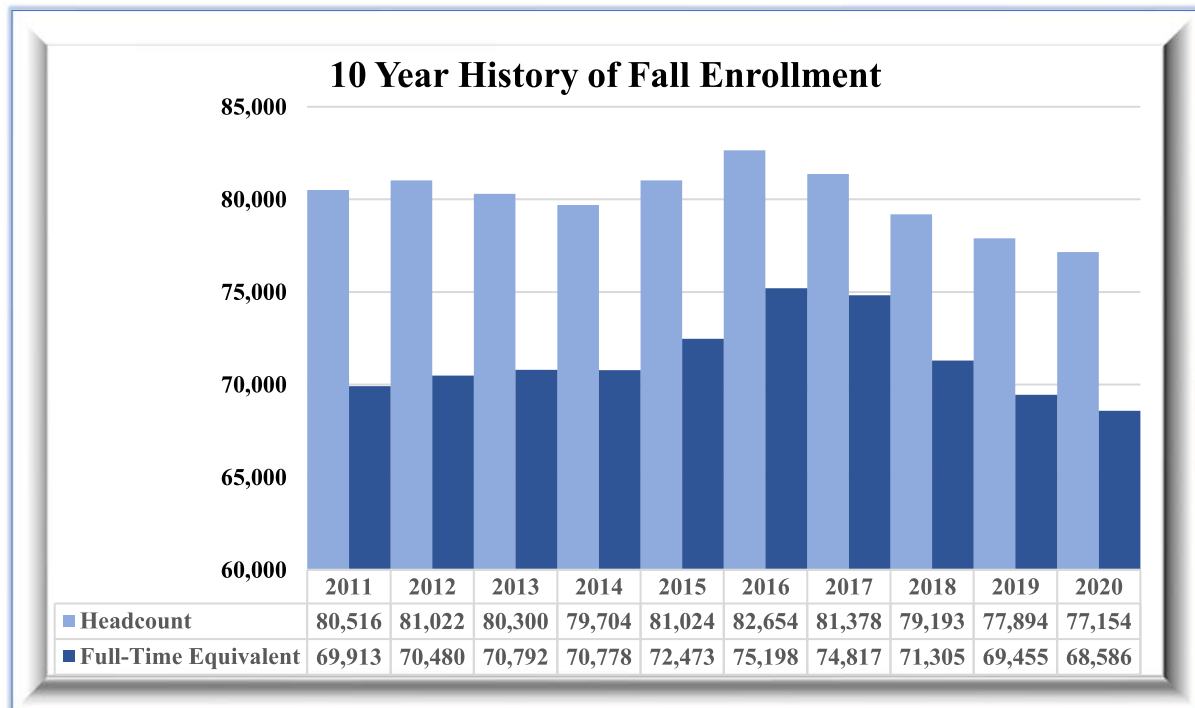
Financial Statements

The financial statements present information for the IHL System as a whole. The Statement of Net Position presents the financial position of the IHL System at the end of fiscal years 2021 and 2020 and includes all assets, deferred outflows, liabilities, and deferred inflows for all institutions within the IHL System. The difference between total assets, deferred outflows, total liabilities, and deferred inflows – net position – is one measure of the IHL System's financial health or position. The change in net position is a useful indicator of financial health of the IHL System. Over time, increases or decreases in the IHL System's net position provide a useful trend in assessing whether its financial health is improving. Other nonfinancial factors such as enrollment trends and the condition of the physical plant are also useful in evaluating the overall financial health of the IHL System.

The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the IHL System, as well as nonoperating revenues and expenses for the years ended June 30, 2021 and 2020. Operating revenues are received for providing goods and services to various customers and constituencies of the IHL System. Operating expenses are incurred to acquire or produce the goods and services provided in return for the operating revenues. Nonoperating revenues are received for which goods and services are not provided as an exchange transaction. State appropriations, which represent 16.9% and 18.1% of total IHL System net revenues for fiscal years 2021 and 2020, respectively, are classified as nonoperating revenue because these revenues are appropriated at the state level rather than at the institutional level. This accounting treatment for this revenue classification typically results in the IHL System showing an operating loss. Other typical nonoperating revenue sources include gifts, grants, and appropriations restricted for capital purposes.

The Statement of Cash Flows provides information about the cash sources and uses of the IHL System. Additional information for these statements is provided later in this report.

The following chart depicts a ten-year history of fall enrollment.



STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

Statement of Net Position

The Statement of Net Position presents the financial position as of the end of the fiscal year and includes all assets, liabilities, deferred outflows, and deferred inflows of the IHL System. Cash and investments are generally reported at fair values. Capital assets are reported at historical cost less an allowance for depreciation. The difference between total assets and deferred outflows, and total liabilities and deferred inflows – net position – is one indicator of the current financial condition, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the current year. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the entity, and how much is owed to vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure.

Net position is classified into components as follows:

- Net investment in capital assets represents the investment in property, plant, and equipment less any related debt used to acquire those assets.
- Restricted nonexpendable net position consists of the IHL System's permanent endowment funds.
- Restricted expendable net position is available for expenditure but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
- Unrestricted net position is available for any lawful purpose of the IHL System.

Summary of Net Position (Condensed)

	June 30, 2019	June 30, 2020	June 30, 2021	Changes between years	
				2019 to 2020	2020 to 2021
Assets:					
Current assets	\$ 1,391,902,347	1,638,143,639	1,708,473,104	17.7 %	4.3 %
Capital assets, net	4,348,912,581	4,454,475,918	4,460,199,426	2.4	0.1
Other assets	1,002,280,445	964,168,414	1,284,759,866	(3.8)	33.3
Deferred outflows	242,313,161	333,082,766	476,671,893	37.5	43.1
Total assets and deferred outflows of resources	\$ 6,985,408,534	7,389,870,737	7,930,104,289	5.79 %	7.31 %
Liabilities:					
Current liabilities	\$ 462,554,570	667,251,775	737,194,628	44.3	10.5
Noncurrent liabilities	4,249,359,249	4,411,834,096	4,652,692,810	3.8	5.5
Deferred inflows	116,479,343	111,805,741	108,078,232	(4.0)	(3.3)
Total liabilities and deferred inflows of resources	\$ 4,828,393,162	5,190,891,612	5,497,965,670	7.5 %	5.9 %
Net position (deficit):					
Investment in capital assets, net of debt	\$ 3,134,825,439	3,241,081,161	3,263,116,965	3.4 %	0.7 %
Restricted – nonexpendable	181,254,031	182,569,210	197,382,615	0.7	8.1
Restricted – expendable	320,633,707	323,502,885	374,397,093	0.9	15.7
Unrestricted	(1,479,697,805)	(1,548,174,131)	(1,402,758,054)	(4.6)	9.4
Total net position	\$ 2,157,015,372	2,198,979,125	2,432,138,619	1.9 %	10.6 %

At June 30, 2021, 2020, and 2019 current assets totaled \$1.71 billion, \$1.64 billion, and \$1.39 billion, respectively, and consisted primarily of cash and cash equivalents, short-term investments and net receivables. Current assets increased 4.3% (or \$70.4 million) and 17.7% (or \$246.2 million) from June 30, 2020 to 2021 and June 30, 2019 to 2020, respectively. Cash and cash equivalents, and short-term investments constituted approximately 72.4% and 68.9% of current assets as of June 30, 2021 and 2020, respectively, while net receivables constituted approximately 21.7% and 25.1% of current assets as of June 30, 2021 and 2020, respectively. Approximately 39.6% and 35.8% of these net receivables are amounts due

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

from gifts, contracts and grants, and the State of Mississippi for appropriations as of June 30, 2021 and 2020, respectively, while 35.8% and 41.8%, respectively, were related to patient care receivables from UMMC. The remaining receivables were primarily owed from students for tuition, room and board charges.

At June 30, 2021, 2020 and 2019, noncurrent assets totaled \$5.7 billion, \$5.4 billion, and \$5.4 billion, respectively, which included capital assets of \$4.5 billion, \$4.5 billion, and \$4.3 billion, respectively. Noncurrent cash and investments that are restricted externally by endowment arrangements or specific grant and contract arrangements approximated \$222.8 million and \$161.1 million at June 30, 2021 and 2020, respectively. These amounts are reflected in net position expendable for scholarships and fellowships and other purposes in the statement of net position. There were no unspent bond proceeds at June 30, 2021 and 2020. One other significant noncurrent asset of the IHL System is student notes receivable which equaled \$68.2 million and \$78.8 million at June 30, 2021 and 2020, respectively. In total, noncurrent assets increased by 6% (or \$326 million). Net capital assets remained stable at \$4.5 billion during 2021 and 2020. The IHL System's inventory of buildings has increased in pre-depreciation value by a total of \$1 billion since June 30, 2017. Additional details about the IHL System's most recent capital asset growth can be seen in the Capital Asset and Debt Administration section of this report.

At June 30, 2021, 2020 and 2019, current liabilities equaled \$737.2 million, \$667.3 million and \$462.6 million, respectively, and consisted primarily of accounts payable and accrued liabilities, and unearned revenues. Unearned revenues include advance receipts for athletic ticket sales, summer tuition, fees, and student housing.

Noncurrent liabilities are those liabilities due and payable more than twelve months from year-end. Noncurrent liabilities equaled \$4.7 billion, \$4.4 billion, and \$4.2 billion at June 30, 2021, 2020, and 2019, respectively. The IHL System's proportionate share of the collective net pension liability reported by PERS increased by \$279.5 million (9.8%) and by \$194.2 million (7.3%) as of June 30, 2021 and 2020, respectively. The IHL System's proportionate share of the collective net OPEB liability reported by the State and School Employees' Life and Health Insurance Plan decreased by \$11.5 million (7.3%) and increased by \$15.7 million (11%) as of June 30, 2021 and 2020, respectively. The OPEB liability was implemented as a new standard during 2018.

Deferred outflows of resources increased in 2021 while deferred inflows of resources decreased, primarily due to the impact of net pension liabilities. The IHL System recorded \$393.9 million and \$267.2 million of pension-related deferred outflows at the end of fiscal years 2021 and 2020, respectively, primarily representing the deferral of pension contributions paid during the year for the IHL System's participation in the cost-sharing, defined benefit pension plan administered by PERS. In addition, \$26.4 million and \$59.2 million of pension-related deferred inflows at June 30, 2021 and 2020, respectively, were recorded related to the IHL System'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 differences between expected and actual experience with regard to economic and demographic factors.

Restricted nonexpendable net position equaled \$197.4 million and \$182.6 million at June 30, 2021 and 2020, respectively, and consisted of endowment and similar type funds, in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal be maintained intact and invested for the purpose of producing income that may either be expended or added to principal. The value of this net position has increased 8.1% (or \$14.8 million) and 0.7% (or \$1.3 million) from June 30, 2020 to 2021 and June 30, 2019 to 2020, respectively.

Restricted expendable net position equaled \$374.4 million and \$323.5 million at June 30, 2021 and 2020, respectively, and consisted of resources that the IHL System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The value of this net position has increased 15.7% (or \$50.9 million) and 0.9% (or \$2.9 million) from June 30, 2020 to 2021 and June 30, 2019 to 2020, respectively.

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Unrestricted net position (deficit) equaled \$(1.40) billion and \$(1.55) billion at June 30, 2021 and 2020, respectively, and represents those assets that are available to the IHL System for any lawful purpose. The value of unrestricted net position improved 9.4% (or \$145.4 million) from June 30, 2020 to 2021 but had fallen back by 4.6% (or \$68.5 million) from June 30, 2019 to 2020. The unrestricted deficit is the result of the implementation of GASB Statement Nos. 68 and 75, under which IHL recognizes a liability for its net pension and OPEB obligations.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Operating revenues are earned by providing goods and services to various customers and constituencies. Operating expenses are incurred to acquire or produce the goods and services and to carry out the mission of the IHL System. Nonoperating revenues are revenues received for which goods and services are generally not provided. A public university's dependence on state aid and gifts usually results in operating deficits because state appropriations and gifts are classified as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which spreads the cost of an asset over its expected useful life.

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues earned, both operating and nonoperating, and the expenses incurred, operating and nonoperating, and any other revenues, expenses, gains or losses received or incurred by the IHL System.

Summary of Revenues, Expenses and Changes in Net Position (Condensed)

	Years ended June 30,			Changes between years	
	2019	2020	2021	2019 to 2020	2020 to 2021
Operating revenues	\$ 2,720,082,179	2,752,093,996	2,786,941,000	1.2 %	1.3 %
Operating expenses	3,610,653,918	3,792,667,222	3,744,020,192	5.0	(1.3)
Operating loss	(890,571,739)	(1,040,573,226)	(957,079,192)	16.8	(8.0)
Nonoperating revenues	\$ 876,337,399	954,950,291	1,081,842,228	9.0	13.3
Income (loss) before other revenues, expenses, gains or losses	(14,234,340)	(85,622,935)	124,763,036	501.5	(245.7)
Other revenues, expenses, gains or losses	117,676,039	127,586,688	108,396,458	8.4	(15.0)
Change in net position	103,441,699	41,963,753	233,159,494	(59.4)	455.6
Net position, beginning of the year	2,053,573,673	2,157,015,372	2,198,979,125	5.0	1.9
Net position, end of the year	\$ 2,157,015,372	2,198,979,125	2,432,138,619	1.9 %	10.6 %

Operating Revenues

Operating revenues for the IHL System equaled \$2.8 billion, \$2.8 billion and \$2.7 billion for fiscal years 2021, 2020 and 2019, respectively. Operating revenues increased 1.3% (or \$34.8 million) and 1.2% (or \$32.0 million) during 2021 and 2020, respectively. Major components of operating revenues are the UMMC patient care revenues (42.2% in 2021, 43.5% in 2020 and 43.2% in 2019), net tuition and fees (23.3% in 2021, 23.8% in 2020 and 24.0% in 2019), grants and contracts revenues (16.3% in 2021, 16.2% in 2020 and 15.7% in 2019), and sales and service revenues from auxiliary activities (10.9% in 2021, 10.1% in 2020 and 11.1% in 2019). The following table summarizes the IHL System's operating revenues for the past three fiscal years.

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	Operating Revenues			Changes between years	
	Years ended June 30,			2019 to 2020	2020 to 2021
	2019	2020	2021		
Tuition and fees, net	\$ 652,821,111	656,024,712	650,347,838	0.5 %	(0.9)%
Grants and contracts	426,501,389	446,576,323	455,390,620	4.7	2.0
Federal appropriations	14,410,558	15,047,436	15,519,984	4.4	3.1
Sales and services of educational departments	67,564,996	59,175,654	59,530,803	(12.4)	0.6
Auxiliary enterprises, net	301,979,850	277,624,810	303,503,843	(8.1)	9.3
Patient care revenues	1,176,072,282	1,197,526,479	1,176,245,589	1.8	(1.8)
Other	80,731,993	100,118,582	126,402,323	24.0	26.3
Total operating revenues	<u>\$ 2,720,082,179</u>	<u>2,752,093,996</u>	<u>2,786,941,000</u>	<u>1.2 %</u>	<u>1.3 %</u>

Net tuition and fee revenues decreased 0.9% (or \$5.7 million) and increased 0.5% (or \$3.2 million) during years 2021 and 2020, respectively. In 2021, most IHL institutions kept in-state tuition rates at the same level as 2020. In 2020 and 2019, all IHL institutions raised their in-state tuition rates (average increase of 4.2% and 4.3%, respectively).

Grants and contracts revenue increased 2.0% (or \$8.8 million) and 4.7% (or \$20.1 million) during fiscal years 2021 and 2020, respectively, due to timing differences in both federal and state funding of student aid, research, and other various grants and contracts.

Patient care revenues at UMMC decreased 1.8%, or \$21.3 million from June 30, 2020 to 2021, after an increase of 1.8%, or \$21.5 million, from June 30, 2019 to 2020.

Operating Expenses

Operating expenses for the IHL System totaled \$3.7 billion, \$3.8 billion, and \$3.6 billion for fiscal years 2021, 2020 and 2019, respectively. Operating expenses decreased a modest 1.3% (or \$48.6 million) during 2021 after a 5.0% increase (or \$182.0 million) during 2020. Personnel costs (including fringe benefits) were the largest expense component for the IHL System, representing 61.6% of the total in 2021, 62.1% of the total in 2020 and 62.4% in 2019. Other major components include contractual services (13.2% in 2021, 13.1% in 2020, and 13.6% in 2019), commodities (12.3% in 2021, 11.6% in 2020, and 11.1% in 2019), and scholarships and fellowships (5.9% in 2021 and 2020, and 4.9% in 2019). The following table summarizes the IHL System's operating expenses (by major object category) for the past three fiscal years.

	Operating Expenses			Changes between years	
	Years ended June 30,			2019 to 2020	2020 to 2021
	2019	2020	2021		
By major object category:					
Salaries and wages	\$ 1,655,778,835	1,714,592,861	1,676,015,889	3.6 %	(2.2)%
Fringe benefits	596,194,684	639,544,393	631,512,198	7.3	(1.3)
Travel	51,263,875	39,220,404	16,295,965	(23.5)	(58.5)
Contractual services	490,922,090	497,655,634	493,488,217	1.4	(0.8)
Utilities	69,936,844	65,448,869	64,697,178	(6.4)	(1.1)
Scholarships and fellowships	177,199,230	222,855,969	221,826,245	25.8	(0.5)
Commodities	400,969,012	441,578,818	462,118,373	10.1	4.7
Depreciation	162,945,647	166,891,329	170,848,756	2.4	2.4
Other	5,443,701	4,878,945	7,217,371	(10.4)	47.9
Total operating expenses	<u>\$ 3,610,653,918</u>	<u>3,792,667,222</u>	<u>3,744,020,192</u>	<u>5.0 %</u>	<u>(1.3)%</u>

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The IHL System's personnel expenses decreased in 2021 (2.0%, or \$46.6 million) after an increase (4.8%, or \$102.9 million) in 2020. UMMC was able to reduce personnel costs by \$44.1 million in 2021. Three institutions experienced large increases in personnel costs in 2020: MSU (\$22.7 million), UM (\$12.2 million), and UMMC (\$62.1 million). Travel expenses experienced its second year decline, a drastic cut in 2021 (58.5% or \$22.9 million) after a 23.5% (or \$12.0 million) reduction in 2020. Contractual services are stable at \$490 million. The cost for commodities continues to rise, 4.7% (or \$20.5 million) in 2021 and 10.1% (\$40.6 million) in 2020. Scholarship and fellowship expenses remained stable at \$222 million after a dramatic increase of 25.8% (or \$45.7 million) from 2019 to 2020.

As an alternative presentation model, the IHL System's operating expenses are shown below by major functional classification. Functional classifications are the traditional categories that universities have used in past financial presentations (pre-GASB 34). These functions represent the types of programs and services that the universities generally provide. For example, funds utilized to compensate a classroom professor or provide classroom materials would be classified as instruction.

	Operating Expenses				
	Years ended June 30,			Changes between years	
	2019	2020	2021	2019 to 2020	2020 to 2021
By function:					
Instruction	\$ 686,583,567	734,275,776	708,276,802	6.9 %	(3.5)%
Research	398,647,090	379,720,277	340,001,037	(4.7)	(10.5)
Public service	155,578,022	167,615,740	171,766,271	7.7	2.5
Academic support	161,058,006	159,274,875	168,004,666	(1.1)	5.5
Student services	95,869,389	93,575,381	90,556,891	(2.4)	(3.2)
Institutional support	314,094,435	338,206,103	361,613,088	7.7	6.9
Operations and maintenance of plant	182,269,595	181,528,720	183,463,518	(0.4)	1.1
Student aid	184,284,320	232,484,261	236,454,524	26.2	1.7
Auxiliary enterprises	283,007,079	271,961,699	252,957,703	(3.9)	(7.0)
Depreciation	162,945,647	166,891,329	170,848,756	2.4	2.4
Hospital	1,067,381,363	1,153,660,067	1,145,383,790	8.1	(0.7)
Other	1,004,804	1,364,384	1,602,133	35.8	17.4
Eliminations	(82,069,399)	(87,891,390)	(86,908,987)	7.1	(1.1)
Total operating expenses	\$ 3,610,653,918	3,792,667,222	3,744,020,192	5.0 %	(1.3)%

Funding for the Instruction function continues to be one of the IHL System's highest priorities. While instruction costs decreased by 3.5% (or \$26 million) in 2021 and increased by 6.9% (\$47.7 million) in 2020, it still maintained an approximate 20% share of total operations. Although institutional research (internal and external) and public service costs have always commanded one of the System's primary cost missions, research experienced its second year in a row of decline, 10.5% (or \$39.7 million) in 2021 and by 4.7% (or \$18.9 million) in 2020; these costs represent approximately 13.7% and 14.4% of the IHL System's total focus during 2021 and 2020, respectively. Institutional support costs typically present the functions of the executive management department, general administration, logistical support services, computing, public relations and development. These costs increased by 6.9% (or \$23.4 million) in 2020 and by 7.7% (or \$24.1 million) in 2020. Auxiliary enterprise costs include all expenses associated with departments that primarily exist to furnish goods or services to students, faculty, or staff and that charge a fee directly related to, although not necessarily equal to, the cost of the goods and services. Auxiliary departments are required to be essentially self-supporting activities. Examples are (1) student housing, (2) food services, (3) bookstores, and (4) intercollegiate athletics. Auxiliary expenses decreased by 7.0% (\$19.0 million) in fiscal year 2021 and by 3.9% (\$11.0 million) in fiscal year 2020. Student Aid expenses remained steady at \$230 million after a dramatic 26.2% increase in 2020. Finally, hospital expenses remained steady at \$1.2 billion after experiencing an 8.1% increase (or \$86.3 million) in 2020. The hospital operations contribution ratio remained steady at 71%.

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The IHL System identified millions of dollars in inter-campus transactions that required elimination for financial statement presentation purposes. Examples of such transactions would be student financial aid funds administered by the IHL Executive Office that were directed to the campuses, as well as grant agreements between one or more IHL System institutions in which one campus served as a primary recipient and the other campus acted as a sub-recipient.

Capital Asset and Debt Administration

At June 30, 2021, 2020, and 2019, the IHL System had approximately \$4.5 billion, \$4.5 billion, and \$4.3 billion, respectively, invested in a broad range of capital assets. These assets comprise land, construction in progress, livestock, buildings and improvements (infrastructure), equipment and library books. They are stated net of accumulated depreciation. The following table summarizes the IHL System's capital assets for the past three fiscal years.

Capital Asset Summary					
	Years ended June 30,			Changes between years	
	2019	2020	2021	2019 to 2020	2020 to 2021
Capital assets not being depreciated	\$ 592,768,854	560,459,984	409,918,465	(5.5)%	(26.9)%
Depreciable capital assets:					
Improvements other than buildings	477,794,135	513,252,342	523,879,514	7.4	2.1
Buildings	4,300,061,832	4,509,120,737	4,755,424,420	4.9	5.5
Equipment	912,376,796	929,028,179	969,076,502	1.8	4.3
Library books	440,789,349	451,722,303	462,203,244	2.5	2.3
Total depreciable capital assets	<u>6,131,022,112</u>	<u>6,403,123,561</u>	<u>6,710,583,680</u>	<u>4.4</u>	<u>4.8</u>
Total cost of capital assets	6,723,790,966	6,963,583,545	7,120,502,145	3.6	2.3
Less accumulated depreciation	<u>(2,374,878,385)</u>	<u>(2,509,107,627)</u>	<u>(2,660,302,719)</u>	<u>5.7</u>	<u>6.0</u>
Capital assets, net	<u>\$ 4,348,912,581</u>	<u>4,454,475,918</u>	<u>4,460,199,426</u>	<u>2.4 %</u>	<u>0.1 %</u>

Non-depreciable capital assets equaled \$410 million, \$560 million, and \$593 million, at June 30, 2021, 2020, and 2019, respectively. These assets principally consisted of land and construction in progress. The \$32 million decrease in 2020 followed with a subsequent decrease of \$151 million in 2021 was due to the completion of capitalized facility projects transferred from CIP to a depreciable category.

At June 30, 2021, 2020, and 2019, the IHL System had \$1.2 billion, \$1.2 billion, and \$1.3 billion, respectively, in bonded debt, notes payable and capital lease obligations. This represents a 1.5% (\$18.6 million) decrease in 2021 after a 3.5% (or \$45.5 million) decrease in 2020. The following table summarizes the IHL System's long-term debt for the past three fiscal years.

Long-Term Debt Summary					
	Years ended June 30,			Changes between years	
	2019	2020	2021	2019 to 2020	2020 to 2021
Bonds payable	\$ 1,252,788,253	1,226,183,775	1,203,621,565	(2.1)%	(1.8)%
Notes payable	31,232,804	12,559,112	10,767,827	(59.8)	(14.3)
Capital lease obligations	843,919	650,067	6,394,227	(23.0)	883.6
Total long-term debt	<u>\$ 1,284,864,976</u>	<u>1,239,392,954</u>	<u>1,220,783,619</u>	<u>(3.5)%</u>	<u>(1.5)%</u>

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Bonded debt decreased 1.8% (or \$22.6 million) in 2021 and 2.1% (or \$26.6 million) in 2020. During fiscal year 2021, UMMC issued approximately \$158 million of Series 2020B revenue bonds. The purpose of these bonds is to finance capital expenditures and to refund the Series 2010B bonds, Series 2012A bonds, and Series 2012B bonds issued in the original principal amount of \$125 million (\$20.6 million economic gain). During fiscal year 2020, UM and UMMC issued approximately \$76.7 million and \$24.4 million, respectively, in new bond refundings. UM issued \$76.7 million in Series 2019A and 2019B for the purpose of refunding all or a portion of Series 2013(C), 2015, and the Promissory Note Series 2017 (total economic gain of \$6.9 million). UMMC issued \$24.4 million in Series 2019 bonds for the purpose of financing capital expenditures and to refund the Series 2010A (\$3.9 million economic gain). Notes Payable decreased by \$1.8 million in 2021 and \$18.7 million in 2020.

Designated Revenues

Bond indentures previously issued, and those that may be issued in the future by the institution's Educational Building Corporations (EBC) are payable from designated revenues. The IHL Board covenants under terms of its various bond agreements that if designated revenues are insufficient to satisfy the IHL Board's obligations, the IHL Board will provide amounts from any other legally available source and will then allocate the same to cure the insufficiency. The following table provides a history of all designated revenues available to the IHL Board from fiscal years 2017 through 2021.

Designated Revenues¹ and Unrestricted Net Positions (excludes UMMC, Board Office, and MCVS)					
Years ended June 30,					
	2017	2018	2019	2020	2021
Tuition, net ²	\$ 585,081,567	606,693,893	620,658,969	620,923,011	613,221,706
Sales and services	60,369,071	62,469,346	66,708,030	57,514,245	57,399,481
Auxiliary enterprises, net ²	300,085,021	293,824,703	296,965,608	272,846,066	298,444,150
Other ³	45,829,086	41,072,784	53,384,691	52,735,117	55,455,591
Sub-total	991,364,745	1,004,060,726	1,037,717,298	1,004,018,439	1,024,520,928
State appropriations	490,804,883	460,659,547	461,013,005	477,248,168	465,521,243
Unrestricted net positions ⁴	—	—	—	—	—
Total	\$ <u>1,482,169,628</u>	<u>1,464,720,273</u>	<u>1,498,730,303</u>	<u>1,481,266,607</u>	<u>1,490,042,171</u>

¹ Designated Revenues represent all unrestricted revenues of the IHL System (excluding the member Universities indicated above) which include without limitation, net tuition and auxiliary fees, sales and services, other operating revenue, state appropriations and unrestricted net position balances.

² Tuition and auxiliary enterprise revenues are net of scholarship allowances in the form of reduced tuition, room and board.

³ Other designated revenues include federal appropriations, other operating revenues, and interest earned on loans to students.

⁴ The unrestricted net positions of \$(527,527,704) for 2017, \$(685,017,873) for 2018, \$(616,469,699) for 2019, \$(572,666,659) for 2020, and \$(447,531,102) for 2021, did not contribute to total designated revenues since fiscal year 2015, and therefore have been excluded from the table. The decline in the unrestricted net assets fund balance since 2015 is the result of the implementation of GASB Statement Nos. 68 and 75 for pension and OPEB liabilities.

Economic Outlook

The IHL System began the 2021 fiscal year with an anticipated systemwide operating budget increase of \$63 million. Fiscal year 2021 closed strong with a \$233 million net increase (see the SRECNP summary table on page 9 of management discussion and analysis), although actual revenues fell short of budgeted expectations due to effects of the COVID-19

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pandemic. For fiscal year 2022, general education funding from the State of Mississippi will increase by 8.15% (or \$28 million), and the IHL system expects tuition and auxiliary revenues to be flat. In 2022, state appropriated revenues will comprise approximately 29.1% of the total E&G budget, while self-generated tuition revenues will approximate 65.6% of the total revenues. In comparison, in fiscal year 2010, state appropriations represented 42% of revenues, while tuition revenue equaled 48% of the total.

The IHL System maintains high credit ratings from Moody's (Aa2), Fitch (AA) and Standard & Poor's (AA-). Achieving and maintaining these high credit ratings provide the IHL System higher degree of flexibility in securing capital funds on the most competitive terms. This flexibility, along with ongoing efforts toward revenue diversification and cost containment, will enable the IHL System to provide the necessary resources to support a level of excellence in service to students, patients, the research community, the State of Mississippi and the nation as a whole.

As a labor-intensive organization, the IHL System faces competitive pressures related to attracting and retaining faculty and staff. Moreover, consistent with the national landscape, the cost of the IHL System's health benefits for its employees continues to increase. The IHL System has in the past and will continue to take proactive steps to respond to these challenges of rising costs. An example of continued steps includes the preparation of three-year business plans by the institutions.

While it is not possible at this time to predict the ultimate results, management at each institution has a proven track record of successfully adapting to this present economic environment while continuing to search for new opportunities to compliment state support. The IHL System's financial goal, as always, is to deliver quality services to its customers and constituents while maintaining financial integrity.

This financial report is designed to provide a general overview of the finances of the IHL System. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Board of Trustees
Department of Finance
3825 Ridgewood Road
Jackson, MS 39211

BASIC FINANCIAL STATEMENTS

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Statements of Net Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets and Deferred Outflows		
Current Assets:		
Cash and cash equivalents	\$ 961,478,728	881,111,528
Short term investments	275,609,277	247,097,053
Accounts receivable, net	371,148,587	411,116,497
Student notes receivable, net	20,820,536	17,631,345
Inventories	42,070,625	36,212,848
Prepaid expenses	26,286,239	36,424,187
Other current assets	11,059,112	8,550,181
Total current assets	<u>1,708,473,104</u>	<u>1,638,143,639</u>
Non-Current Assets:		
Restricted cash and cash equivalents	140,763,573	108,664,579
Restricted short-term investments	1,411,114	1,404,677
Endowment investments	403,568,629	320,274,046
Other long-term investments	624,208,898	415,537,268
Student notes receivable, net	68,196,575	78,810,321
Beneficial interest in irrevocable trust	43,991,738	35,933,062
Capital assets, net	4,460,199,426	4,454,475,918
Other noncurrent assets	2,619,339	3,544,461
Total noncurrent assets	<u>5,744,959,292</u>	<u>5,418,644,332</u>
Total assets	<u>7,453,432,396</u>	<u>7,056,787,971</u>
Deferred outflows of resources	<u>476,671,893</u>	<u>333,082,766</u>
Total assets and deferred outflows of resources	<u>\$ 7,930,104,289</u>	<u>7,389,870,737</u>
Liabilities, Deferred Inflows and Net Position		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 319,381,944	260,039,453
Unearned revenues	163,949,404	139,201,702
Accrued leave liabilities - current portion	18,133,551	24,633,778
Long-term liabilities - current portion	65,570,890	66,097,575
Other current liabilities	170,158,839	177,279,267
Total current liabilities	<u>737,194,628</u>	<u>667,251,775</u>
Noncurrent liabilities:		
Accrued leave liabilities	122,888,528	120,764,209
Deposits refundable	1,687,442	1,834,844
Long-term liabilities	1,218,279,088	1,240,532,988
Net pension liability	3,123,010,235	2,843,514,960
Net OPEB liability	146,002,208	157,499,028
Other noncurrent liabilities	40,825,309	47,688,067
Total noncurrent liabilities	<u>4,652,692,810</u>	<u>4,411,834,096</u>
Total liabilities	<u>5,389,887,438</u>	<u>5,079,085,871</u>
Deferred inflows of resources	<u>108,078,232</u>	<u>111,805,741</u>
Total liabilities and deferred inflows of resources	<u>\$ 5,497,965,670</u>	<u>5,190,891,612</u>
Net Position:		
Net investment in capital assets	\$ 3,263,116,965	3,241,081,161
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	30,634,500	27,324,159
Research	5,864,715	4,129,474
Other purposes	160,883,400	151,115,577
Expendable:		
Scholarships and fellowships	56,845,137	39,320,223
Research	56,296,447	74,812,406
Capital projects	17,305,459	11,587,740
Debt service	21,336,767	22,056,247
Loans	56,656,205	53,970,250
Other purposes	165,957,078	121,756,019
Unrestricted	<u>(1,402,758,054)</u>	<u>(1,548,174,131)</u>
Total net position	<u>\$ 2,432,138,619</u>	<u>2,198,979,125</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.**

Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 3,009,958	1,562,618
Restricted cash	3,301,191	6,273,651
Restricted short-term investments	4,000,000	—
Accrued interest, other receivables and prepaid assets	165,355	120,459
Receivable from MSU Alumni Association	135,249	26,102
Pledges receivable, net	40,761,967	32,886,943
Investments	690,339,682	499,255,570
Present value of amounts due from externally managed trusts	59,215,668	49,559,753
Land, buildings, and equipment, net	13,157,746	9,978,892
Total assets	\$ 814,086,816	599,663,988
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,125,080	1,491,022
Agency payable	7,301,191	6,273,651
Liabilities under split interest agreements	8,709,271	8,083,815
Payable to Bulldog Club	1,108,900	2,634,238
Payable to Mississippi State University	382,596	240,771
Note payable	2,941,285	—
Total liabilities	21,568,323	18,723,497
Net assets:		
Without donor restrictions:		
Net assets attributable to the Foundation	55,440,281	50,918,074
Net assets attributable to noncontrolling interest	52,094,122	38,874,655
Total net assets without donor restrictions	107,534,403	89,792,729
With donor restrictions	684,984,090	491,147,762
Total net assets	792,518,493	580,940,491
Total liabilities and net assets	\$ 814,086,816	599,663,988

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
THE UNIVERSITY OF MISSISSIPPI FOUNDATION**

Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 11,411,775	12,974,805
Pledges receivable, net	73,619,230	80,841,525
Investments	616,430,187	496,354,507
Beneficial interest in remainder trust	11,543,644	10,229,426
Property and equipment, net	1,971,997	2,091,723
Other assets	1,549,643	1,322,329
Total assets	\$ 716,526,476	603,814,315
Liabilities and Net Assets		
Liabilities:		
Funds held for others	\$ 26,531,386	23,079,151
Liabilities under remainder trusts and gift annuities	4,307,259	3,223,775
Other liabilities	5,282,838	2,932,785
Total liabilities	36,121,483	29,235,711
Net assets:		
Without donor restrictions	19,306,323	15,782,334
With donor restrictions	661,098,670	558,796,270
Total net assets	680,404,993	574,578,604
Total liabilities and net assets	\$ 716,526,476	603,814,315

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
THE UNIVERSITY OF SOUTHERN MISSISSIPPI FOUNDATION**

Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 3,993,951	2,663,185
Accrued earnings	104,195	110,245
Prepaid assets and other receivables	1,240,378	298,154
Pledges receivable, net	3,764,152	6,970,246
Investments	147,947,893	118,205,601
Cash surrender value of life insurance	2,765,180	2,711,628
Amounts due from externally managed trusts	14,608,988	9,969,592
Property and equipment, net	1,567,480	233,501
Total assets	\$ 175,992,217	141,162,152
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,066,276	589,498
Gift annuities payable	68,929	103,222
Total liabilities	1,135,205	692,720
Net assets:		
Without donor restrictions	17,595,188	12,553,396
With donor restrictions	157,261,824	127,916,036
Total net assets	174,857,012	140,469,432
Total liabilities and net assets	\$ 175,992,217	141,162,152

See accompanying notes to financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Revenues, Expenses and Changes in Net Position
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Tuition and fees:	\$ 981,575,970	987,678,748
Less scholarship allowances	(325,703,930)	(327,790,345)
Less bad debt expense	(5,524,202)	(3,863,691)
Net tuition and fees	650,347,838	656,024,712
Federal appropriations	15,519,984	15,047,436
Federal grants and contracts	340,225,921	336,284,371
State grants and contracts	35,382,512	29,260,445
Nongovernmental grants and contracts	79,782,187	81,031,507
Sales and services of educational departments	59,530,803	59,175,654
Auxiliary enterprises:		
Student housing	92,819,934	97,050,698
Food services	25,033,175	31,022,724
Bookstore	5,249,873	4,926,305
Athletics	178,140,409	146,674,118
Other auxiliary revenues	32,523,789	31,298,070
Less auxiliary enterprise scholarship allowances	(30,263,337)	(33,347,105)
Interest earned on loans to students	1,534,829	1,181,155
Patient care revenues, net	1,176,245,589	1,197,526,479
Other operating revenues, net	124,867,494	98,937,427
Total operating revenues	<u>2,786,941,000</u>	<u>2,752,093,996</u>
Operating expenses:		
Salaries and wages	1,676,015,889	1,714,592,861
Fringe benefits	631,512,198	639,544,393
Travel	16,295,965	39,220,404
Contractual services	493,488,217	497,655,634
Utilities	64,697,178	65,448,869
Scholarships and fellowships	221,826,245	222,855,969
Commodities	462,118,373	441,578,818
Depreciation	170,848,756	166,891,329
Other operating expenses	7,217,371	4,878,945
Total operating expenses	<u>3,744,020,192</u>	<u>3,792,667,222</u>
Operating loss	<u>(957,079,192)</u>	<u>(1,040,573,226)</u>
Nonoperating revenues (expenses):		
State appropriations	686,768,667	702,265,275
Gifts and grants	345,002,120	267,089,289
Investment income, net of investment expense	88,564,182	17,972,781
Interest expense on capital asset-related debt	(36,587,673)	(36,359,654)
Other nonoperating revenues	32,960,905	11,011,293
Other nonoperating expenses	(34,865,973)	(7,028,693)
Total nonoperating revenues, net	<u>1,081,842,228</u>	<u>954,950,291</u>
Income (loss) before other revenues, expenses, gains and losses	124,763,036	(85,622,935)
Other revenues, expenses, gains and losses:		
Capital grants and gifts	59,089,143	22,791,234
State appropriations restricted for capital purposes	38,379,747	84,817,400
Additions to permanent endowments	403,128	270,730
Other additions	16,421,242	24,829,283
Other deletions	(5,896,802)	(5,121,959)
Change in net position	<u>233,159,494</u>	<u>41,963,753</u>
Net position, beginning of the year	<u>2,198,979,125</u>	<u>2,157,015,372</u>
Net position, end of the year	<u>\$ 2,432,138,619</u>	<u>2,198,979,125</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.**

Statement of Activities
Year ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Contributions	\$ 12,143,920	51,225,825	63,369,745
Net investment income	15,783,425	160,523,641	176,307,066
Change in value of split interest agreements	—	9,011,007	9,011,007
Other	4,980,312	328,162	5,308,474
Net assets released from restrictions	27,252,307	(27,252,307)	—
Total revenues and support	<u>60,159,964</u>	<u>193,836,328</u>	<u>253,996,292</u>
Expenditures:			
Program services:			
Contributions and support for Mississippi State University	30,907,506	—	30,907,506
Contributions and support for Bulldog Club	1,231,214	—	1,231,214
Contributions and support for MSU Alumni Association	879,639	—	879,639
Total program services	<u>33,018,359</u>	<u>—</u>	<u>33,018,359</u>
Supporting services:			
General administrative	4,646,339	—	4,646,339
Fund raising	3,956,030	—	3,956,030
Total supporting services	<u>8,602,369</u>	<u>—</u>	<u>8,602,369</u>
Total expenditures	<u>41,620,728</u>	<u>—</u>	<u>41,620,728</u>
Change in net assets before noncontrolling interests	18,539,236	193,836,328	212,375,564
Payments to noncontrolling interests	(797,562)	—	(797,562)
Total change in net assets	17,741,674	193,836,328	211,578,002
Net assets, beginning of the year	89,792,729	491,147,762	580,940,491
Net assets, end of the year	<u>\$ 107,534,403</u>	<u>684,984,090</u>	<u>792,518,493</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.**

Statement of Activities
Year ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Contributions	\$ 22,613,574	28,555,279	51,168,853
Net investment income	1,288,330	219,333	1,507,663
Change in value of split interest agreements	—	(1,199,648)	(1,199,648)
Other	5,483,673	138,184	5,621,857
Net assets released from restrictions	47,526,386	(47,526,386)	—
Total revenues and support	<u>76,911,963</u>	<u>(19,813,238)</u>	<u>57,098,725</u>
Expenditures:			
Program services:			
Contributions and support for Mississippi State University	55,756,772	—	55,756,772
Contributions and support for Bulldog Club	2,914,009	—	2,914,009
Contributions and support for MSU Alumni Association	874,340	—	874,340
Total program services	<u>59,545,121</u>	<u>—</u>	<u>59,545,121</u>
Supporting services:			
General administrative	4,665,034	—	4,665,034
Fund raising	3,842,946	—	3,842,946
Total supporting services	<u>8,507,980</u>	<u>—</u>	<u>8,507,980</u>
Total expenditures	<u>68,053,101</u>	<u>—</u>	<u>68,053,101</u>
Change in net assets before noncontrolling interests	8,858,862	(19,813,238)	(10,954,376)
Payments to noncontrolling interests	(8,028,861)	—	(8,028,861)
Total change in net assets	830,001	(19,813,238)	(18,983,237)
Net assets, beginning of the year	88,962,728	510,961,000	599,923,728
Net assets, end of the year	<u>\$ 89,792,729</u>	<u>491,147,762</u>	<u>580,940,491</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
THE UNIVERSITY OF MISSISSIPPI FOUNDATION**

Statement of Activities
Year ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:			
Contributions, gifts and bequests	\$ 30,000	44,461,037	44,491,037
Investment return, net	5,068,727	129,726,862	134,795,589
Change in value of split interest agreements	—	762,405	762,405
Gift management fees	1,918,640	(1,918,640)	—
Development fees	1,533,383	(1,533,383)	—
Other income	940,584	1,019,246	1,959,830
Total revenues, gains, and other support	<u>9,491,334</u>	<u>172,517,527</u>	<u>182,008,861</u>
Net assets released from restrictions/ redesignated by donor:			
Appropriation from donor endowment	9,859,894	(9,859,894)	—
Satisfaction of program restrictions	60,355,233	(60,355,233)	—
Expenses:			
Support for University activities:			
Academic	5,841,297	—	5,841,297
Scholarship	9,419,269	—	9,419,269
Programmatic	14,491,959	—	14,491,959
University of Mississippi Medical Center	41,504,609	—	41,504,609
General and administrative expenses	3,007,437	—	3,007,437
Fund-raising expenses	1,917,901	—	1,917,901
Total expenses	<u>76,182,472</u>	<u>—</u>	<u>76,182,472</u>
Change in net assets	3,523,989	102,302,400	105,826,389
Net assets, beginning of the year	<u>15,782,334</u>	<u>558,796,270</u>	<u>574,578,604</u>
Net assets, end of the year	<u>\$ 19,306,323</u>	<u>661,098,670</u>	<u>680,404,993</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
THE UNIVERSITY OF MISSISSIPPI FOUNDATION**

Statement of Activities
Year ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:			
Contributions, gifts and bequests	\$ —	58,663,178	58,663,178
Investment return, net	1,530,275	(26,016,208)	(24,485,933)
Change in value of split interest agreements	—	631,182	631,182
Gift management fees	1,819,436	(1,819,436)	—
Development fees	1,450,096	(1,450,096)	—
Other income	953,216	3,394,304	4,347,520
Total revenues, gains, and other support	5,753,023	33,402,924	39,155,947
Net assets released from restrictions/ redesignated by donor:			
Appropriation from donor endowment	8,747,683	(8,747,683)	—
Satisfaction of program restrictions	28,965,475	(28,965,475)	—
Expenses:			
Support for University activities:			
Academic	5,183,557	—	5,183,557
Scholarship	9,336,811	—	9,336,811
Programmatic	19,086,224	—	19,086,224
University of Mississippi Medical Center	4,998,169	—	4,998,169
General and administrative expenses	2,914,710	—	2,914,710
Fund-raising expenses	2,183,438	—	2,183,438
Total expenses	43,702,909	—	43,702,909
Change in net assets	(236,728)	(4,310,234)	(4,546,962)
Net assets, beginning of the year	16,019,062	563,106,504	579,125,566
Net assets, end of the year	\$ 15,782,334	558,796,270	574,578,604

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
THE UNIVERSITY OF SOUTHERN MISSISSIPPI FOUNDATION**

Statement of Activities
Year ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:			
Contributions	\$ 1,906,862	15,655,441	17,562,303
Net investment gain	6,640,602	20,825,670	27,466,272
Gain or loss on externally managed trusts	—	68,371	68,371
Change in value of split interest agreements	—	880,965	880,965
Change in value - other	1,044	55,481	56,525
Other	45,902	15,885	61,787
Total revenues, gains, and other support	<u>8,594,410</u>	<u>37,501,813</u>	<u>46,096,223</u>
Changes in restrictions:			
Change in restriction by donors	17,365	(17,365)	—
Net assets released from restrictions	8,138,660	(8,138,660)	—
Expenses:			
Program services:			
Contributions and support for The University of Southern Mississippi	8,686,568	—	8,686,568
Supporting services:			
General and administrative	1,811,601	—	1,811,601
Fund-raising	1,210,474	—	1,210,474
Total expenses	<u>11,708,643</u>	<u>—</u>	<u>11,708,643</u>
Change in net assets	5,041,792	29,345,788	34,387,580
Net assets, beginning of the year	<u>12,553,396</u>	<u>127,916,036</u>	<u>140,469,432</u>
Net assets, end of the year	<u>\$ 17,595,188</u>	<u>157,261,824</u>	<u>174,857,012</u>

See accompanying notes to financial statements.

**STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
DISCRETELY PRESENTED COMPONENT UNIT --
THE UNIVERSITY OF SOUTHERN MISSISSIPPI FOUNDATION**

Statement of Activities
Year ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:			
Contributions	\$ 2,178,503	6,638,792	8,817,295
Net investment gain	2,283,296	(477,998)	1,805,298
Change in value of split interest agreements	—	2,115,817	2,115,817
Change in value - other	1,276	44,948	46,224
Other	24,141	28,959	53,100
Total revenues, gains, and other support	<u>4,487,216</u>	<u>8,350,518</u>	<u>12,837,734</u>
Changes in restrictions:			
Change in restriction by donors	(5,000)	5,000	—
Net assets released from restrictions	7,857,382	(7,857,382)	—
Expenses:			
Program services:			
Contributions and support for The University of Southern Mississippi	8,350,046	—	8,350,046
Supporting services:			
General and administrative	1,701,761	—	1,701,761
Fund-raising	1,486,292	—	1,486,292
Total expenses	<u>11,538,099</u>	<u>—</u>	<u>11,538,099</u>
Change in net assets	801,499	498,136	1,299,635
Net assets, beginning of the year	<u>11,751,897</u>	<u>127,417,900</u>	<u>139,169,797</u>
Net assets, end of the year	<u>\$ 12,553,396</u>	<u>127,916,036</u>	<u>140,469,432</u>

See accompanying notes to financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Cash Flows
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities:		
Tuition and fees	\$ 642,903,873	662,678,813
Grants and contracts	482,743,277	425,765,942
Sales and services of educational departments	59,572,626	57,547,107
Payments to suppliers	(923,841,468)	(939,928,358)
Payments to employees for salaries and benefits	(2,176,809,921)	(2,220,097,311)
Payments for utilities	(64,585,663)	(66,316,858)
Payments for scholarships and fellowships	(222,527,108)	(222,888,643)
Loans issued to students	(8,405,515)	(6,421,644)
Collection of loans from students	16,778,564	15,882,509
Auxiliary enterprise charges:		
Student housing	77,557,057	85,721,033
Food services	22,771,867	27,120,251
Bookstore	4,210,124	3,613,222
Athletics	178,923,866	135,989,102
Other auxiliary enterprises	21,821,925	21,691,490
Patient care services	1,205,721,855	1,318,711,122
Interest earned on loans to students	1,439,688	1,049,716
Other receipts	148,473,827	108,295,027
Other payments	<u>(8,370,089)</u>	<u>(13,970,881)</u>
Net cash used in operating activities	<u>(541,621,215)</u>	<u>(605,558,361)</u>
Noncapital financing activities:		
State appropriations	691,724,249	691,916,472
Gifts and grants for other than capital purposes	342,232,755	272,808,053
Private gifts for endowment purposes	623,399	168,994
Federal loan program receipts	444,233,773	492,117,952
Federal loan program disbursements	(458,116,649)	(490,305,097)
Other sources	13,647,592	13,329,330
Other uses	<u>(5,728,660)</u>	<u>(4,036,259)</u>
Net cash provided by noncapital financing activities	<u>1,028,616,459</u>	<u>975,999,445</u>
Capital and related financing activities:		
Proceeds from capital debt	165,562,807	120,299,495
Cash paid for capital assets	(166,539,523)	(203,092,468)
Capital appropriations received	24,016,487	31,457,718
Capital grants and contracts received	63,005,971	77,571,177
Proceeds from sales of capital assets	3,304,832	442,843
Principal paid on capital debt and leases	(177,424,809)	(160,357,359)
Interest paid on capital debt and leases	(53,954,239)	(51,687,893)
Other sources	4,084,581	9,042,402
Other uses	<u>(4,693,890)</u>	<u>(6,325,875)</u>
Net cash used in capital and related financing activities	<u>(142,637,783)</u>	<u>(182,649,960)</u>
Investing activities:		
Proceeds from sales and maturities of investments	529,366,182	806,513,160
Interest received on investments	31,227,675	31,322,602
Purchases of investments	<u>(792,485,124)</u>	<u>(770,374,274)</u>
Net cash provided by (used in) investing activities	<u>(231,891,267)</u>	<u>67,461,488</u>
Net change in cash and cash equivalents	112,466,194	255,252,612
Cash and cash equivalents, beginning of the year	<u>989,776,107</u>	<u>734,523,495</u>
Cash and cash equivalents, end of the year	<u>\$ 1,102,242,301</u>	<u>989,776,107</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Statements of Cash Flows
Years ended June 30, 2021 and 2020

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (957,079,192)	(1,040,573,226)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	170,848,756	166,891,329
Self-insured claims expense	1,359,719	8,598,453
Provision for uncollectible receivables	213,256,652	178,027,541
Other	1,550,404	1,004,542
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Receivables, Net	(166,607,310)	(175,236,134)
Inventories	(5,857,776)	1,821,275
Prepaid Expenses	78,538	2,575,322
Loans to Students	(1,244,258)	(548,024)
Deferred outflows of resources	(138,442,290)	(65,546,312)
Other Assets	(2,768,804)	(10,073,266)
Increase (Decrease) in Liabilities:		
Accounts Payables and Accrued Liabilities	65,779,059	23,288,222
Unearned Revenue	33,670,034	(6,334,555)
Deposits Refundable	1,003,282	(14,261)
Accrued Leave Liability	(4,324,282)	23,669,699
Net pension liability	279,495,275	194,196,870
Net OPEB liability	(11,496,820)	15,667,268
Deferred inflows of resources	(9,605,846)	(30,290,566)
Other Liabilities	(11,236,356)	107,317,462
Total Adjustments	415,457,977	435,014,865
Net cash used in operating activities	\$ (541,621,215)	(605,558,361)
Reconciliation of cash and cash equivalents:		
Current assets - cash and cash equivalents	\$ 961,478,728	881,111,528
Noncurrent assets - restricted cash and cash equivalents	140,763,573	108,664,579
Cash and cash equivalents, end of the year	\$ 1,102,242,301	989,776,107
Noncash capital related financing and investing activities:		
Capital assets acquired through donations and capital leases	\$ 9,398,713	9,978,531
Capital assets appropriated by the State of Mississippi	24,429,747	66,774,238

See accompanying notes to financial statements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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Note 1

Summary of Significant Accounting Policies

(a) Nature of Operations

Through its member universities, the State of Mississippi Institutions of Higher Learning (IHL System) serves the state, national and international communities by providing its students with academic instruction, by conducting research and other activities that advance fundamental knowledge and by disseminating knowledge to the people of Mississippi and throughout the world.

(b) Reporting Entity

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

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

Each of the eight universities and the University of Mississippi Medical Center has established its own educational building corporation (a nonprofit corporation incorporated in the State of Mississippi) in accordance with Section 37-101-61 of the Mississippi Code Annotated of 1972. The purpose of these corporations is for the acquisition, construction and equipping of facilities and land for the various universities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*, the educational building corporations are deemed to be material component units of the IHL System but are presented on a blended basis in the accompanying operations. These blended component units provide services entirely, or almost entirely, to their respective universities. See note 9 for detailed educational building corporation activities.

The following is a list of abbreviations used throughout the report for the member universities of the State of Mississippi Institutions of Higher Learning (collectively the IHL System):

ASU	Alcorn State University
DSU	Delta State University
JSU	Jackson State University
MSU	Mississippi State University
MUW	Mississippi University for Women
MVSU	Mississippi Valley State University
UM	University of Mississippi
USM	University of Southern Mississippi
UMMC	University of Mississippi Medical Center
IHL Executive Office	Institutions of Higher Learning – Executive Office
UPM	University Press of Mississippi
MCVS	Mississippi Commission for Volunteer Service – Off-campus entity

The IHL System reports the following discretely presented component units, which also have separate stand-alone audits performed, which can be obtained by requesting a copy from the finance department of each respective university below:

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(i) Mississippi State University Foundation, Inc.

The Mississippi State University Foundation, Inc. is a legally separate, tax-exempt not for profit entity established to solicit and manage funds for the benefit of Mississippi State University.

(ii) University of Mississippi Foundation

The University of Mississippi Foundation is a legally separate, tax-exempt not for profit nonstock corporation formed for the benefit of the University of Mississippi.

(iii) University of Southern Mississippi Foundation

The University of Southern Mississippi Foundation is a legally separate, tax-exempt not for profit entity formed to provide support to the University of Southern Mississippi and its students.

These foundations are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the foundations' financial information in the IHL System's financial reporting entity for these differences.

These foundations act primarily as fund-raising organizations to supplement the resources that are available to the respective universities in support of their programs. The governing body of each foundation is self-perpetuating and consists of graduates and friends of the respective universities. Although the respective universities do not control the timing or amount of receipts from the foundations, most resources, or income thereon, which the foundations hold and invest are restricted to the activities of the respective universities by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of, the respective universities, these foundations are considered discretely presented component units of the IHL System.

The Mississippi State University Foundation, Inc., the University of Mississippi Foundation, and the University of Southern Mississippi Foundation each make distributions to their respective universities for support. During the years ended June 30, 2021 and 2020, support distributions were as follows:

	<u>2021</u>	<u>2020</u>
Mississippi State University Foundation, Inc.	\$ 30,907,506	55,756,772
University of Mississippi Foundation	71,257,134	38,604,761
University of Southern Mississippi Foundation	8,686,568	8,350,046

(c) Basis of Accounting

The financial statements of the IHL System have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The IHL System is reporting as a special-purpose government engaged in business-type activities. In accordance with business-type activity reporting, the IHL System presents management's discussion and analysis; statements of net position; statements of revenues, expenses and changes in net position; statements of cash flows; and notes to the financial statements. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant transactions among departments, campuses, and auxiliary units of the IHL System have been eliminated.

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

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(d) New Accounting Standards

On June 30, 2021, the IHL System adopted GASB Statement No. 84, *Fiduciary Activities*. This standard establishes criteria to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The adoption of this statement had no impact on the financial statements.

During fiscal year 2021, the IHL System adopted GASB Statement No. 90, *Majority Equity Interests*. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

(e) Recently Issued Accounting Standards

The IHL System is currently evaluating the following pronouncements that are most likely to impact the system's financial reporting.

In June 2017, the GASB issued Statement No. 87, *Leases*. This standard establishes recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The original effective date of this Statement was for reporting periods beginning after December 15, 2019. This Statement is now effective for reporting periods beginning after June 15, 2021.

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

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.

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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.

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

(f) Use of Estimates

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

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

Included in other noncurrent liabilities are unpaid claims liabilities relating to the IHL System's self-insured workers' compensation, unemployment, and tort liability funds. The liabilities for these unpaid claims and loss adjustment expenses are determined using both evaluations of each claim and statistical analyses and represent the estimated ultimate net cost of all claims and expenses incurred through the end of the reporting period. The determinations of claims payable include estimates that are particularly susceptible to change in the near term. Management believes that liabilities established for these unpaid claims at June 30, 2021 and 2020 are adequate to cover the ultimate net cost of claims and contractual adjustments, but these liabilities are necessarily based upon estimates, and accordingly, the amount ultimately paid will be more or less than such estimates. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed, and any adjustments are reflected in operations currently.

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

(g) Cash Equivalents

The IHL System considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(h) Short-Term Investments

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

(i) Accounts Receivable, Net

Accounts receivable consist of tuition and fee charges to students and patient accounts at UMMC. Accounts receivable also include amounts due from federal and state governments, and nongovernmental sources, in connection with reimbursement of allowable expenses made pursuant to the IHL System's grants and contracts. Accounts receivable are recorded net of an allowance for doubtful accounts.

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(j) Student Notes Receivable, Net

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

(k) Inventories

Inventories consist of bookstore, physical plant, agriculture, printing, central supply, food service supply, and various hospital inventories. These inventories are generally valued at the lower of cost or market, on the first-in, first-out (FIFO) basis.

(l) Prepaid Expenses

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

(m) 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 noncurrent assets are classified as noncurrent assets in the statement of net position.

(n) Endowment Investments

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

(o) Other Long-Term Investments

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

(p) 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 IHL System has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

The level in the fair value hierarchy 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

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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.

(q) Capital Assets

Capital assets are recorded at cost at the date of acquisition, or, if donated, at acquisition value at the date of donation. For movable property, the IHL System's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See note 5 for additional details concerning useful lives and salvage values. The IHL System uses the composite method for library book depreciation if the books are considered to have a useful life of greater than one year. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose, if material.

(r) Impairment of Capital Assets

Management reviews capital assets for impairment whenever events or changes in circumstances indicate that the service utility of an asset has declined significantly and unexpectedly. Any write-downs due to impairment are charged to operations at the time impairment is identified. No write-down of capital assets was required for the years ended June 30, 2021 and 2020.

(s) Deferred Inflows and Outflows of Resources

Deferred inflows of resources are an acquisition of net assets by the IHL System that are applicable to a future reporting period and include pension and OPEB related deferred inflows, the unamortized amounts for gains on the refunding of bond debt, and beneficial interests in irrevocable trusts.

Deferred outflows of resources are consumption of net assets by the IHL System that are applicable to a future reporting period and include pension and OPEB related deferred outflows and the unamortized amounts for losses on the refunding of bond debt.

(t) 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 IHL System's proportionate share of the liability for pension and OPEB, and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the Public Employees' Retirement System of Mississippi (PERS) and the State and School Employees' Life and Health Insurance Plan (OPEB Plan). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

(u) Accounts Payable and Accrued Liabilities

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

(v) Compensated Absences/Accrued Leave

Twelve-month employees earn annual personal leave at a rate of 12 hours per month for one month to three years of service; 14 hours per month for three to eight years of service; 16 hours per month for eight to fifteen years of service;

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and 18 hours per month for fifteen years of service and above. There is no requirement that annual leave be taken, and there is no maximum accumulation. At termination, these employees are paid for up to 240 hours of accumulated leave.

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

(w) 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.

(x) Deposits Refundable

Deposits refundable represent good-faith deposits from students to reserve housing assignments, key deposits, and post-breakage deposits in the residence halls of the member universities of the IHL System.

(y) Non-current Liabilities

Non-current liabilities include: (1) carrying 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 noncurrent assets.

(z) Government Advances Refundable

The IHL System participates in the Federal Perkins Loan and Nursing Loan Programs, which are funded through a combination of federal and institutional resources. The portion of these programs that has been funded with federal funds is ultimately refundable to the U.S. government upon the termination of IHL System's participation in the programs. Although the federal government has terminated the programs disallowing new loans to be made, institutions may continue to collect and service existing loans. The IHL System does not have a timeline for discontinuing its participation in these programs. The portion that would be refundable if the programs were terminated has been presented as other long-term liabilities and approximated \$40.8 million and \$47.7 million as of June 30, 2021 and 2020, respectively.

(aa) Income Taxes

As an integral part of the State of Mississippi, a governmental entity, the IHL System is generally not subject to federal income tax, however, income generated from activities unrelated to the IHL System's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(B).

(bb) Classification of Revenues and Expenses

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

Operating revenues and expenses have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances and bad debt expense; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) most federal, state and local grants and contracts (non-Title IV financial aid) and Federal appropriations, if any; (4) interest on institutional student loans and other revenues; and (5) patient care 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, commodities (supplies) and contractual services; (4) professional fees; and (5) depreciation expense related to certain capital assets.

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

(cc) Auxiliary Enterprise Activities

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

(dd) University Press of Mississippi

The University Press of Mississippi (UPM) is one such auxiliary enterprise. UPM was founded in 1970 and represents Mississippi's eight public state universities. UPM publishes scholarly work and books that represent Mississippi and its culture to the nation and the world. From its offices in Jackson, the University Press of Mississippi acquires, edits, distributes, and promotes more than 85 new books every year. Over the years, the press has published more than 2,000 titles and distributed more than three million copies worldwide, each with the Mississippi imprint. UPM is the only not-for-profit book publisher in the state and is a blended component unit of the IHL Executive Office.

(ee) Patient Care Revenues, Net

UMMC's hospital and clinical service revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including contractual allowances and estimated retroactive adjustments under reimbursement programs with third-party payors, less an allowance for doubtful accounts. Retroactive adjustments are accrued in future periods as final settlements are determined.

Inpatient acute care services and substantially all outpatient services rendered to Medicare and Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. UMMC is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports and audits thereof by the Medicare and Medicaid intermediaries.

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services. UMMC is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by UMMC and audits thereof by Medicaid fiscal intermediary.

Revenue from the Medicare and Medicaid programs accounted for approximately 30.9% and 25.5%, respectively, of UMMC's net patient service revenues for the year ended June 30, 2021 and approximately 30.0% and 27.7%, respectively, for the year ended June 30, 2020. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

UMMC also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to UMMC under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

(ff) Hospital Reimbursement

The University of Mississippi Medical Center – Health System (UMMC – Health System) Medicare cost reports have been audited and settled by the fiscal intermediary through the cost reports filed for the year ended June 30, 2013 for

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the Jackson Campus, for the year ended June 30, 2019 for Holmes County Hospital, and for the year ended June 30, 2018 for UMMC Grenada.

Over nine years ago, the Division of Medicaid (DOM) notified all providers in the State of Mississippi of a change in the methodology used to reimburse outpatient services. DOM had adopted a payment methodology for outpatient services at a fixed cost to charge ratio that was increased each year by an inflationary index. At that time, DOM issued letters to all providers of an updated reimbursement percentage based on current cost data. DOM also stated its intention to apply the revised methodology retroactively to October 1, 2005. At June 30, 2021 and 2020, UMMC – Health System maintains a reserve of approximately \$45.4 million for Medicaid rate recalculations, Medicaid DSH audits, and other adjustments for prior fiscal years.

Effective in fiscal year 2020, DOM went live with an at-risk model for a portion of the hospital access payments under the Mississippi Hospital Access Payments (MHAP) program. The state's responsibility under this program is to transition the MHAP to a quality-based program completely over the coming years. This new at-risk portion of MHAP, or QIPP (Quality Incentive Payment Program), puts 10% of hospitals' MHAP payments at risk. The program's current goal is to improve quality of care through the reduction of preventable hospital readmissions. Readmissions are measured quarterly against a pre-determined standard by DOM. UMMC continues to meet the standard requirement. There are no current reserves for the potential impact of underperformance; however, future performance may determine a need.

(gg) Scholarship Discounts and Allowances

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

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

(hh) Net Position

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

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

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

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

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, net patient service revenue, sales and services of educational activities and auxiliary enterprises. Auxiliary enterprises are

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substantially self-supporting activities that provide services for students, faculty, and staff. While unrestricted net position may be designated for specific purposes by action of management or the Board, they are available for use at the discretion of the governing board to meet current expenses for any purpose.

(ii) Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications had no impact on net position or changes in net position. This reclassification resulted in an increase to prior year deferred outflows of resources and offsetting increase to deferred inflows of resources.

Note 2

Cash and Investments

Cash, Cash Equivalents and Short-Term Investments

Investment policies, as set forth by the IHL System's Board of Trustees' policy and state statute, authorize the universities to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, U.S. Government agency and sponsored enterprise obligations and repurchase agreements. Investment policy at the IHL System is governed by State statute (Section 27-105-33, MS Code Ann. 1972) and the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of 1998.

Custodial Credit Risk – Deposits

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent, but not held in the government's name. The IHL System had no investments exposed to custodial credit risk at June 30, 2021 and 2020.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 of the MS Code Annotated (1972). Under this program, funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against these deposits. In the event of the failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investment policies as set forth by Board policy as authorized by Section 37-101-15, Mississippi Code Annotated (1972), authorize the universities to invest in equity securities, bonds and other securities. Investments are reported at fair value.

A summary of cash and investments as of June 30, 2021 and 2020 is as follows:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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June 30, 2021 and 2020

	2021	2020
Cash	\$ 961,478,728	881,111,528
Restricted cash and cash equivalents	140,763,573	108,664,579
U.S. Treasury securities	373,319,857	306,870,572
U.S. government agency securities	492,385,796	299,813,898
Commercial mortgage backed securities	2,456,899	1,610,135
Collateralized mortgage obligations	26,924,609	36,513,966
Asset backed securities	2,749,325	3,331,509
Corporate bonds and notes	8,256,546	2,042,932
Municipal bonds	17,249,901	19,730,475
Fixed income mutual funds	9,252,259	18,452,877
Other fixed income securities	2,055,805	307,157
Certificates of deposit	18,397,606	25,236,861
Money market funds	8,101,571	5,002,240
Domestic equity securities	8,024,100	6,385,295
Global equity securities	13,970,116	1,922,319
Domestic equity mutual funds	42,537,899	32,944,113
International equity mutual funds	6,750,542	3,024,464
Equity long/short hedge funds	111,633,286	92,518,849
Private capital	69,012,848	45,388,063
Endowment Pool Balanced	4,195,994	3,251,178
Mississippi State Foundation Investment Pool	49,749,774	37,113,610
Miscellaneous	37,773,185	42,852,531
Total cash and investments	<u>\$ 2,407,040,219</u>	<u>1,974,089,151</u>

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The following tables present the financial assets carried at fair value by level within the valuation hierarchy, as well as the assets measured at the net asset value (NAV) per share as a practical expedient as of June 30, 2021 and 2020:

	2021			Total
	Level 1	Level 2	Level 3	
Investment strategy:				
Fixed income:				
U.S. Treasury securities	\$ 365,053,613	8,266,244	—	373,319,857
Fixed income mutual funds	9,252,259	—	—	9,252,259
U.S. government securities	2,809,811	489,575,985	—	492,385,796
Mortgage obligations and asset backed securities	—	32,130,833	—	32,130,833
Corporate bonds and notes	6,315,033	1,941,513	—	8,256,546
Certificates of deposit	—	18,397,606	—	18,397,606
Municipal bonds	1,665,405	15,584,496	—	17,249,901
Other fixed income securities	1,797,915	257,890	—	2,055,805
Money market funds	7,288,022	813,549	—	8,101,571
Total fixed income investments	<u>\$ 394,182,058</u>	<u>566,968,116</u>	<u>—</u>	<u>961,150,174</u>
Equity securities:				
Domestic equity securities	6,540,588	1,483,512	—	8,024,100
Domestic equity mutual funds	41,320,986	1,216,913	—	42,537,899
Global equity securities	13,401,079	569,037	—	13,970,116
International equity mutual funds	6,750,542	—	—	6,750,542
Total equity securities	<u>\$ 68,013,195</u>	<u>3,269,462</u>	<u>—</u>	<u>71,282,657</u>
Investments measured at NAV as a practical expedient:				
Equity long/short hedge funds				\$ 111,633,286
Private capital				69,012,848
Mississippi State Foundation Investment Pool				49,749,774
Endowed Pool II Balanced				4,195,994
Other miscellaneous investments				37,773,185
Total investments measured at NAV				<u>272,365,087</u>
Total investments measured at fair value				<u>\$ 1,304,797,918</u>

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June 30, 2021 and 2020

	2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment strategy:				
Fixed income:				
U.S. Treasury securities	\$ 297,765,424	9,105,148	—	306,870,572
Fixed income mutual funds	18,452,877	—	—	18,452,877
U.S. government securities	—	299,813,898	—	299,813,898
Mortgage obligations and asset backed securities	—	41,455,610	—	41,455,610
Corporate bonds and notes	—	2,042,932	—	2,042,932
Certificates of deposit	—	25,236,861	—	25,236,861
Municipal bonds	—	19,730,475	—	19,730,475
Other fixed income securities	—	307,157	—	307,157
Money market funds	3,772,131	1,230,109	—	5,002,240
Total fixed income investments	<u>\$ 319,990,432</u>	<u>398,922,190</u>	<u>—</u>	<u>718,912,622</u>
Equity securities:				
Domestic equity securities	5,265,995	1,119,300	—	6,385,295
Domestic equity mutual funds	31,724,959	1,219,154	—	32,944,113
Global equity securities	1,922,319	—	—	1,922,319
International equity mutual funds	3,024,464	—	—	3,024,464
Total equity securities	<u>\$ 41,937,737</u>	<u>2,338,454</u>	<u>—</u>	<u>44,276,191</u>
Investments measured at NAV as a practical expedient:				
Equity long/short hedge funds				\$ 92,518,849
Private capital				45,388,063
Mississippi State Foundation Investment Pool				37,113,610
Endowed Pool II Balanced				3,251,178
Other miscellaneous investments				42,852,531
Total investments measured at NAV				<u>221,124,231</u>
Total investments measured at fair value				<u>\$ 984,313,044</u>

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

	2021			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption frequency (if eligible)</u>	<u>Redemption notice period</u>
Equity long/short hedge funds (1)	\$ 111,633,286	1,828,279	Quarterly	45-120 Days
Private capital (2)	69,012,848	18,444,595	Various	Various
Mississippi State Foundation Investment Pool	49,749,774	—	Daily	1-3 Days
Endowed Pool II Balanced	4,195,994	—	Daily	1-3 Days
Other miscellaneous investments (3)	37,773,185	166,600	Various	Various
Total investments measured at NAV	<u>\$ 272,365,087</u>			

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	2020			
	Fair Value	Unfunded Commitments	Redemption frequency (if eligible)	Redemption notice period
Equity long/short hedge funds (1)	\$ 92,518,849	—	Quarterly	45-120 Days
Private capital (2)	45,388,063	17,586,958	Various	Various
Mississippi State Foundation Investment Pool	37,113,610	—	Daily	1-3 Days
University of Mississippi Foundation Investment Pool	3,251,178	—	Daily	1-3 Days
Other miscellaneous investments (3)	<u>42,852,531</u>	166,600	Various	Various
Total investments measured at NAV	<u>\$ 221,124,231</u>			

- (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 various other tangible items such as land, timberland and various real estate, etc.

The equity in the long/short hedge funds, private capital, Mississippi State University Foundation Investment Pool, and other miscellaneous investments represents the IHL System's participations in those investments, which is measured at NAV per share.

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent but not held in the government's name. The IHL System had no investments exposed to custodial credit risk at June 30, 2021 and 2020.

Interest Rate Risk

Interest rate risk is defined as the risk a government may face should interest rate variances adversely affect the fair value of investments. The IHL System does not presently have a formal investment policy that addresses interest rate risk.

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Notes to Financial Statements

June 30, 2021 and 2020

As of June 30, 2021 and 2020, the IHL System had the following investments subject to interest rate risk:

		2021				
		Years to maturity				
		Fair value	Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury securities	\$	373,319,857	169,622,821	189,166,796	12,658,823	1,871,417
U.S. government agency obligations		492,385,796	91,125,549	192,685,217	183,349,656	25,225,374
Commercial mortgage backed securities		2,456,899	—	867,062	—	1,589,837
Collateralized mortgage obligations		26,924,609	—	2,265,429	2,409,181	22,249,999
Asset backed securities		2,749,325	—	2,034	—	2,747,291
Corporate bonds and notes		8,256,546	615,782	1,858,540	2,253,461	3,528,763
Certificates of deposit		18,397,606	11,180,763	6,643,858	572,985	—
Municipal bonds		17,249,901	5,717,260	7,370,464	2,496,772	1,665,405
Other fixed income securities		2,055,805	—	—	—	2,055,805
Fixed income mutual funds		9,252,259	2,000,048	2,055,033	5,189,271	7,907
Total	\$	<u>953,048,603</u>	<u>280,262,223</u>	<u>402,914,433</u>	<u>208,930,149</u>	<u>60,941,798</u>

		2020				
		Years to maturity				
		Fair value	Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury securities	\$	306,870,572	136,364,427	162,673,193	6,253,418	1,579,534
U.S. government agency obligations		299,813,898	92,504,513	120,123,969	65,537,403	21,648,013
Commercial mortgage backed securities		1,610,135	999,670	1,418	—	609,047
Collateralized mortgage obligations		36,513,966	—	432,649	2,995,587	33,085,730
Asset backed securities		3,331,509	—	44,923	310,577	2,976,009
Corporate bonds and notes		2,042,932	411,046	797,006	623,566	211,314
Certificates of deposit		25,236,861	13,057,363	11,578,708	600,790	—
Municipal bonds		19,730,475	4,869,166	10,046,603	4,814,706	—
Other fixed income securities		307,157	—	—	—	307,157
Fixed income mutual funds		18,452,877	633,063	3,068,906	6,907,133	7,843,775
Total	\$	<u>713,910,382</u>	<u>248,839,248</u>	<u>308,767,375</u>	<u>88,043,180</u>	<u>68,260,579</u>

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The IHL System does not presently have a formal investment policy that addresses credit risk.

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June 30, 2021 and 2020

As of June 30, 2021 and 2020, the IHL System had the following investments recorded at fair value subject to credit risk:

	<u>2021</u>	<u>2020</u>
Credit rating:		
AAA	\$ 24,776,023	34,013,853
Aaa	146,665,878	69,381,980
Aa2	9,774,274	16,404,564
Aa3	589,197	598,092
AA	4,768,383	2,985,444
A1	10,296	8,722
A2	126,727	119,581
A3	85,439	74,334
A	3,872,089	820,728
AA+	290,795,104	122,293,335
BAA	128,832	101,041
B	614,933	—
BB	1,019,823	—
BBB	4,664,445	4,564,079
CCC	173,011	—
Not rated, or rating unavailable	<u>73,266,686</u>	<u>130,437,196</u>
Total investments subject to credit risk	<u>\$ 561,331,140</u>	<u>381,802,949</u>
Cash and Investments excluded from credit risk disclosure:		
Cash	\$ 961,478,728	881,111,528
Restricted cash and cash equivalents	140,763,573	108,664,579
U.S. Treasury securities	373,319,857	306,870,572
Certificates of deposit	18,397,606	25,236,861
Money market funds	8,101,571	5,002,240
Equity securities	71,282,657	44,276,191
Investments measured at NAV	<u>272,365,087</u>	<u>221,124,231</u>
Total investments excluded from credit risk disclosure	<u>1,845,709,079</u>	<u>1,592,286,202</u>
Total cash and investments	<u>\$ 2,407,040,219</u>	<u>1,974,089,151</u>

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

Concentration of Credit Risk

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

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June 30, 2021 and 2020

As of June 30, 2021 and 2020, the IHL System had the following issuers holding investments recorded at fair value that exceeded 5% of total investments:

Issuer	2021	
	Fair value	Percentage
U.S. Treasury securities	\$ 284,421,451	22.25%
Federal Home Loan Bank notes	178,432,739	13.96%
Federal Farm Credit Bank notes	144,538,888	11.31%

Issuer	2020	
	Fair value	Percentage
U.S. Treasury securities	\$ 286,755,571	30.20%
Federal Farm Credit Bank notes	104,031,412	10.96%
Federal National Mortgage Association	56,681,742	5.97%
Federal Home Loan Bank notes	52,834,014	5.56%

Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The IHL System does not presently have a formal policy that addresses foreign currency risk. The IHL System's exposure to foreign currency risk is limited to investments in global or pooled non-U.S. equity mutual funds, which approximated \$45.6 million and \$25.7 million at June 30, 2021 and 2020, respectively.

Note 3

Accounts Receivable, net

Accounts receivable consisted of the following at June 30, 2021 and 2020:

	June 30, 2021	Current Portion	Non-current Portion
Student tuition	\$ 123,448,342	123,448,342	—
Auxiliary enterprises and other operating activities	38,999,209	38,999,209	—
Contributions and gifts	3,444,923	3,444,923	—
Federal, state, and private grants and contracts	133,915,346	133,915,346	—
State Appropriations	9,439,199	9,439,199	—
Accrued Interest	3,496,719	3,496,719	—
Patient Income	772,938,044	772,938,044	—
Other	36,518,937	21,097,572	15,421,365
Total accounts receivable	1,122,200,719	1,106,779,354	15,421,365
Less bad debt provision	(731,779,630)	(731,779,630)	—
Less elimination entry	(17,166,658)	(3,851,137)	(13,315,521)
Net accounts receivable	\$ 373,254,431	371,148,587	2,105,844

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Notes to Financial Statements

June 30, 2021 and 2020

	June 30, 2020	Current Portion	Non-current Portion
Student tuition	\$ 114,017,920	114,017,920	—
Auxiliary enterprises and other operating activities	39,174,129	39,174,129	—
Contributions and gifts	5,630,319	5,630,319	—
Federal, state, and private grants and contracts	129,776,064	129,776,064	—
State Appropriations	12,929,770	12,929,770	—
Accrued Interest	3,325,199	3,325,199	—
Patient Income	791,301,041	791,301,041	—
Other	35,443,220	25,521,790	9,921,430
Total accounts receivable	1,131,597,662	1,121,676,232	9,921,430
Less bad debt provision	(708,279,380)	(708,279,380)	—
Less elimination entry	(9,064,024)	(2,280,355)	(6,783,669)
Net accounts receivable	<u>\$ 414,254,258</u>	<u>411,116,497</u>	<u>3,137,761</u>

Note 4

Notes Receivable from Students

Notes receivable from students are payable in installments over a period of up to ten years, commencing three to twelve months from the date of separation from one of the IHL System's institutions.

The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the IHL System as of June 30, 2021 and 2020:

	Interest Rates	June 30, 2021	Current Portion	Non-current Portion
Perkins student loans	3% to 9%	\$ 39,089,174	10,371,061	28,718,113
Institutional loans	0% to 9%	63,945,112	10,732,813	53,212,299
Nursing student loans	3% to 9%	4,266,787	712,181	3,554,606
Dental student loans	3% to 9%	288,420	148,796	139,624
Medical student loans	3% to 9%	335,512	36,069	299,443
Other federal loans	3% to 9%	2,389,713	1,950,646	439,067
Total notes receivable		110,314,718	23,951,566	86,363,152
Less allowance for doubtful accounts		(21,297,607)	(3,131,030)	(18,166,577)
Net notes receivable		<u>\$ 89,017,111</u>	<u>20,820,536</u>	<u>68,196,575</u>

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Notes to Financial Statements

June 30, 2021 and 2020

	Interest Rates	June 30, 2020	Current Portion	Non-current Portion
Perkins student loans	3% to 9%	\$ 48,188,521	9,140,316	39,048,205
Institutional loans	0% to 9%	62,733,960	10,131,922	52,602,038
Nursing student loans	3% to 9%	4,227,714	468,878	3,758,836
Dental student loans	3% to 9%	335,825	110,466	225,359
Medical student loans	3% to 9%	173,760	34,909	138,851
Other federal loans	3% to 9%	2,387,183	1,956,282	430,901
Total notes receivable		118,046,963	21,842,773	96,204,190
Less allowance for doubtful accounts		(21,605,297)	(4,211,428)	(17,393,869)
Net notes receivable		\$ 96,441,666	17,631,345	78,810,321

Note 5

Capital Assets

A summary of changes in capital assets for the years ended June 30, 2021 and 2020 is presented as follows:

	Balance June 30, 2020	Additions	Deletions/transfers	Balance June 30, 2021
Nondepreciable Capital Assets:				
Land	\$ 116,090,894	3,496,057	3,282,364	116,304,587
Construction in progress	442,849,769	119,043,612	269,411,344	292,482,037
Livestock	1,519,321	67,939	455,419	1,131,841
Total nondepreciable capital assets	560,459,984	122,607,608	273,149,127	409,918,465
Depreciable capital assets:				
Buildings	4,509,120,737	255,753,292	9,449,609	4,755,424,420
Improvements other than buildings	513,252,342	10,627,172	—	523,879,514
Equipment	929,028,179	61,621,645	21,573,322	969,076,502
Library books	451,722,303	11,133,763	652,822	462,203,244
Total depreciable assets	6,403,123,561	339,135,872	31,675,753	6,710,583,680
Total capital assets	6,963,583,545	461,743,480	304,824,880	7,120,502,145
Less accumulated depreciation for:				
Buildings	1,203,848,668	86,539,124	524,601	1,289,863,191
Improvements other than buildings	211,618,468	15,703,928	170,249	227,152,147
Equipment	699,614,809	55,923,101	18,487,652	737,050,258
Library books	394,025,682	12,860,448	649,007	406,237,123
Total accumulated depreciation	2,509,107,627	171,026,601	19,831,509	2,660,302,719
Net capital assets	\$ 4,454,475,918	290,716,879	284,993,371	4,460,199,426

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Notes to Financial Statements

June 30, 2021 and 2020

	Balance June 30, 2019	Additions	Deletions/ transfers	Balance June 30, 2020
Nondepreciable Capital Assets:				
Land	\$ 113,822,755	2,269,582	1,443	116,090,894
Construction in progress	477,155,445	197,333,316	231,638,992	442,849,769
Livestock	1,790,654	91,962	363,295	1,519,321
Total nondepreciable capital assets	<u>592,768,854</u>	<u>199,694,860</u>	<u>232,003,730</u>	<u>560,459,984</u>
Depreciable capital assets:				
Buildings	4,300,061,832	209,345,405	286,500	4,509,120,737
Improvements other than buildings	477,794,135	35,691,095	232,888	513,252,342
Equipment	912,376,796	47,506,505	30,855,122	929,028,179
Library books	440,789,349	11,350,864	417,910	451,722,303
Total depreciable assets	<u>6,131,022,112</u>	<u>303,893,869</u>	<u>31,792,420</u>	<u>6,403,123,561</u>
Total capital assets	<u>6,723,790,966</u>	<u>503,588,729</u>	<u>263,796,150</u>	<u>6,963,583,545</u>
Less accumulated depreciation for:				
Buildings	1,134,262,142	71,650,590	2,064,064	1,203,848,668
Improvements other than buildings	183,826,715	27,791,753	—	211,618,468
Equipment	675,141,379	56,629,658	32,156,228	699,614,809
Library books	381,648,149	12,878,850	501,317	394,025,682
Total accumulated depreciation	<u>2,374,878,385</u>	<u>168,950,851</u>	<u>34,721,609</u>	<u>2,509,107,627</u>
Net capital assets	<u>\$ 4,348,912,581</u>	<u>334,637,878</u>	<u>229,074,541</u>	<u>4,454,475,918</u>

As of June 30, 2021 and 2020, capital assets included assets under capital leases with an original cost basis of approximately \$8.9 million and \$2.7 million, respectively, with accumulated amortization of approximately \$1.7 million and \$1.5 million, respectively.

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

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

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Note 6

Deferred Outflows of Resources and Deferred Inflows of Resources

The classifications of deferred outflows of resources and deferred inflows of resources at June 30, 2021 and 2020 are as follows:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension related (see note 15)	\$ 393,866,820	\$ 26,357,950
OPEB related (see note 16)	32,723,147	33,474,844
Unamortized loss/gain on refunding of debt	50,081,926	4,253,700
Beneficial interest in irrevocable trusts	—	43,991,738
Totals	\$ 476,671,893	\$ 108,078,232
	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension related (see note 15)	\$ 267,207,136	\$ 59,183,314
OPEB related (see note 16)	21,671,517	12,050,907
Unamortized loss/gain on refunding of debt	44,204,113	4,638,458
Beneficial interest in irrevocable trusts	—	35,933,062
Totals	\$ 333,082,766	\$ 111,805,741

Note 7

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2021 and 2020 are as follows:

	2021	2020
Payable to vendors and contractors	\$ 167,320,760	146,253,624
Accrued salaries, wages and employee withholdings	139,467,159	102,202,758
Accrued interest	6,667,049	6,884,501
Other	6,234,734	5,425,687
Subtotal	319,689,702	260,766,570
Less elimination entry	(307,758)	(727,117)
Total accounts payable and accrued liabilities	\$ 319,381,944	260,039,453

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

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Note 8

Unearned Revenues

Unearned revenues as of June 30, 2021 and 2020 are as follows:

	2021	2020
Unearned summer school revenue	\$ 30,201,840	28,455,679
Unearned grants and contract revenue	105,368,071	84,274,331
Other principally athletic activities	28,379,493	26,471,692
Total unearned revenues	\$ 163,949,404	139,201,702

All amounts are considered current and will be fully recognized within one year.

Note 9

Material Blended Component Units of the IHL System

In accordance with GASB Statement No. 61, the educational building corporations are deemed to be material component units of the IHL System but are presented on a blended basis in the accompanying financial statements due to the significance of their activities to respective member universities' operations. These blended component units provide services entirely, or almost entirely, to their respective universities. Condensed financial information as of June 30, 2021 and 2020 is listed in the following schedules.

2021 Condensed Financial Information for Educational Building Corporations								
	ASU	DSU	JSU	MSU	MVSU	UM	USM	UMMC
Current assets	\$ —	—	—	—	—	17,486,909	7,025,030	10,298,525
Noncurrent assets	37,755,079	12,145,000	84,969,455	297,235,000	16,015,000	220,101,219	148,106,968	337,485,405
Total assets	37,755,079	12,145,000	84,969,455	297,235,000	16,015,000	237,588,128	155,131,998	347,783,930
Deferred outflows of resources	—	—	8,506,811	—	—	—	—	13,474,446
Current liabilities	2,535,563	610,000	4,811,577	11,965,000	675,000	17,319,998	7,025,030	9,841,722
Noncurrent liabilities	44,432,110	11,535,000	88,664,689	285,270,000	15,340,000	216,014,430	148,106,968	340,542,651
Total liabilities	46,967,673	12,145,000	93,476,266	297,235,000	16,015,000	233,334,428	155,131,998	350,384,373
Deferred inflows of resources	—	—	—	—	—	4,253,700	—	—
Total net position	\$ (9,212,594)	—	—	—	—	—	—	10,874,003
Operating revenues	\$ 2,870,750	1,081,900	—	—	1,235,266	—	—	10,559,954
Operating expenses	(2,862,613)	(1,081,900)	—	—	(1,235,266)	—	—	(9,443,985)
Total operating income	8,137	—	—	—	—	—	—	1,115,969
Nonoperating revenues	—	—	4,111,706	13,258,658	—	7,068,966	12,761,256	—
Nonoperating expenses	—	—	(4,111,706)	(13,258,658)	—	(7,068,966)	(12,761,256)	—
Total nonoperating revenue (expenses)	—	—	—	—	—	—	—	—
Changes in net position	\$ 8,137	—	—	—	—	—	—	1,115,969

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2020 Condensed Financial Information for Educational Building Corporations								
	ASU	DSU	JSU	MSU	MVSU	UM	USM	UMMC
Current assets	\$ 2,850	—	—	—	—	19,717,835	7,016,012	8,196,619
Noncurrent assets	39,083,556	12,740,000	89,062,661	308,695,000	16,690,000	234,833,037	155,131,997	326,512,166
Total assets	39,086,406	12,740,000	89,062,661	308,695,000	16,690,000	254,550,872	162,148,009	334,708,785
Deferred outflows of resources	—	—	9,160,099	—	—	—	—	5,131,766
Current liabilities	2,452,513	595,000	4,746,494	11,460,000	675,000	19,333,546	7,016,012	7,993,553
Noncurrent liabilities	45,854,624	12,145,000	93,476,266	297,235,000	16,015,000	230,578,868	155,131,997	322,088,964
Total liabilities	48,307,137	12,740,000	98,222,760	308,695,000	16,690,000	249,912,414	162,148,009	330,082,517
Deferred inflows of resources	—	—	—	—	—	4,638,458	—	—
Total net position	\$ (9,220,731)	—	—	—	—	—	—	9,758,034
Operating revenues	\$ 2,696,647	—	—	—	1,196,306	—	—	14,496,788
Operating expenses	(2,920,612)	—	—	—	(1,196,306)	—	—	(8,823,925)
Total operating income (loss)	(223,965)	—	—	—	—	—	—	5,672,863
Nonoperating revenues	—	1,079,900	5,287,186	13,699,040	—	9,500,908	10,412,673	—
Nonoperating expenses	—	(1,079,900)	(5,287,186)	(13,699,040)	—	(9,500,908)	(10,412,673)	—
Total nonoperating revenue (expenses)	—	—	—	—	—	—	—	—
Changes in net position	\$ (223,965)	—	—	—	—	—	—	5,672,863

Note 10

Long-Term Liabilities

Long-term liabilities of the IHL System consist of notes and bonds payable, capital lease obligations, and certain other liabilities that are expected to be liquidated at least one year from June 30, 2021 and 2020.

The various leases cover a period not to exceed five years. The IHL System has the option to prepay all outstanding obligations less any unearned interest to fully satisfy the obligation. There is also a fiscal funding addendum stating that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period. Other long-term liabilities and notes payable consist of accrued leave liabilities, deposits refundable, notes payable, net pension liability, net OPEB liability, and other liabilities (government advance refundables, self-insured workers' compensation, unemployment and tort claims).

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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June 30, 2021 and 2020

Information regarding original issue amounts, interest rates, and maturity dates for bonds, notes, and capital leases relative to the long-term liabilities for each of the universities within the IHL System as of June 30, 2021 and 2020 is listed in the following schedules.

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Alcorn State University:								
Bonded Debt								
EBC - Series 2016	\$ 43,630,000	2.00% - 5.00%	2040	\$ 43,375,000	—	1,130,000	42,245,000	1,230,000
Unamortized Premium				3,609,624	—	192,512	3,417,112	192,512
Total Bonded Debt				46,984,624	—	1,322,512	45,662,112	1,422,512
Other Long-term Liabilities:								
Accrued leave liabilities				3,302,113		132,816	3,169,297	650,251
Net pension liability				75,787,222	5,121,847	—	80,909,069	—
Net OPEB liability				4,718,847	—	433,716	4,285,131	—
Deposits refundable				678,436	—	303	678,133	—
Total Other liabilities				84,486,618	5,121,847	566,835	89,041,630	650,251
Total				\$ 131,471,242	5,121,847	1,889,347	134,703,742	2,072,763
Due within one year							(2,072,763)	
Total noncurrent liabilities							\$ 132,630,979	

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June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Delta State University:								
Bonded Debt								
EBC - Series 2016	\$ 15,105,000	2.00% - 5.00%	2039	\$ 12,740,000	—	595,000	12,145,000	610,000
Total Bonded Debt				12,740,000	—	595,000	12,145,000	610,000
Other Long-term Liabilities:								
Accrued leave liabilities				1,239,401	354,304	—	1,593,705	398,425
Deposits refundable				101,344	1,490	—	102,834	—
Net pension liability				48,336,405	2,769,880	—	51,106,285	—
Net OPEB liability				3,556,677	—	375,239	3,181,438	—
Federal Loan Fund Repayment Contingency				344,324	—	344,324	—	—
Total Other liabilities				53,578,151	3,125,674	719,563	55,984,262	398,425
Total				\$ 66,318,151	3,125,674	1,314,563	68,129,262	1,008,425
Due within one year							(1,008,425)	
Total noncurrent liabilities							\$ 67,120,837	

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June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Jackson State University:								
Bonded Debt								
EBC - Series 1982	\$ 4,000,000	1.00% - 3.00%	2021	\$ 175,000	—	175,000	—	—
EBC - Series 2015A	57,595,000	2.00% - 5.00%	2045	54,130,000	—	2,505,000	51,625,000	3,510,000
EBC - Series 2015B	13,065,000	0.069% - 2.60%	2021	750,000	—	750,000	—	—
EBC - Series 2017	6,000,000	3.38%	2028	6,000,000	—	—	6,000,000	—
EBC - Series 2017A	29,745,000	1.60% - 3.70%	2034	28,960,000	—	785,000	28,175,000	875,000
Unamortized premium				7,532,415	—	305,376	7,227,039	305,376
Total Bonded Debt				97,547,415	—	4,520,376	93,027,039	4,690,376
Capital Leases - Buses	1,127,000	4.56%		565,085	—	115,858	449,227	121,201
Total Capital Leases				565,085	—	115,858	449,227	121,201
Other Long-term Liabilities:								
Accrued leave liabilities				6,259,804	—	716,982	5,542,822	399,083
Net pension liability				126,401,212	5,556,330	—	131,957,542	—
Net OPEB liability				7,374,236	—	989,168	6,385,068	—
Deposits refundable				846,567	1,110,100	1,252,852	703,815	—
Federal Loan Fund Repayment Contingency				1,912,787	—	—	1,912,787	—
Notes Payable				110,260	—	110,260	—	—
Total Other liabilities				142,904,866	6,666,430	3,069,262	146,502,034	399,083
Total				\$ 241,017,366	6,666,430	7,705,496	239,978,300	5,210,660
Due within one year							(5,210,660)	
Total noncurrent liabilities							\$ 234,767,640	

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June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi State University:								
Bonded Debt								
Dormitory Revenue System	\$ 2,250,000	3.00%	2022	\$ 100,000	—	100,000	—	—
Student Apartments	2,038,000	3.00%	2023	175,000	—	85,000	90,000	90,000
EBC - Series 2011	54,370,000	2.00% - 5.00%	2043	2,600,000	—	1,270,000	1,330,000	1,330,000
EBC - Series 2013	60,470,000	2.00% - 5.00%	2044	9,545,000	—	585,000	8,960,000	605,000
EBC - Series 2014A	89,810,000	2.00% - 5.00%	2044	72,930,000	—	3,790,000	69,140,000	3,990,000
EBC - Series 2014B	23,435,000	0.29% - 4.813%	2044	18,275,000	—	975,000	17,300,000	1,005,000
EBC - Series 2015	56,010,000	2.00% - 5.00%	2046	51,855,000	—	1,130,000	50,725,000	1,185,000
EBC - Series 2017	63,270,000	2.00% - 5.00%	2046	61,825,000	—	3,500,000	58,325,000	3,635,000
EBC - Series 2017A	92,075,000	2.00% - 5.00%	2044	91,665,000	—	210,000	91,455,000	215,000
Unamortized premium				17,790,248	—	2,533,567	15,256,681	2,293,457
Total Bonded Debt				<u>326,760,248</u>	<u>—</u>	<u>14,178,567</u>	<u>312,581,681</u>	<u>14,348,457</u>
Other Long-term Liabilities:								
Accrued leave liabilities				26,134,828	—	386,963	25,747,865	2,871,568
Net pension liability				558,213,479	65,437,502	—	623,650,981	—
Net OPEB liability				33,054,895	—	2,045,797	31,009,098	—
Deposits refundable				43,053	2,295	—	45,348	—
Federal Loan Fund Repayment Contingency				9,126,822	—	2,490,066	6,636,756	—
Total Other liabilities				<u>626,573,077</u>	<u>65,439,797</u>	<u>4,922,826</u>	<u>687,090,048</u>	<u>2,871,568</u>
Total				<u>\$ 953,333,325</u>	<u>65,439,797</u>	<u>19,101,393</u>	<u>999,671,729</u>	<u>17,220,025</u>
Due within one year							<u>(17,220,025)</u>	
Total noncurrent liabilities							<u>\$ 982,451,704</u>	

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Description and Purpose	Year ended June 30, 2021				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi University for Women:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 1,128,795	—	53,509	1,075,286	43,011
Net pension liability	39,373,621	4,623,026	—	43,996,647	—
Net OPEB liability	2,567,364	—	146,247	2,421,117	—
Federal Loan Fund Repayment Contingency	594,099	—	337,404	256,695	—
Total Other liabilities	\$ 43,663,879	4,623,026	537,160	47,749,745	43,011
Due within one year				(43,011)	
Total noncurrent liabilities				\$ 47,706,734	

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Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi Valley State University:								
Bonded Debt								
EBC - Series 2007	\$ 19,015,000	4.00%	2022	\$ 355,000	—	190,000	165,000	165,000
EBC - Series 2015	17,270,000	2.00%	2037	16,335,000	—	485,000	15,850,000	560,000
Total Bonded Debt				16,690,000	—	675,000	16,015,000	725,000
Capital Leases				84,982	—	84,982	—	—
Total Capital Leases				84,982	—	84,982	—	—
Other Long-term Liabilities:								
Accrued leave liabilities				1,650,755	—	102,041	1,548,714	191,908
Net pension liability				44,196,596	3,504,185	—	47,700,781	—
Net OPEB liability				3,314,930	—	397,443	2,917,487	—
Deposits refundable				36,262	—	6,152	30,110	—
Total Other liabilities				49,198,543	3,504,185	505,636	52,197,092	191,908
Total				\$ 65,973,525	3,504,185	1,265,618	68,212,092	916,908
Due within one year							(916,908)	
Total noncurrent liabilities							\$ 67,295,184	

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Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi:								
Bonded Debt								
EBC - Series 2009B	\$ 24,165,000	3.623% - 5.00%	2021	\$ 2,600,000	—	2,600,000	—	—
EBC - Series 2011	27,995,000	3.00% - 4.00%	2032	2,460,000	—	1,165,000	1,295,000	1,295,000
EBC - Series 2013D	12,100,000	3.10%	2021	1,331,297	—	1,331,297	—	—
EBC - Series 2015A	15,660,000	2.00% - 4.00%	2040	14,745,000	—	265,000	14,480,000	295,000
EBC - Series 2015B	10,125,000	1.375% - 3.75%	2030	7,180,000	—	625,000	6,555,000	640,000
EBC - Series 2015C	31,630,000	2.00% - 5.00%	2046	29,160,000	—	655,000	28,505,000	675,000
EBC - Series 2015D	17,660,000	0.993% - 4.452%	2036	14,875,000	—	725,000	14,150,000	740,000
EBC - Series 2016A	33,245,000	2.00% - 5.00%	2034	26,990,000	—	1,970,000	25,020,000	2,030,000
EBC - Series 2017	38,995,000	2.00% - 5.00%	2035	38,400,000	—	1,510,000	36,890,000	1,555,000
EBC - Series 2019A	73,350,000	3.00% - 5.00%	2036	73,350,000	—	1,425,000	71,925,000	3,150,000
EBC - Series 2019B	3,365,000	1.94% - 2.05%	2024	3,365,000	—	885,000	2,480,000	905,000
Unamortized Premium				20,128,217	—	1,617,136	18,511,081	1,552,878
Total Bonded Debt				<u>234,584,514</u>	<u>—</u>	<u>14,773,433</u>	<u>219,811,081</u>	<u>12,837,878</u>
Other Long-term Liabilities:								
Accrued leave liabilities				17,350,235	667,844	—	18,018,079	2,148,000
Net pension liability				339,244,839	31,145,314	—	370,390,153	—
Net OPEB liability				22,349,145	—	1,542,491	20,806,654	—
Deposits refundable				126,116	—	2,000	124,116	—
Note Payable from direct borrowings - Hancock Bank				5,994,136	—	935,538	5,058,598	960,057
Note Payable from direct borrowings - Renasant Bank				6,454,716	—	745,487	5,709,229	766,543
Federal Loan Fund Repayment Contingency				8,647,900	—	857,200	7,790,700	—
Total Other liabilities				<u>400,167,087</u>	<u>31,813,158</u>	<u>4,082,716</u>	<u>427,897,529</u>	<u>3,874,600</u>
Total				<u>\$ 634,751,601</u>	<u>31,813,158</u>	<u>18,856,149</u>	<u>647,708,610</u>	<u>16,712,478</u>
Due within one year							(16,712,478)	
Total noncurrent liabilities							<u>\$ 630,996,132</u>	

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June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Southern Mississippi:								
Bonded Debt								
SMEBC - Series 2013	\$ 51,875,000	2.00% - 5.00%	2044	\$ 7,735,000	—	470,000	7,265,000	560,000
SMEBC - Series 2015A	38,600,000	2.00% - 5.00%	2034	33,995,000	—	1,495,000	32,500,000	1,630,000
SMEBC - Series 2015B	16,690,000	0.50% - 3.25%	2034	7,475,000	—	2,300,000	5,175,000	1,945,000
SMEBC - Series 2016	58,870,000	2.00% - 5.00%	2040	57,530,000	—	1,200,000	56,330,000	1,380,000
SMEBC - Series 2017	44,005,000	2.00% - 5.00%	2044	43,075,000	—	170,000	42,905,000	175,000
Unamortized Premium				12,338,010	—	1,381,011	10,956,999	1,335,030
Total Bonded Debt				162,148,010	—	7,016,011	155,131,999	7,025,030
Other Long-term Liabilities:								
Accrued leave liabilities				10,058,872	—	64,454	9,994,418	1,199,330
Net pension liability				231,330,127	21,757,768	—	253,087,895	—
Net OPEB liability				15,274,063	—	1,292,201	13,981,862	—
Deposits refundable				3,066	20	—	3,086	—
Federal Loan Fund Repayment Contingency				23,704,170	—	2,108,842	21,595,328	—
Total Other liabilities				280,370,298	21,757,788	3,465,497	298,662,589	1,199,330
Total				\$ 442,518,308	21,757,788	10,481,508	453,794,588	8,224,360
Due within one year							(8,224,360)	
Total noncurrent liabilities							\$ 445,570,228	

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June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2021				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi Medical Center:								
Bonded Debt								
MCEBC - Series 1998B	\$ 41,075,000	3.88% - 5.90%	2024	\$ 14,600,000	—	3,360,000	11,240,000	3,550,000
MCEBC - Series 2010B	20,000,000	6.84%	2035	20,000,000	—	20,000,000	—	—
MCEBC - Series 2012A	51,860,000	4.00% - 5.00%	2041	51,860,000	—	51,860,000	—	—
MCEBC - Series 2012B	53,390,000	4.064% - 4.822%	2038	53,390,000	—	53,390,000	—	—
MCEBC - Series 2017A	137,635,000	3.00% - 5.00%	2047	137,390,000	—	—	137,390,000	—
MCEBC - Series 2017B	12,345,000	2.45% - 3.10%	2024	9,585,000	—	2,830,000	6,755,000	2,905,000
MCEBC - Series 2019	24,380,000	5.00%	2035	23,495,000	—	450,000	23,045,000	515,000
MCEBC - Series 2020B	158,125,000	.445% - 2.917%	2041	—	158,125,000	3,345,000	154,780,000	1,735,000
Unamortized premium				18,408,964	—	2,371,312	16,037,652	1,459,717
Total Bonded Debt				328,728,964	158,125,000	137,606,312	349,247,652	10,164,717
Note Payable								
University of Mississippi		2.00%	2026	8,336,907	4,773,981	—	13,110,888	2,819,861
University of Mississippi		0.93%	2026	—	3,748,012	—	3,748,012	723,518
Total Note Payable				8,336,907	8,521,993	—	16,858,900	3,543,379
Capital Leases - Various Equipment		Various	2025	—	7,405,000	1,460,000	5,945,000	1,455,000
Other Long-term Liabilities:								
Accrued leave liabilities				77,435,135	—	3,958,136	73,476,999	10,172,843
Federal Loan Fund Repayment Contingency				3,357,965	—	724,922	2,633,043	—
Net pension liability				1,360,163,256	137,938,643	—	1,498,101,899	—
Net OPEB liability				64,529,186	—	4,175,881	60,353,305	—
Reserve for unpaid claims				32,281,000	—	931,000	31,350,000	4,254,000
Total Other liabilities				1,537,766,542	137,938,643	9,789,939	1,665,915,246	14,426,843
Total				\$ 1,874,832,413	311,990,636	148,856,251	2,037,966,798	29,589,939
Due within one year							(29,589,939)	
Total noncurrent liabilities							\$ 2,008,376,859	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Year ended June 30, 2021				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
IHL Board Office:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 777,182	22,021	—	799,203	48,258
Net pension liability	18,717,421	1,465,844	—	20,183,265	—
Net OPEB liability	759,685	—	98,637	661,048	—
Reserve for unpaid claims	34,956,609	—	3,240,250	31,716,359	6,190,120
Total Other liabilities	<u>\$ 55,210,897</u>	<u>1,487,865</u>	<u>3,338,887</u>	53,359,875	<u>6,238,378</u>
Due within one year				<u>(6,238,378)</u>	
Total noncurrent liabilities				<u>\$ 47,121,497</u>	

Description and Purpose	Year ended June 30, 2021				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
M CVS:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 60,867	—	5,176	55,691	10,873
Net pension liability	1,750,782	174,936	—	1,925,718	—
Total Other liabilities	<u>\$ 1,811,649</u>	<u>174,936</u>	<u>5,176</u>	1,981,409	<u>10,873</u>
Due within one year				<u>(10,873)</u>	
Total noncurrent liabilities				<u>\$ 1,970,536</u>	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Year ended June 30, 2021						
	Beginning balance	Additions	Deletions	Total	Elimination Entries	Ending balance	Due within one year
State of Mississippi Institutions of Higher Learning -- Combined:							
Total bonded debt	\$ 1,226,183,775	158,125,000	180,687,210	1,203,621,565	—	1,203,621,565	51,823,969
Total capital leases	650,067	7,405,000	1,660,840	6,394,227	—	6,394,227	1,576,201
Reserves for unpaid claims	67,237,609	—	4,171,250	63,066,359	—	63,066,359	10,444,120
Other long-term liabilities and notes payable:							
Net pension liability	2,843,514,960	279,495,275	—	3,123,010,235	—	3,123,010,235	—
Net OPEB liability	157,499,028	—	11,496,820	146,002,208	—	146,002,208	—
Accrued leave liabilities	145,397,987	1,044,169	5,420,077	141,022,079	—	141,022,079	18,133,551
Deposits refundable	1,834,844	1,113,905	1,261,307	1,687,442	—	1,687,442	—
Notes payable from direct borrowings	12,559,112	8,521,993	1,791,285	19,289,820	(8,521,993)	10,767,827	1,726,600
Refundable government advances and other	47,688,067	—	6,862,758	40,825,309	—	40,825,309	—
Total other long-term liabilities and notes payable	3,208,493,998	290,175,342	26,832,247	3,471,837,093	(8,521,993)	3,463,315,100	19,860,151
Total	\$ 4,502,565,449	455,705,342	213,351,547	4,744,919,244	(8,521,993)	4,736,397,251	83,704,441
Due within one year						(83,704,441)	
Total noncurrent liabilities						\$ 4,652,692,810	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Alcorn State University:								
Bonded Debt								
EBC - Series 2009A	\$ 47,000,000	5.125% - 5.25%	2040	\$ 915,000	—	915,000	—	—
EBC - Series 2016	43,630,000	2.00% - 5.00%	2040	43,375,000	—	—	43,375,000	1,130,000
Unamortized Premium				3,802,136	—	192,512	3,609,624	192,513
Total Bonded Debt				48,092,136	—	1,107,512	46,984,624	1,322,513
Other Long-term Liabilities:								
Accrued leave liabilities				3,795,711	1,075,758	1,569,356	3,302,113	682,160
Net pension liability				75,156,617	630,605	—	75,787,222	—
Net OPEB liability				4,425,422	293,425	—	4,718,847	—
Deposits refundable				669,585	8,851	—	678,436	—
Total Other liabilities				84,047,335	2,008,639	1,569,356	84,486,618	682,160
Total				\$ 132,139,471	2,008,639	2,676,868	131,471,242	2,004,673
Due within one year							(2,004,673)	
Total noncurrent liabilities							\$ 129,466,569	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Delta State University:								
Bonded Debt								
EBC - Series 2016	\$ 15,105,000	2.00% - 5.00%	2039	\$ 13,325,000	—	585,000	12,740,000	595,000
Total Bonded Debt				13,325,000	—	585,000	12,740,000	595,000
Other Long-term Liabilities:								
Accrued leave liabilities				1,505,103	—	265,702	1,239,401	308,223
Deposits refundable				104,209	—	2,865	101,344	—
Net pension liability				44,872,460	3,463,945	—	48,336,405	—
Net OPEB liability				3,268,272	288,405	—	3,556,677	—
Federal Loan Fund Repayment Contingency				301,640	42,684	—	344,324	—
Total Other liabilities				50,051,684	3,795,034	268,567	53,578,151	308,223
Total				\$ 63,376,684	3,795,034	853,567	66,318,151	903,223
Due within one year							(903,223)	
Total noncurrent liabilities							\$ 65,414,928	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Jackson State University:								
Bonded Debt								
EBC - Series 1982	\$ 4,000,000	1.00% - 3.00%	2021	\$ 345,000	—	170,000	175,000	175,000
EBC - Series 2010A-1	31,325,000	3.00% - 5.00%	2034	505,000	—	505,000	—	—
EBC - Series 2015A	57,595,000	2.00% - 5.00%	2045	55,295,000	—	1,165,000	54,130,000	2,505,000
EBC - Series 2015B	13,065,000	0.069% - 2.60%	2021	2,755,000	—	2,005,000	750,000	750,000
EBC - Series 2017	6,000,000	3.38%	2028	6,000,000	—	—	6,000,000	—
EBC - Series 2017A	29,745,000	1.60% - 3.70%	2034	29,195,000	—	235,000	28,960,000	785,000
Unamortized premium				7,837,791	—	305,376	7,532,415	305,376
Total Bonded Debt				101,932,791	—	4,385,376	97,547,415	4,520,376
Capital Leases - Buses	1,127,000	4.56%		675,835	—	110,750	565,085	115,858
Total Capital Leases				675,835	—	110,750	565,085	115,858
Other Long-term Liabilities:								
Accrued leave liabilities				4,190,958	2,068,846	—	6,259,804	450,706
Net pension liability				128,859,771	—	2,458,559	126,401,212	—
Net OPEB liability				7,183,715	190,521	—	7,374,236	—
Deposits refundable				180,220	666,347	—	846,567	—
Federal Loan Fund Repayment Contingency				1,912,787	—	—	1,912,787	—
Notes Payable				217,285	—	107,025	110,260	110,260
Total Other liabilities				142,544,736	2,925,714	2,565,584	142,904,866	560,966
Total				\$ 245,153,362	2,925,714	7,061,710	241,017,366	5,197,200
Due within one year							(5,197,200)	
Total noncurrent liabilities							\$ 235,820,166	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi State University:								
Bonded Debt								
Dormitory Revenue System	\$ 2,250,000	3.00%	2022	\$ 190,000	—	90,000	100,000	100,000
Student Apartments	2,038,000	3.00%	2023	260,000	—	85,000	175,000	85,000
EBC - Series 2009A-1	29,615,000	2.50% - 5.25%	2040	755,000	—	755,000	—	—
EBC - Series 2009A-2	17,105,000	2.75% - 5.00%	2025	1,860,000	—	1,860,000	—	—
EBC - Series 2011	54,370,000	2.00% - 5.00%	2043	3,825,000	—	1,225,000	2,600,000	1,270,000
EBC - Series 2013	60,470,000	2.00% - 5.00%	2044	10,115,000	—	570,000	9,545,000	585,000
EBC - Series 2014A	89,810,000	2.00% - 5.00%	2044	76,555,000	—	3,625,000	72,930,000	3,790,000
EBC - Series 2014B	23,435,000	0.29% - 4.813%	2044	19,225,000	—	950,000	18,275,000	975,000
EBC - Series 2015	56,010,000	2.00% - 5.00%	2046	52,945,000	—	1,090,000	51,855,000	1,130,000
EBC - Series 2017	63,270,000	2.00% - 5.00%	2046	62,660,000	—	835,000	61,825,000	3,500,000
EBC - Series 2017A	92,075,000	2.00% - 5.00%	2044	91,870,000	—	205,000	91,665,000	210,000
Unamortized premium				20,460,048	—	2,669,800	17,790,248	2,533,566
Total Bonded Debt				340,720,048	—	13,959,800	326,760,248	14,178,566
Other Long-term Liabilities:								
Accrued leave liabilities				23,274,547	2,860,281	—	26,134,828	3,571,419
Net pension liability				517,960,848	40,252,631	—	558,213,479	—
Net OPEB liability				29,735,714	3,319,181	—	33,054,895	—
Deposits refundable				48,907	—	5,854	43,053	—
Federal Loan Fund Repayment Contingency				13,331,471	—	4,204,649	9,126,822	—
Total Other liabilities				584,351,487	46,432,093	4,210,503	626,573,077	3,571,419
Total				\$ 925,071,535	46,432,093	18,170,303	953,333,325	17,749,985
Due within one year							(17,749,985)	
Total noncurrent liabilities							\$ 935,583,340	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

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

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Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
Mississippi Valley State University:								
Bonded Debt								
EBC - Series 2007	\$ 19,015,000	4.00%	2022	\$ 535,000	—	180,000	355,000	190,000
EBC - Series 2015	17,270,000	2.00%	2037	16,780,000	—	445,000	16,335,000	485,000
Total Bonded Debt				17,315,000	—	625,000	16,690,000	675,000
Capital Leases				168,084	—	83,102	84,982	84,982
Total Capital Leases				168,084	—	83,102	84,982	84,982
Other Long-term Liabilities:								
Accrued leave liabilities				1,620,143	30,612	—	1,650,755	218,865
Net pension liability				42,303,133	1,893,463	—	44,196,596	—
Net OPEB liability				3,080,141	234,789	—	3,314,930	—
Deposits refundable				47,288	—	11,026	36,262	—
Total Other liabilities				47,050,705	2,158,864	11,026	49,198,543	218,865
Total				\$ 64,533,789	2,158,864	719,128	65,973,525	978,847
Due within one year							(978,847)	
Total noncurrent liabilities							\$ 64,994,678	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020					
				Beginning balance	Additions	Deletions	Ending balance	Due within one year	
University of Mississippi:									
Bonded Debt									
EBC - Series 2009A	\$ 19,870,000	3.50% - 4.50%	2030	\$ 935,000	—	935,000	—	—	—
EBC - Series 2009B	24,165,000	3.623% - 5.00%	2021	5,050,000	—	2,450,000	2,600,000	2,600,000	2,600,000
EBC - Series 2009C	14,770,000	3.25% - 4.75%	2035	490,000	—	490,000	—	—	—
EBC - Series 2011	27,995,000	3.00% - 5.00%	2032	3,510,000	—	1,050,000	2,460,000	1,165,000	1,165,000
EBC - Series 2013C	62,900,000	3.22%	2034	62,900,000	—	62,900,000	—	—	—
EBC - Series 2013D	12,100,000	3.10%	2021	3,854,674	—	2,523,377	1,331,297	1,331,297	1,331,297
EBC - Series 2015	12,600,000	Variable	2026	9,450,000	—	9,450,000	—	—	—
EBC - Series 2015A	15,660,000	2.00% - 4.00%	2040	14,975,000	—	230,000	14,745,000	265,000	265,000
EBC - Series 2015B	10,125,000	1.375% - 3.75%	2030	7,795,000	—	615,000	7,180,000	625,000	625,000
EBC - Series 2015C	31,630,000	2.00% - 5.00%	2047	29,795,000	—	635,000	29,160,000	655,000	655,000
EBC - Series 2015D	17,660,000	0.993% - 4.452%	2037	15,585,000	—	710,000	14,875,000	725,000	725,000
EBC - Series 2016A	33,245,000	2.00% - 5.00%	2035	28,930,000	—	1,940,000	26,990,000	1,970,000	1,970,000
EBC - Series 2017	38,995,000	2.00% - 5.00%	2035	38,400,000	—	—	38,400,000	1,510,000	1,510,000
EBC - Series 2019A	73,350,000	3.00% - 5.00%	2036	—	73,350,000	—	73,350,000	1,425,000	1,425,000
EBC - Series 2019B	3,365,000	1.94% - 2.05%	2024	—	3,365,000	—	3,365,000	885,000	885,000
Unamortized Premium				8,331,904	13,033,330	1,237,017	20,128,217	1,617,136	1,617,136
Total Bonded Debt				230,001,578	89,748,330	85,165,394	234,584,514	14,773,433	14,773,433
Other Long-term Liabilities:									
Accrued leave liabilities				16,504,919	845,316	—	17,350,235	2,078,000	2,078,000
Net pension liability				325,309,886	13,934,953	—	339,244,839	—	—
Net OPEB liability				20,248,697	2,100,448	—	22,349,145	—	—
Deposits refundable				108,814	17,302	—	126,116	—	—
Note Payable from direct borrowings - Hancock Bank				6,905,779	—	911,643	5,994,136	935,538	935,538
Note Payable from direct borrowings - Renasant Bank				7,179,261	—	724,545	6,454,716	745,527	745,527
Note Payable from direct borrowings - Trustmark Bank				16,930,479	—	16,930,479	—	—	—
Federal Loan Fund Repayment Contingency				9,236,200	—	588,300	8,647,900	—	—
Total Other liabilities				402,424,035	16,898,019	19,154,967	400,167,087	3,759,065	3,759,065
Total				\$ 632,425,613	106,646,349	104,320,361	634,751,601	18,532,498	18,532,498
Due within one year							(18,532,498)		
Total noncurrent liabilities							\$ 616,219,103		

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Southern Mississippi:								
Bonded Debt								
SMEBC - Series 2009	\$ 49,900,000	2.75% - 5.38%	2037	\$ 735,000	—	735,000	—	—
SMEBC - Series 2013	51,875,000	2.00% - 5.00%	2044	8,130,000	—	395,000	7,735,000	470,000
SMEBC - Series 2015A	38,600,000	2.00% - 5.00%	2034	36,160,000	—	2,165,000	33,995,000	1,495,000
SMEBC - Series 2015B	16,690,000	0.50% - 3.25%	2034	9,735,000	—	2,260,000	7,475,000	2,300,000
SMEBC - Series 2016	58,870,000	2.00% - 5.00%	2040	57,890,000	—	360,000	57,530,000	1,200,000
SMEBC - Series 2017	44,005,000	2.00% - 5.00%	2044	43,240,000	—	165,000	43,075,000	170,000
Unamortized Premium				13,714,071	—	1,376,061	12,338,010	1,381,012
Total Bonded Debt				169,604,071	—	7,456,061	162,148,010	7,016,012
Other Long-term Liabilities:								
Accrued leave liabilities				9,451,309	607,563	—	10,058,872	1,207,065
Net pension liability				224,453,669	6,876,458	—	231,330,127	—
Net OPEB liability				14,044,422	1,229,641	—	15,274,063	—
Deposits refundable				2,705	361	—	3,066	—
Federal Loan Fund Repayment Contingency				26,038,153	—	2,333,983	23,704,170	—
Total Other liabilities				273,990,258	8,714,023	2,333,983	280,370,298	1,207,065
Total				\$ 443,594,329	8,714,023	9,790,044	442,518,308	8,223,077
Due within one year							(8,223,077)	
Total noncurrent liabilities							\$ 434,295,231	

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June 30, 2021 and 2020

Description and Purpose	Original Issue	Annual Interest Rate	Maturity (fiscal year)	Year ended June 30, 2020				
				Beginning balance	Additions	Deletions	Ending balance	Due within one year
University of Mississippi Medical Center:								
Bonded Debt								
MCEBC - Series 1998B	\$ 41,075,000	3.88% - 5.90%	2024	\$ 17,785,000	—	3,185,000	14,600,000	3,360,000
MCEBC - Series 2010A	24,870,000	5.92% - 6.69%	2032	24,870,000	—	24,870,000	—	—
MCEBC - Series 2010B	20,000,000	6.84%	2035	20,000,000	—	—	20,000,000	—
MCEBC - Series 2010C	5,130,000	2.50% to 5.00%	2020	605,000	—	605,000	—	—
MCEBC - Series 2012A	51,860,000	4.00% to 5.00%	2041	51,860,000	—	—	51,860,000	—
MCEBC - Series 2012B	53,390,000	4.064% to 4.822%	2038	53,390,000	—	—	53,390,000	—
MCEBC - Series 2017A	137,635,000	3.00% to 5.00%	2047	137,390,000	—	—	137,390,000	—
MCEBC - Series 2017B	12,345,000	2.45% to 3.10%	2024	12,345,000	—	2,760,000	9,585,000	2,830,000
MCEBC - Series 2019	24,380,000	5.00%	2035	—	24,380,000	885,000	23,495,000	450,000
Unamortized premium				13,552,629	6,171,165	1,314,830	18,408,964	1,487,264
Total Bonded Debt				331,797,629	30,551,165	33,619,830	328,728,964	8,127,264
Note Payable								
University of Mississippi		2.00%	2025	—	8,336,907	—	8,336,907	1,553,238
Total Note Payable				—	8,336,907	—	8,336,907	1,553,238
Other Long-term Liabilities:								
Accrued leave liabilities				59,676,430	17,758,705	—	77,435,135	16,010,226
Federal Loan Fund Repayment Contingency				4,081,791	—	723,826	3,357,965	—
Net pension liability				1,232,363,510	127,799,746	—	1,360,163,256	—
Net OPEB liability				56,789,549	7,739,637	—	64,529,186	—
Reserve for unpaid claims				35,888,000	—	3,607,000	32,281,000	4,941,000
Total Other liabilities				1,388,799,280	153,298,088	4,330,826	1,537,766,542	20,951,226
Total				\$ 1,720,596,909	192,186,160	37,950,656	1,874,832,413	30,631,728
Due within one year							(30,631,728)	
Total noncurrent liabilities							\$ 1,844,200,685	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Year ended June 30, 2020				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
IHL Board Office:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 719,920	57,262	—	777,182	51,758
Net pension liability	17,819,021	898,400	—	18,717,421	—
Net OPEB liability	691,744	67,941	—	759,685	—
Reserve for unpaid claims	36,890,825	—	1,934,216	34,956,609	7,956,246
Total Other liabilities	\$ 56,121,510	1,023,603	1,934,216	55,210,897	8,008,004
Due within one year				(8,008,004)	
Total noncurrent liabilities				\$ 47,202,893	

Description and Purpose	Year ended June 30, 2020				
	Beginning balance	Additions	Deletions	Ending balance	Due within one year
MCVS:					
Other Long-term Liabilities:					
Accrued leave liabilities	\$ 68,450	—	7,583	60,867	10,204
Net pension liability	1,652,816	97,966	—	1,750,782	—
Total Other liabilities	\$ 1,721,266	97,966	7,583	1,811,649	10,204
Due within one year				(10,204)	
Total noncurrent liabilities				\$ 1,801,445	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Description and Purpose	Year ended June 30, 2020						
	Beginning balance	Additions	Deletions	Total	Elimination Entries	Ending balance	Due within one year
State of Mississippi Institutions of Higher Learning -- Combined:							
Total bonded debt	\$ 1,252,788,253	120,299,495	146,903,973	1,226,183,775	—	1,226,183,775	51,208,164
Total capital leases	843,919	—	193,852	650,067	—	650,067	200,840
Reserves for unpaid claims	72,778,825	—	5,541,216	67,237,609	—	67,237,609	12,897,246
Other long-term liabilities and notes payable:							
Net pension liability	2,649,318,090	196,655,429	2,458,559	2,843,514,960	—	2,843,514,960	—
Net OPEB liability	141,831,761	15,667,267	—	157,499,028	—	157,499,028	—
Accrued leave liabilities	121,899,710	25,340,918	1,842,641	145,397,987	—	145,397,987	24,633,778
Deposits refundable	1,161,728	692,861	19,745	1,834,844	—	1,834,844	—
Notes payable from direct borrowings	31,232,804	8,336,907	18,673,692	20,896,019	(8,336,907)	12,559,112	1,791,325
Refundable government advances and other	55,715,299	42,684	8,069,916	47,688,067	—	47,688,067	—
Total other long-term liabilities and notes payable	3,001,159,392	246,736,066	31,064,553	3,216,830,905	(8,336,907)	3,208,493,998	26,425,103
Total	\$ 4,327,570,389	367,035,561	183,703,594	4,510,902,356	(8,336,907)	4,502,565,449	90,731,353
Due within one year						(90,731,353)	
Total noncurrent liabilities						\$ 4,411,834,096	

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

The annual debt service requirements for the outstanding debt as of June 30, 2021 for each of the respective universities within the IHL System are as follows:

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
Alcorn State University:					
2022	\$ 1,422,512	—	—	1,693,550	3,116,062
2023	1,527,512	—	—	1,648,925	3,176,437
2024	1,627,512	—	—	1,600,200	3,227,712
2025	1,752,512	—	—	1,532,500	3,285,012
2026	1,887,512	—	—	1,451,125	3,338,637
2027 - 2031	11,077,560	—	—	5,836,625	16,914,185
2032 - 2036	14,336,992	—	—	3,353,750	17,690,742
2037 - 2041	12,030,000	—	—	856,025	12,886,025
Total	\$ 45,662,112	—	—	17,972,700	63,634,812
Delta State University:					
2022	\$ 610,000	—	—	470,850	1,080,850
2023	620,000	—	—	458,550	1,078,550
2024	650,000	—	—	436,100	1,086,100
2025	500,000	—	—	407,350	907,350
2026	525,000	—	—	381,725	906,725
2027 - 2031	3,015,000	—	—	1,530,000	4,545,000
2032 - 2036	3,650,000	—	—	891,600	4,541,600
2037 - 2041	2,575,000	—	—	157,300	2,732,300
Total	\$ 12,145,000	—	—	4,733,475	16,878,475
Jackson State University:					
2022	\$ 4,690,376	121,201	—	4,029,052	8,840,629
2023	5,885,376	126,791	—	3,809,012	9,821,179
2024	6,090,376	132,639	—	3,561,857	9,784,872
2025	6,305,376	68,596	—	3,304,576	9,678,548
2026	6,535,376	—	—	3,041,289	9,576,665
2027 - 2031	33,371,880	—	—	11,163,997	44,535,877
2032 - 2036	23,361,880	—	—	4,467,064	27,828,944
2037 - 2041	3,626,880	—	—	2,236,880	5,863,760
2042 - 2046	3,159,519	—	—	1,632,895	4,792,414
Total	\$ 93,027,039	449,227	—	37,246,622	130,722,888
Mississippi State University:					
2022	\$ 14,348,456	—	—	12,756,523	27,104,979
2023	14,545,103	—	—	12,228,438	26,773,541
2024	14,899,553	—	—	11,645,381	26,544,934
2025	13,053,348	—	—	11,049,615	24,102,963
2026	13,403,753	—	—	10,471,991	23,875,744
2027 - 2031	64,216,439	—	—	43,824,427	108,040,866
2032 - 2036	68,139,535	—	—	29,581,817	97,721,352
2037 - 2041	66,090,530	—	—	15,846,452	81,936,982
2042 - 2046	43,884,965	—	—	3,302,332	47,187,297
Total	\$ 312,581,682	—	—	150,706,976	463,288,658

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

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June 30, 2021 and 2020

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
Mississippi Valley State University:					
2022	\$ 725,000	—	—	537,906	1,262,906
2023	575,000	—	—	514,506	1,089,506
2024	625,000	—	—	497,256	1,122,256
2025	675,000	—	—	481,631	1,156,631
2026	725,000	—	—	464,756	1,189,756
2027 - 2031	4,570,000	—	—	1,949,388	6,519,388
2032 - 2036	6,525,000	—	—	1,041,088	7,566,088
2037 - 2041	1,595,000	—	—	59,813	1,654,813
Total	\$ 16,015,000	—	—	5,546,344	21,561,344
University of Mississippi:					
2022	\$ 12,837,878	—	1,726,600	8,692,206	23,256,684
2023	13,056,458	—	1,773,371	8,219,993	23,049,822
2024	13,611,458	—	1,821,133	7,678,855	23,111,446
2025	14,256,458	—	1,870,745	7,054,825	23,182,028
2026	14,917,220	—	1,921,427	6,383,792	23,222,439
2027 - 2031	76,331,144	—	1,654,551	21,619,765	99,605,460
2032 - 2036	54,303,445	—	—	8,238,922	62,542,367
2037 - 2041	12,007,094	—	—	3,103,225	15,110,319
2042 - 2046	8,489,926	—	—	1,064,250	9,554,176
Total	\$ 219,811,081	—	10,767,827	72,055,833	302,634,741
University of Southern Mississippi:					
2022	\$ 7,025,030	—	—	6,221,251	13,246,281
2023	6,097,947	—	—	5,997,599	12,095,546
2024	6,514,927	—	—	5,774,466	12,289,393
2025	6,937,129	—	—	5,538,026	12,475,155
2026	7,304,230	—	—	5,278,009	12,582,239
2027 - 2031	42,747,162	—	—	21,701,000	64,448,162
2032 - 2036	46,336,352	—	—	11,633,150	57,969,502
2037 - 2041	23,460,764	—	—	3,908,788	27,369,552
2042 - 2046	8,708,458	—	—	485,350	9,193,808
Total	\$ 155,131,999	—	—	66,537,639	221,669,638
University of Mississippi Medical Center:					
2022	\$ 10,164,717	1,455,000	3,543,379	12,614,455	27,777,551
2023	10,479,739	1,480,000	3,842,276	11,981,166	27,783,181
2024	10,810,144	1,490,000	3,911,737	11,554,880	27,766,761
2025	10,270,543	1,520,000	3,982,524	11,178,110	26,951,177
2026	10,511,308	—	1,578,984	10,759,147	22,849,439
2027 - 2031	56,646,475	—	—	47,799,162	104,445,637
2032 - 2036	69,574,183	—	—	37,657,454	107,231,637
2037 - 2041	83,654,542	—	—	26,917,461	110,572,003
2042 - 2046	71,145,330	—	—	13,353,250	84,498,580
2047 - 2051	15,990,671	—	—	717,000	16,707,671
Total	\$ 349,247,652	5,945,000	16,858,900	184,532,085	556,583,637

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

<u>University - fiscal year(s)</u>	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
State of Mississippi - Institutions of Higher Learning (Combined):					
2022	\$ 51,823,969	1,576,201	5,269,979	47,015,793	105,685,942
2023	52,787,135	1,606,791	5,615,647	44,858,189	104,867,762
2024	54,828,970	1,622,639	5,732,870	42,748,995	104,933,474
2025	53,750,366	1,588,596	5,853,269	40,546,633	101,738,864
2026	55,809,399	—	3,500,411	38,231,834	97,541,644
2027 - 2031	291,975,660	—	1,654,551	155,424,364	449,054,575
2032 - 2036	286,227,387	—	—	96,864,845	383,092,232
2037 - 2041	205,039,810	—	—	53,085,944	258,125,754
2042 - 2046	135,388,198	—	—	19,838,077	155,226,275
2047 - 2051	15,990,671	—	—	717,000	16,707,671
Total	\$ <u>1,203,621,565</u>	<u>6,394,227</u>	<u>27,626,727</u>	<u>539,331,674</u>	<u>1,776,974,193</u>

The educational building corporations have pledged future designated revenues to repay \$1.2 billion in EBC bonds. Proceeds from bonds provided financing for the construction of various improvements and other capital expenditures. The bonds are payable solely from appropriate designated revenues and are payable through 2047. Annual principal and interest payments on the bonds are expected to require less than 4% of designated revenues. The total principal and interest remaining to be paid on the bonds is \$1.74 billion. Principal and interest paid for the current year and total designated revenues were \$177.4 million and \$2.96 billion, respectively.

University of Mississippi Medical Center

On October 29, 2020, the Medical Center Educational Building Corporation issued \$158,125,000 of Series 2020B revenue bonds. The purpose of these bonds is to finance capital expenditures and to refund the Series 2010B bonds, Series 2012A bonds, and Series 2012B bonds issued in the original principal amount of \$125,250,000. The refunding of Series 2010B, Series 2012A, and Series 2012B bonds will result in an economic gain of approximately \$20,592,694.

The Series 2020B revenue refunding bonds bear an interest rate of 0.445% to 2.917% with interest due June 1 and December 1 of each year beginning December 2020. Principal matures beginning June 1, 2020 through June 1, 2041. Repayment of the bonds is secured by a pledge of rental payments pursuant to a lease agreement between the Corporation and the Medical Center.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Note 11

Operating Expenses by Natural and Functional Classifications

The IHL System's operating expenses by functional classification were as follows for the years ended June 30, 2021 and 2020:

2021										
Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 484,671,310	173,492,961	1,123,377	32,944,797	338,016	1,022,691	14,426,219	—	257,431	708,276,802
Research	174,578,933	70,414,216	1,046,940	61,033,489	3,753,742	1,290,452	27,340,954	—	542,311	340,001,037
Public service	85,434,381	33,227,875	1,105,395	36,921,619	1,111,505	59,885	13,836,364	—	69,247	171,766,271
Academic support	82,608,820	29,040,664	234,788	32,917,809	472,678	262,801	22,409,869	—	57,237	168,004,666
Student services	48,430,090	17,403,664	2,222,701	14,798,511	210,009	814,941	6,357,818	—	319,157	90,556,891
Institutional support	140,884,098	68,453,014	385,588	114,263,520	557,316	476,238	32,296,222	—	4,297,092	361,613,088
Operation of plant	49,504,802	21,154,223	40,767	47,778,617	44,672,417	—	20,216,158	—	96,534	183,463,518
Student aid	2,305,237	6,335,675	27,010	300,076	—	226,639,095	699,313	—	148,118	236,454,524
Auxiliary enterprises	84,912,094	27,172,828	9,914,896	77,752,585	12,533,867	25,317,139	15,201,455	—	152,839	252,957,703
Depreciation	—	—	—	—	—	—	—	170,848,756	—	170,848,756
Hospital	522,686,124	184,817,078	194,503	127,304,456	1,047,628	—	309,334,001	—	—	1,145,383,790
Loan fund expense	—	—	—	324,728	—	—	—	—	1,277,405	1,602,133
	<u>1,676,015,889</u>	<u>631,512,198</u>	<u>16,295,965</u>	<u>546,340,207</u>	<u>64,697,178</u>	<u>255,883,242</u>	<u>462,118,373</u>	<u>170,848,756</u>	<u>7,217,371</u>	<u>3,830,929,179</u>
Elimination entries	—	—	—	(52,851,990)	—	(34,056,997)	—	—	—	(86,908,987)
Total operating expenses	<u>\$ 1,676,015,889</u>	<u>631,512,198</u>	<u>16,295,965</u>	<u>493,488,217</u>	<u>64,697,178</u>	<u>221,826,245</u>	<u>462,118,373</u>	<u>170,848,756</u>	<u>7,217,371</u>	<u>3,744,020,192</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

2020

Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 485,856,263	180,988,899	8,126,699	39,926,144	327,855	2,183,785	16,754,404	—	111,727	734,275,776
Research	182,217,133	72,949,298	7,270,653	75,036,822	3,546,892	2,468,056	35,982,378	—	249,045	379,720,277
Public service	83,684,638	32,077,326	3,385,287	31,523,145	936,652	190,536	15,809,472	—	8,684	167,615,740
Academic support	84,044,512	30,047,332	1,809,722	25,502,362	454,294	289,840	16,621,147	—	505,666	159,274,875
Student services	48,297,260	17,782,961	4,014,156	15,312,724	141,942	1,236,442	6,620,199	—	169,697	93,575,381
Institutional support	148,645,312	56,564,455	2,185,874	107,494,906	215,233	1,882,097	18,496,930	—	2,721,296	338,206,103
Operation of plant	50,373,817	22,124,934	162,639	47,994,872	43,010,648	—	17,861,810	—	—	181,528,720
Student aid	4,217,231	5,608,793	56,203	1,366,003	—	221,055,998	180,033	—	—	232,484,261
Auxiliary enterprises	86,636,921	29,065,006	11,493,737	83,804,088	15,490,540	27,341,190	18,071,891	—	58,326	271,961,699
Depreciation	—	—	—	—	—	—	—	166,891,329	—	166,891,329
Hospital	540,619,774	192,335,389	715,434	123,484,103	1,324,813	—	295,180,554	—	—	1,153,660,067
Loan fund expense	—	—	—	309,880	—	—	—	—	1,054,504	1,364,384
	<u>1,714,592,861</u>	<u>639,544,393</u>	<u>39,220,404</u>	<u>551,755,049</u>	<u>65,448,869</u>	<u>256,647,944</u>	<u>441,578,818</u>	<u>166,891,329</u>	<u>4,878,945</u>	<u>3,880,558,612</u>
Elimination entries	—	—	—	(54,099,415)	—	(33,791,975)	—	—	—	(87,891,390)
Total operating expenses	\$ <u>1,714,592,861</u>	<u>639,544,393</u>	<u>39,220,404</u>	<u>497,655,634</u>	<u>65,448,869</u>	<u>222,855,969</u>	<u>441,578,818</u>	<u>166,891,329</u>	<u>4,878,945</u>	<u>3,792,667,222</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Note 12

Operating Leases

Leased property under operating leases is composed of office rent, land, computer software and equipment. The following is a schedule by year of the future minimum rental payments required under noncancelable operating leases:

	Amount
Year ending June 30,	
2022	\$ 31,208,461
2023	26,409,094
2024	21,038,276
2025	19,215,415
2026	19,224,608
2027 - 2031	56,621,885
2032 - 2036	11,384,116
2037 - 2041	370,290
Total minimum payments required	\$ 185,472,146

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the years ending June 30, 2021 and 2020 approximated \$34.8 million and \$27.8 million, respectively.

Note 13

Construction Commitments and Financing

The IHL System has contracted for various construction projects as of June 30, 2021. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

	Remaining estimated cost to complete	Source of Funding			
		Federal	State	Institutional	Other
Alcorn State University	\$ 25,996,835	—	25,996,835	—	—
Delta State University	5,713,746	—	5,713,746	—	—
Jackson State University	20,962,401	—	20,962,401	—	—
Mississippi State University	136,795,725	9,861,893	43,668,707	55,889,502	27,375,623
Mississippi University for Women	15,215,900	—	15,215,900	—	—
Mississippi Valley State University	4,947,530	456,393	4,491,137	—	—
University of Mississippi	208,274,000	—	71,627,000	85,147,000	51,500,000
University of Southern Mississippi	27,867,506	7,000,000	15,807,619	5,059,887	—
University of Mississippi Medical Center	20,970,971	834,698	13,963,742	6,172,531	—
Totals	\$ 466,744,614	18,152,984	217,447,087	152,268,920	78,875,623

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Note 14

Donor Restricted Endowments

The net appreciation on investments of donor restricted endowments that is available for authorization for expenditure approximated \$78.3 million and \$32.8 million as of June 30, 2021 and 2020, respectively. These amounts are included in the accompanying statement of net position in “net position – expendable for other purposes”, and “net position – expendable for scholarships and fellowships.” The endowment investments totaled \$403.6 million and \$320.3 million at June 30, 2021 and 2020, respectively.

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. The annual rate for spendable transfers distributed annually, is 4% of the investment pool’s average unit value over the 36-month period.

Note 15

Employee Benefits – Pension Plans

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

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

The employees of the IHL System 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, 2020 for fiscal year 2021 and June 30, 2019 for fiscal year 2020.

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 www.pers.ms.gov.

Disclosures under GASB Statement No. 68

The pension disclosures that follow for fiscal years 2021 and 2020 include all disclosures for GASB Statement No. 68 using the latest valuation report available (June 30, 2019). For fiscal year 2021, the measurement date for the PERS defined benefit plan is June 30, 2020. For fiscal year 2020, the measurement date for the PERS defined benefit plan is June 30, 2019. The IHL System is presenting net pension liability as of June 30, 2020 and 2019 for the fiscal years 2021 and 2020 financials, respectively.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

(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 years ended June 30, 2021 and 2020 was 17.40% for each year of annual payroll. Contributions from the IHL System are recognized when legally due based on statutory requirements.

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Employer Contributions

The IHL System's contributions to PERS for the years ended June 30, 2021 and 2020 were \$183.3 million and \$186.9 million, respectively. The IHL System's proportionate share was calculated on the basis of historical contributions. Employer allocation percentages are based on the ratio of each employer's actual contribution to the Plan's total actual contributions.

The following table provides the IHL System'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
PERS defined benefit plan:			
2021	\$ 186,911,786	16.13%	-0.03%
2020	165,800,374	16.16%	0.24%

Net Pension Liability

The IHL System's proportion of the net pension liability at June 30, 2021 and 2020 is as follows:

	Proportionate share of net pension liability	Proportion of net pension liability
PERS defined benefit plan:		
2021	\$ 3,123,010,235	16.13%
2020	2,843,514,960	16.16%

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 years ended June 30, 2021 and 2020, the remaining service life was 3.66 and 3.76 years, respectively. 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 IHL System's proportionate share of the collective pension expense for the years ended June 30, 2021 and 2020 is equal to the collective pension expense multiplied by the employer's allocation percentage, or \$296.6 million and \$274.5 million, respectively. 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 IHL System's net pension expense at June 30, 2021 and 2020, was \$120.0 million and \$108.0 million, respectively.

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

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2021

	Deferred outflows					Deferred inflows		
	Differences between expected and actual experience	Changes of assumptions	Changes in proportion and differences between employer contributions and proportionate share of contributions	Contributions subsequent to the measurement date	Net difference between projected and actual investment earnings on pension plan investment	Total deferred outflows of resources	Changes in proportion and differences between employer contributions and proportionate share of contributions	Total deferred inflows of resources
Alcorn State University	\$ 702,300	452,608	—	4,286,010	3,323,435	8,764,353	3,504,657	3,504,657
Delta State University	443,609	285,890	—	3,051,947	2,099,251	5,880,697	868,039	868,039
Jackson State University	1,145,407	738,175	—	7,674,848	5,420,311	14,978,741	14,479,761	14,479,761
Mississippi State University	5,413,364	3,488,725	9,071,948	37,491,151	25,617,196	81,082,384	—	—
Mississippi University for Women	381,896	246,119	—	2,593,446	1,807,214	5,028,675	362,911	362,911
Mississippi Valley State University	414,048	266,840	—	2,595,820	1,959,366	5,236,074	801,013	801,013
University of Mississippi	3,215,030	2,071,975	—	21,641,091	15,214,210	42,142,306	2,748,937	2,748,937
University of Southern Mississippi	2,196,833	1,415,782	—	14,836,009	10,395,882	28,844,506	3,198,517	3,198,517
University of Mississippi Medical Center	13,003,701	8,380,433	30,735,253	85,783,197	61,536,294	199,438,878	—	—
Executive Office	175,193	112,906	—	1,138,221	829,051	2,255,371	394,115	394,115
MCVS	16,716	10,773	1,121	107,124	79,101	214,835	—	—
Total	\$ 27,108,097	17,470,226	39,808,322	181,198,864	128,281,311	393,866,820	26,357,950	26,357,950

Contributions subsequent to the measurement date of \$181.2 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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June 30, 2021 and 2020

2020

	Deferred outflows					Deferred inflows			
	Differences between expected and actual experience	Changes of assumptions	Changes in proportion and differences between employer contributions and proportionate share of contributions	Contributions subsequent to the measurement date	Total deferred outflows of resources	Differences between expected and actual experience	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
Alcorn State University	\$ 44,834	743,024	—	4,789,190	5,577,048	81,577	3,071,170	829,150	3,981,897
Delta State University	28,595	473,894	903,340	2,970,686	4,376,515	52,029	—	528,824	580,853
Jackson State University	74,776	1,239,247	—	7,808,898	9,122,921	136,058	17,408,929	1,382,893	18,927,880
Mississippi State University	330,226	5,472,766	2,484,622	36,670,189	44,957,803	600,861	—	6,107,135	6,707,996
Mississippi University for Women	23,293	386,022	—	2,605,550	3,014,865	42,382	1,294,472	430,767	1,767,621
Mississippi Valley State University	26,146	433,307	—	2,823,856	3,283,309	47,573	213,231	483,533	744,337
University of Mississippi	200,689	3,325,982	348,291	21,929,628	25,804,590	365,163	—	3,711,509	4,076,672
University of Southern Mississippi	136,849	2,267,978	—	13,777,396	16,182,223	249,004	2,747,453	2,530,868	5,527,325
University of Mississippi Medical Center	804,641	13,335,141	50,499,628	88,706,272	153,345,682	1,464,080	—	14,880,868	16,344,948
Executive Office	11,073	183,507	—	1,194,824	1,389,404	20,147	277,821	204,778	502,746
M CVS	1,036	17,165	20,551	114,024	152,776	1,885	—	19,154	21,039
Total	\$ 1,682,158	27,878,033	54,256,432	183,390,513	267,207,136	3,060,759	25,013,076	31,109,479	59,183,314

Contributions subsequent to the measurement date of \$183.4 million reported as deferred outflows of resources was recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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Notes to Financial Statements

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

	Deferred outflows of resources, Year Ended June 30				
	2022	2023	2024	2025	Total
Alcorn State University	\$ 285,984	1,545,699	1,575,740	1,070,920	4,478,343
Delta State University	180,642	976,342	995,318	676,448	2,828,750
Jackson State University	466,422	2,520,937	2,569,932	1,746,602	7,303,893
Mississippi State University	5,382,552	16,269,685	13,684,297	8,254,699	43,591,233
Mississippi University for Women	155,512	840,519	856,854	582,344	2,435,229
Mississippi Valley State University	168,605	911,283	928,994	631,372	2,640,254
University of Mississippi	1,309,196	7,075,989	7,213,515	4,902,515	20,501,215
University of Southern Mississippi	894,575	4,835,029	4,929,001	3,349,892	14,008,497
University of Mississippi Medical Center	24,423,688	40,008,567	29,394,421	19,829,005	113,655,681
Executive Office	71,341	385,584	393,078	267,147	1,117,150
MCVS	7,780	37,085	37,356	25,490	107,711
Total	\$ 33,346,297	75,406,719	62,578,506	41,336,434	212,667,956

	Deferred inflows of resources, Year Ended June 30			
	2022	2023	2024	Total
Alcorn State University	\$ 1,755,234	1,340,742	408,681	3,504,657
Delta State University	178,228	347,618	342,193	868,039
Jackson State University	9,605,753	3,702,266	1,171,742	14,479,761
Mississippi State University	—	—	—	—
Mississippi University for Women	362,881	109,754	(109,724)	362,911
Mississippi Valley State University	308,810	338,779	153,424	801,013
University of Mississippi	601,058	1,667,439	480,440	2,748,937
University of Southern Mississippi	1,407,328	1,548,914	242,275	3,198,517
University of Mississippi Medical Center	—	—	—	—
Executive Office	198,047	128,107	67,961	394,115
MCVS	—	—	—	—
Total	\$ 14,417,339	9,183,619	2,756,992	26,357,950

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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, 2019 valuation were based on the results of an actuarial experience study for the four-year period ending June 30, 2018.

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the years ended June 30, 2021 and 2020:

	2021	2020
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Asset valuation method	Market value	Market value
 Actuarial assumptions:		
Inflation rate	2.75 %	2.75 %
Salary increases	3.00	3.00
Investment rate of return	7.75	7.75

Mortality

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

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, 2021 and 2020 are summarized in the following table:

	Year ended June 30, 2021		Year ended June 30, 2020	
Asset class	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Domestic Equity	27.00 %	4.90 %	27.00 %	4.90 %
International equity	22.00	4.75	22.00	4.75
Global Equity	12.00	5.00	12.00	5.00
Debt Securities	20.00	0.50	20.00	1.50
Real Estate	10.00	4.00	10.00	4.00
Private equity	8.00	6.25	8.00	6.25
Cash Equivalents	1.00	—	1.00	0.25
	100.00		100.00	

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Discount Rate

For the years ended June 30, 2021 and 2020, the discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%) for the years ended June 30, 2021 and 2020. 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 the IHL System's proportionate share of the net pension liability of the cost-sharing plan for 2021 and 2020, calculated using the discount rate of 7.75%, as well as what the IHL System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	Discount Rate Sensitivity		
	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
IHL System proportionate share of net pension liability			
2021	\$ 4,042,352,998	\$ 3,123,010,235	\$ 2,364,183,057
2020	3,737,899,008	2,843,514,960	2,105,281,331

(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 IHL System 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 IHL System's contributions to the ORP for the years ended June 30, 2021 and 2020 were \$74.9 million and \$78.6 million, respectively, which equaled its required contribution for the period.

Note 16

Postemployment Health Care and Life Insurance Benefits

Plan Description

In addition to providing pension benefits, the IHL System 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

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Ann. (1972) and may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan.

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

Membership and Benefits Provided

The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges and school districts. A trust was created June 28, 2018 for the OPEB Plan and, the Plan is considered a cost-sharing multiple-employer defined benefit OPEB plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between 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 determines 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 determines 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, 2020 and 2019, the Plan provided health coverage to 320 and 321 employer units, respectively.

Disclosures under GASB Statement No. 75

The disclosures that follow for fiscal years 2021 and 2020 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2020). For fiscal year 2021, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2020. For fiscal year 2020, the measurement date for

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the State and School Employees' Life and Health Insurance Plan was June 30, 2019. The IHL System is presenting net OPEB liability as of June 30, 2020 and 2019 for the fiscal years 2021 and 2020 financials, respectively.

Proportionate Share Allocation Methodology

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

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

At June 30, 2021 and 2020, the IHL System reported a liability of \$146.0 million and \$157.5 million, respectively, for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2021, the NOL was measured as of June 30, 2020, 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, 2021 and 2020, the IHL System's proportion was 18.76% and 18.56%, respectively.

For the years ended June 30, 2021 and 2020, the IHL System recognized OPEB expense of \$2.9 million and \$8.7 million, respectively.

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

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2021										
	Deferred outflows						Deferred inflows			
	Differences between expected and actual experience	Net difference between projected and actual investment 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
Alcorn State University	\$ 5,462	138	665,306	18,811	127,820	817,537	181,084	745,727	165,465	1,092,276
Delta State University	4,055	102	493,948	79,211	106,990	684,306	134,443	553,655	91,418	779,516
Jackson State University	8,139	205	991,341	—	211,140	1,210,825	269,824	1,111,172	1,077,342	2,458,338
Mississippi State University	39,528	996	4,814,450	916,867	1,074,873	6,846,714	1,310,402	5,396,412	163,778	6,870,592
Mississippi University for Women	3,086	78	375,901	99,906	81,900	560,871	102,313	421,339	17,360	541,012
Mississippi Valley State University	3,719	94	452,967	10,347	90,184	557,311	123,289	507,721	181,722	812,732
University of Mississippi	26,523	668	3,230,426	1,038,293	685,968	4,981,878	879,261	3,620,914	—	4,500,175
University of Southern Mississippi	17,823	449	2,170,814	249,246	464,176	2,902,508	590,854	2,433,218	111,931	3,136,003
University of Mississippi Medical Center	76,932	1,941	9,370,414	2,650,189	1,928,916	14,028,392	2,550,447	10,503,083	34,761	13,088,291
Executive Office	842	21	102,633	7,296	22,013	132,805	27,935	115,040	52,934	195,909
Total	\$ 186,109	4,692	22,668,200	5,070,166	4,793,980	32,723,147	6,169,852	25,408,281	1,896,711	33,474,844

\$4.8 million reported as deferred outflows of resources related to OPEB resulting from the IHL System contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ending June 30, 2022.

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		2020									
		Deferred outflows					Deferred inflows				
		Net difference between projected and actual investment earnings on OPEB Plan investments	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 in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments			Total deferred inflows of resources
Differences between expected and actual experience	Changes of assumptions		proportionate share of OPEB benefit payments	Implicit rate subsidy	Total deferred outflows of resources			Differences between expected and actual experience	proportionate share of OPEB benefit payments	Total deferred inflows of resources	
Alcorn State University	\$ 7,135	89	351,803	25,779	170,890	555,696	244,695	67,545	158,479	470,719	
Delta State University	5,378	67	265,160	104,205	126,875	501,685	184,431	50,910	23,386	258,727	
Jackson State University	11,150	139	549,769	—	254,636	815,694	382,390	105,555	934,774	1,422,719	
Mississippi State University	49,979	623	2,464,331	358,972	1,236,638	4,110,543	1,714,058	473,147	220,825	2,408,030	
Mississippi University for Women	3,882	48	191,404	52,497	96,554	344,385	133,130	36,749	21,305	191,184	
Mississippi Valley State University	5,012	63	247,137	14,179	116,349	382,740	171,895	47,450	89,486	308,831	
University of Mississippi	33,792	421	1,666,189	996,369	829,766	3,526,537	1,158,912	319,905	—	1,478,817	
University of Southern Mississippi	23,094	288	1,138,722	332,726	557,594	2,052,424	792,035	218,633	108,462	1,119,130	
University of Mississippi Medical Center	97,566	1,233	4,810,818	1,971,657	2,406,881	9,288,155	3,346,153	923,676	44,982	4,314,811	
Executive Office	1,148	14	56,637	9,497	26,362	93,658	39,393	10,874	27,672	77,939	
Total	\$ 238,136	2,985	11,741,970	3,865,881	5,822,545	21,671,517	8,167,092	2,254,444	1,629,371	12,050,907	

\$5.8 million reported as deferred outflows of resources related to OPEB resulting from the IHL System contributions subsequent to the measurement date was recognized as a reduction of the NOL in the year ended June 30, 2021.

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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, 2020 and 2019 measurement periods was 6.0 years and 6.4 years, respectively. 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						
	2022	2023	2024	2025	2026	Total
Alcorn State University	\$ (101,404)	(101,404)	(91,923)	(50,800)	(57,028)	(402,559)
Delta State University	(45,325)	(45,325)	(39,204)	(25,627)	(46,719)	(202,200)
Jackson State University	(368,833)	(368,833)	(346,862)	(214,055)	(160,070)	(1,458,653)
Mississippi State University	(367,807)	(367,807)	(271,115)	53,966	(145,988)	(1,098,751)
Mississippi University for Women	(18,708)	(18,708)	(13,177)	1,380	(12,828)	(62,041)
Mississippi Valley State University	(83,612)	(83,612)	(76,881)	(47,556)	(53,944)	(345,605)
University of Mississippi	(44,206)	(44,206)	(16,745)	36,336	(135,444)	(204,265)
University of Southern Mississippi	(167,715)	(167,715)	(144,773)	(70,600)	(146,868)	(697,671)
University of Mississippi Medical Center	(399,933)	(399,933)	(247,780)	290,675	(231,844)	(988,815)
Executive Office	(21,749)	(21,749)	(19,086)	(9,829)	(12,704)	(85,117)
Total	<u>\$ (1,619,292)</u>	<u>(1,619,292)</u>	<u>(1,267,546)</u>	<u>(36,110)</u>	<u>(1,003,437)</u>	<u>(5,545,677)</u>

Actuarial Methods and Assumptions

The following table provides a summary of the actuarial methods and assumptions used to determine the discount rate reported for OPEB for the years ended June 30, 2021 and 2020:

	2021	2020
Valuation date	June 30, 2020	June 30, 2019
Measurement date	June 30, 2020	June 30, 2019
Actuarial assumptions:		
Cost method	Entry age normal	Entry age normal
Inflation rate	2.75 %	2.75 %
Long-term expected rate of return	4.50 %	3.50 %
Discount rate	2.19 %	3.50 %
Projected cash flows	N/A	N/A
Projected salary increases	3.00% - 18.25%	3.00% - 18.25%
Healthcare cost trend rates	7.00% decreasing to 4.50% by 2030	7.00% decreasing to 4.75% by 2028

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

Mortality

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

Discount Rate

For the years ended June 30, 2021 and 2020 the discount rates used to measure the total OPEB liability were 2.19% and 3.50%, respectively. The discount rate is based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

Long-term Expected Rate of Return

At June 30, 2021 and 2020, the long-term expected rate of return, net of OPEB plan investment expense, including inflation was 4.50% and 3.50%, respectively.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following table presents the IHL System's proportionate share of the NOL for 2021 and 2020, calculated using the discount rate of 2.19% and 3.50%, respectively, as well as what the IHL System'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 (1.19%)	Current discount rate (2.19%)	1% Increase (3.19%)
	IHL System proportionate share of net OPEB liability 2021	\$ 161,342,421	\$ 146,002,208

	Discount Rate Sensitivity		
	1% Decrease (2.50%)	Current discount rate (3.50%)	1% Increase (4.50%)
	IHL System proportionate share of net OPEB liability 2020	\$ 174,953,940	\$ 157,499,028

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

The following table presents the NOL of the IHL System, calculated using the health care cost trend rates, as well as what the IHL System'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:

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	Health Care Cost Trend Rates Sensitivity		
	1% Decrease	Current discount rate	1% Increase
IHL System proportionate share of net OPEB liability			
2021	\$ 134,810,703	\$ 146,002,208	\$ 158,681,689
2020	145,947,120	157,499,028	170,585,386

Non-cash Impact on Fringe Benefits Expense

For the years ended June 30, 2021 and 2020, the non-cash impact of GASB Statement No. 68 on fringe benefits expense was \$120 million and \$108 million, respectively. For the years ended June 30, 2021 and 2020, the non-cash impact of GASB Statement No. 75 on fringe benefits expense was \$(1,124,513) and \$3,374,644, respectively.

	Year ended June 30, 2021			
	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
Alcorn State University	\$ 11,594,797	(1,457,302)	74,000	10,211,495
Delta State University	10,459,803	(1,552,884)	37,071	8,943,990
Jackson State University	15,247,273	4,747,609	348,680	20,343,562
Mississippi State University	151,678,487	(22,604,925)	319,406	129,392,968
Mississippi University for Women	8,299,614	(1,204,506)	12,905	7,108,013
Mississippi Valley State University	8,449,045	(1,608,096)	68,113	6,909,062
University of Mississippi	83,229,115	(13,479,863)	(23,526)	69,725,726
University of Southern Mississippi	58,146,533	(6,766,677)	125,412	51,505,268
University of Mississippi Medical Center	281,459,857	(75,500,499)	142,638	206,101,996
Executive Office	2,662,056	(491,246)	19,814	2,190,624
MCVS	285,618	(91,838)	—	193,780
Totals	\$ 631,512,198	(120,010,227)	1,124,513	512,626,484

	Year ended June 30, 2020			
	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
Alcorn State University	\$ 12,213,941	(1,120,383)	(66,394)	11,027,164
Delta State University	10,820,419	(1,862,529)	(90,992)	8,866,898
Jackson State University	18,698,609	1,693,252	43,206	20,435,067
Mississippi State University	143,615,846	(15,647,563)	(605,552)	127,362,731
Mississippi University for Women	7,895,831	(810,992)	(54,316)	7,030,523
Mississippi Valley State University	9,066,147	(1,535,553)	(53,152)	7,477,442
University of Mississippi	84,671,830	(13,109,388)	(646,334)	70,916,108
University of Southern Mississippi	62,226,425	(8,136,976)	(352,687)	53,736,762
University of Mississippi Medical Center	287,545,684	(67,237,973)	(1,537,292)	218,770,419
Executive Office	2,472,096	(138,972)	(11,131)	2,321,993
MCVS	317,565	(117,270)	—	200,295
Totals	\$ 639,544,393	(108,024,347)	(3,374,644)	528,145,402

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Note 17

Self-Insured Workers' Compensation Fund

The IHL System participates in the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund (the WC Fund). The WC Fund provides a mechanism for the institutions to fund and budget for the costs of providing worker compensation benefits to eligible employees. The WC Fund 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. Total assets and liabilities of the WC Fund approximated \$31.8 million and \$17.4 million at June 30, 2021, respectively, and \$29.3 million and \$20.3 million at June 30, 2020, respectively, and are included in the statements of net position.

A professionally licensed actuarial firm was contracted to establish a liability for both reported and unreported insured events, which includes estimates of future payments of losses. The difference between the assets and liabilities of the fund is not expected to impact the WC Fund's ability to pay claims.

In order to minimize the amount of risk and in accordance with self-insurance general practices, the WC Fund purchases excess loss insurance to cover risks exceeding \$1,000,000 per occurrence. Excess loss insurance premiums for the years ended June 30, 2021 and 2020 were approximately \$360,000 and \$345,000, respectively. Excess loss insurance does not discharge the WC Fund from its primary liability to cover the IHL System's claims. Consequently, failure of the insurer to honor its obligation could result in losses to the WC Fund.

The following represents changes in the unpaid claims liabilities for the WC Fund for the years ended June 30, 2021, 2020, and 2019 (in thousands):

	2021	2020	2019
Unpaid claim liability at beginning of year	\$ 20,067	21,700	20,992
Incurred claims:			
Insured events of the current	5,100	7,801	8,304
Decrease in provisions for insured events of prior years	(3,250)	(4,057)	(2,403)
Total incurred claims	1,850	3,744	5,901
Payments:			
Attributable to insured events of the current year	1,063	1,420	1,579
Attributable to insured events of the prior year	3,577	3,957	3,614
Total payments	4,640	5,377	5,193
Unpaid claim liability at end of year	\$ 17,277	20,067	21,700

Total accrued claims, included in long-term liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$2.0 million and \$2.2 million as of June 30, 2021 and 2020, respectively.

Note 18

Unemployment Trust Fund

The IHL System participates in a self-funded Unemployment Trust Fund (the Unemployment Fund). The Unemployment Fund exists to provide a mechanism for the IHL System to fund and budget for the costs of providing unemployment benefits to eligible former employees. The Unemployment Fund does not pay benefits directly to former employees. Rather, it reimburses the Mississippi Department of Employment Security Commission for benefits it pays directly to former IHL System employees. Total assets and liabilities of the Unemployment Fund approximated \$10.4 million and \$4.3 million at June 30, 2021, respectively, and \$10.1 million and \$4.2 million at June 30, 2020, respectively, and are included in the statements of net position.

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A professionally licensed actuarial firm was contracted to perform an actuarial analysis of the Unemployment Fund as of June 30, 2021. The actuaries concluded that the fund's actual assets at June 30, 2021 exceeded the recommended minimum fund balance. The recommended fund balance at June 30, 2021 is \$4.4 million. Actual fund assets equaled \$10.4 million at June 30, 2021. The fiscal year 2022 assessment level was set at \$1.5 million. Future assessments are recommended to be set at \$1.5 million for fiscal years 2023 through 2025. These facts will be considered by the IHL System when determining future funding rates.

Note 19

Tort Liability Fund and Other Contingencies

The IHL System participates in the State Institutions of Higher Learning Tort Liability Fund (the IHL Tort Fund). In accordance with Section 11-46-1, et seq., Mississippi Code Annotated (1972), the Mississippi Tort Claims Board has authorized the Board to establish a fund in order to self-insure a certain portion of its liability under the Mississippi Tort Claims Act and professional liability claims. The IHL Board established the IHL Tort Fund to provide self-insurance.

Effective July 1, 1993, Mississippi statute permitted tort claims to be filed against public institutions. A maximum limit of liability of \$500,000 per occurrence is currently permissible.

A professionally licensed actuarial firm was contracted to perform an actuarial analysis of the IHL Tort Fund as of June 30, 2021. Total assets and liabilities related to this activity approximated \$18.5 million and \$10.1 million at June 30, 2021, respectively, and \$17.9 million and \$10.7 million at June 30, 2020, respectively, and are included in the statements of net position.

The following represents changes in the unpaid claims liabilities for the IHL Tort Fund during the years ended June 30, 2021, 2020, and 2019 (in thousands):

	2021	2020	2019
Unpaid claim liability at beginning of year	\$ 10,560	10,912	9,694
Incurred claims:			
Insured events of the current	4,307	3,354	3,628
Decrease in provisions for insured events of prior years	(3,440)	(1,495)	(668)
Total incurred claims	867	1,859	2,960
Payments:			
Attributable to insured events of the current year	296	65	205
Attributable to insured events of the prior year	1,131	2,146	1,537
Total payments	1,427	2,211	1,742
Unpaid claim liability at end of year	\$ 10,000	10,560	10,912

Total accrued claims, included in long-term liabilities, are presented at their present value using a discount rate of 3.0%. The discount approximated \$862,000 and \$932,000 as of June 30, 2021 and 2020, respectively.

In addition to claims covered by the IHL Tort Fund and the UMMC Tort Fund (described more fully below), the IHL System is defendant in various other legal matters occurring in the normal course of business activities. Management, with the advice of legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse impact on the IHL System's financial statements.

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Note 20

UMMC Tort Claims Fund

The UMMC participates in the University of Mississippi Medical Center Tort Claims Fund (UMMC Tort Claims Fund). In accordance with Section 11-46-1, et seq., Mississippi Code Annotated (1972), the Mississippi Tort Claims Board has authorized the Board of Trustees of the IHL System to establish a fund to self-insure a certain portion of its liability under the Mississippi Tort Claims Act.

Effective July 1, 1993, Mississippi statute permitted tort claims to be filed against public institutions. A maximum limit of liability of \$500,000 per occurrence is currently permissible.

The Board of Trustees of Higher Learning has established a Medical Center Tort Claims fund to pay claims up to the maximum liability limits described above. Losses from professional and tort liability claims of the Medical Center are the responsibility of the Medical Center Tort Claims Fund.

Total assets and liabilities related to this activity approximated \$49.5 million and \$31.4 million at June 30, 2021, respectively, and approximated \$48.1 million and \$31.2 million at June 30, 2020, respectively, and are included in the statements of net position.

A professionally licensed actuarial firm was contracted to perform an actuarial analysis to establish a liability for both reported and unreported insured events, which includes estimates of future payments of losses.

The following represents changes in the unpaid claims liabilities for the UMMC Tort Claims Fund for the years ended June 30, 2021, 2020 and 2019 (in thousands):

	2021	2020	2019
Unpaid claim liability at beginning of year	\$ 31,198	35,491	35,888
Incurred claims:			
Insured events of the current	6,845	5,567	8,970
Decrease in provisions for			
insured events of prior years	(4,112)	(6,925)	(5,975)
Total incurred claims	2,733	(1,358)	2,995
Payments:			
Attributable to insured events of the current year	22	16	504
Attributable to insured events of the prior year	2,559	2,919	2,888
Total payments	2,581	2,935	3,392
Unpaid claim liability at end of year	\$ 31,350	31,198	35,491

At June 30, 2021 and 2020, unpaid claims of \$34.5 million and \$34.4 million, respectively, are presented at their net present value of \$31.4 million and \$31.2 million, respectively, using a discount rate of 4%.

Note 21

Subsequent Events

In December 2021, the Jackson State University Educational Building Corporation (JSU EBC) issued \$42,380,000 of Series 2021A taxable convertible revenue refunding bonds and \$6,295,000 of Series 2021B taxable revenue refunding bonds to refund a portion of the outstanding maturities of the \$57,595,000 Series 2015A revenue bonds and \$6,000,000 Series 2017 revenue refunding bonds.

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Note 22

Significant Disclosures for the Discretely Presented Component Unit of the IHL System – Mississippi State University Foundation, Inc.

(a) Nature of Organization

Mississippi State University Foundation, Inc. (MSUF) is a not-for-profit entity established to solicit and manage funds for the benefit of MSU. MSUF also manages funds for affiliates of the University, including Mississippi State University Alumni Association, Inc. and The Bulldog Club, Inc.

(b) Significant Accounting Policies

Basis of Accounting

The MSUF consolidated financial statements include the foundation; Maroon Air, LLC; 107 Muldrow Properties, LLC; 111 Muldrow Properties, LLC; 800-804 University Drive Properties, LLC; 806 University Drive Apartments, LLC; and the Mississippi State Investment Pool in which the foundation has a controlling financial interest. The consolidated financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets with donor restrictions – net assets subject to donor-imposed stipulations that may or will be met either by actions of MSUF and/or the passage of time. Net assets in this class include unconditional gifts for restricted purposes and donor-restricted endowment funds.

Generally, the donor of these assets permits the foundation to use all or part of the income earned on related investments for general or specific purposes in support of the university.

Net assets without donor restrictions – net assets that represent resources generated from operations or that are not subject to donor-imposed stipulations. Net assets without donor restrictions include contributions designated to a particular college or unit for which the use or purpose is unrestricted.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses 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 reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of intellectual property are based on its estimated fair value, considering the characteristics specific to the assets and estimated usage during the term of the agreement. Contributed goods and services are recorded as revenues and expenses in the consolidated statements of activities at estimated fair value.

Use of Estimates

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

MSUF's investments are invested in various types of investment securities and in various 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

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of investment securities will occur in the near term and that such changes could materially affect the amounts reported in MSUF's consolidated financial statements.

Investments

The overall investment objective of MSUF is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund donor-designated directives and maintain the inflation-adjusted impact of each donor restricted fund. Beginning July 1, 2017, investment decisions have been delegated to Perella Weinberg Partners Capital Management LP, the foundation's outsourced chief investment officer that operates under the brand name, "Agility". Agility executes investment decisions in accordance with the foundation's approved investment policy.

Investments are reported at estimated fair value. If an investment is held directly by MSUF and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in mutual funds registered with the U.S. Securities and Exchange Commission are based on share prices reported by the funds as of the last business day of the fiscal year. Fixed income securities are based on quoted market prices or other observable inputs such as quoted prices for similar assets or inputs corroborated by observable market data. MSUF's interests in alternative investment funds 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 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, 2021 and 2020, MSUF had no plans or intentions to sell investments at amounts different from NAV. Properties held for investment are reported at estimated fair value based on periodic appraisals conducted by third-party appraisers who utilize the cost, sales comparison and income capitalization approaches to estimate the fair value of the investments. MSUF considers recent comparables, among other things, to adjust for any changes in fair value between the most recent appraisal date and year-end.

Mississippi State Investment Pool

MSUF, MSU, the MSU Alumni Association, and The Bulldog Club, Inc. are participants in a joint venture, the Mississippi State Investment Pool (MSIP), whereby investable assets are pooled for investment purposes. The MSUF is the investment pool's managing member and maintains separate accounts for each participant. Investment income, gains and losses, and expenses of the MSIP are allocated to each participant based on their share of ownership of the MSIP. Due to MSUF's controlling financial interest in the MSIP of approximately 92% and 91% as of June 30, 2021 and 2020, respectively, the foundation has consolidated the MSIP, reflecting the noncontrolling interests of the other participants in its consolidated financial statements.

(c) Pledges Receivable, Net

All unconditional promises to give are recorded at their estimated realizable value on a discounted basis using rates commensurate with the risks involved. Allowance is made for uncollectible pledges based upon management's judgment and analysis of specific accounts, past collection experience, and other relevant factors.

Pledges receivable, net, are summarized as follows at June 30, 2021 and 2020:

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	<u>2021</u>	<u>2020</u>
Unconditional promises expected to be collected in:		
One year	\$ 12,246,742	11,188,945
two to five years	20,757,283	21,805,847
More than five years	<u>14,003,510</u>	<u>5,888,251</u>
	47,007,535	38,883,043
Present value discounts (rates ranging from 0.3% to 5.0%)	<u>(5,358,965)</u>	<u>(5,031,064)</u>
	41,648,570	33,851,979
Allowances for uncollectible pledges	<u>(886,603)</u>	<u>(965,036)</u>
	<u>\$ 40,761,967</u>	<u>32,886,943</u>

(d) Investments

Investments are summarized as follows as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Short-term investments	\$ 4,237,024	8,685,646
Agility Comprehensive Solutions Fund	578,730,452	400,156,048
Global fixed income	4,597,936	4,020,077
Global equities	9,375,047	7,874,380
Real assets	24,558,967	23,686,055
Absolute return strategies	145,128	138,669
Private capital	34,932,165	21,856,293
Contributed properties held for investment	30,531,907	29,613,054
Cash-surrender value of life insurance	<u>3,231,056</u>	<u>3,225,348</u>
	<u>\$ 690,339,682</u>	<u>499,255,570</u>

Prior to March 2020, the MSIP had invested in a limited partnership interest in the Agility Comprehensive Solutions Feeder Fund LP, a Delaware limited partnership (the Feeder Fund). The Feeder Fund invested all, or substantially all, of its investable assets on an investment-by-investment basis, either (i) directly through a “master fund/feeder fund” structure, or (ii) indirectly through Agility Comprehensive Solutions Offshore Fund Ltd., a Cayman Islands exempted company, in Agility Comprehensive Solutions Fund LP., a Delaware limited partnership (the Master Fund). In March 2020, the MSIP transferred its entire interest in the Feeder Fund to a direct investment in the Master Fund. Perella Weinberg Partners Agility Comprehensive Solutions Fund GP LP serves as general partner of both the Feeder Fund and the Master Fund. The Master Fund invests in five broad asset classes with approximate allocation percentages at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Global equities	70 %	65 %
Global fixed income	5	8
Absolute return strategies	13	15
Real assets	5	7
Private capital	7	5

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MSUF has entered into various split interest agreements, including charitable remainder unitrusts and charitable gift annuities, whereby MSUF serves as trustee. The assets held under these split interest agreements are included in investments at June 30, 2021 and 2020 with a fair value of \$14.2 million and \$12.0 million, respectively.

The following schedule summarizes net investment income in the consolidated statements of activities for the years ended June 30, 2021 and 2020:

	2021	2020
Dividends and interest, net of expenses	\$ 3,088,958	2,802,490
Net realized and unrealized gains (losses)	173,218,108	(1,294,827)
	\$ 176,307,066	1,507,663

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements*, 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) as a 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 summarizes MSUF's financial instruments by major category in the fair value hierarchy as of June 30, 2021 and 2020:

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	2021				
	Level 1	Level 2	Level 3	Investments at NAV	Total
Short-term investments	\$ 4,237,024	—	—	—	4,237,024
Agility-Comprehensive Solutions Fund (1)	—	—	—	578,730,452	578,730,452
Global fixed income:					
Interest-rate sensitive	4,597,936	—	—	—	4,597,936
Global equities:					
Domestic	9,375,047	—	—	—	9,375,047
Real assets:					
Real estate funds (2)	—	—	—	11,516,176	11,516,176
Natural resources (3)	—	—	—	13,042,791	13,042,791
Total real assets	—	—	—	24,558,967	24,558,967
Absolute return strategies (4)	—	—	—	145,128	145,128
Private capital (2)	—	—	—	34,932,165	34,932,165
Contributed properties held for investment (5)	—	—	30,531,907	—	30,531,907
Cash surrender value of life insurance (6)	—	3,231,056	—	—	3,231,056
Total investments	\$ 18,210,007	3,231,056	30,531,907	638,366,712	690,339,682
Present value of amounts due from externally managed trusts	\$ —	—	59,215,668	—	59,215,668

	2020				
	Level 1	Level 2	Level 3	Investments at NAV	Total
Short-term investments	\$ 8,685,646	—	—	—	8,685,646
Agility-Comprehensive Solutions Fund (1)	—	—	—	400,156,048	400,156,048
Global fixed income:					
Interest-rate sensitive	4,020,077	—	—	—	4,020,077
Global equities:					
Domestic	7,874,380	—	—	—	7,874,380
Real assets:					
Real estate funds (2)	—	—	—	15,551,744	15,551,744
Natural resources (3)	—	—	—	8,134,311	8,134,311
Total real assets	—	—	—	23,686,055	23,686,055
Absolute return strategies (4)	—	—	—	138,669	138,669
Private capital (2)	—	—	—	21,856,293	21,856,293
Contributed properties held for investment (5)	—	—	29,613,054	—	29,613,054
Cash surrender value of life insurance (6)	—	3,225,348	—	—	3,225,348
Total investments	\$ 20,580,103	3,225,348	29,613,054	445,837,065	499,255,570
Present value of amounts due from externally managed trusts	\$ —	—	49,559,753	—	49,559,753

- (1) The master fund's terms allow for 5-day notice withdrawals at any month-end totaling up to 10% of its account balance at the fund's previous fiscal yearend, (plus any capital contributions to the fund during the current year). In addition, the MSIP may make withdrawals from its capital account, of up to 100% of its Agility Global Equities, Agility Fixed Income, and Agility Real Asset holdings, as well as 25% of its Agility Absolute Return holdings, as of any fiscal quarter end, with at least one quarter's prior written notice to the general partner. Further, approximately \$43.1 million and \$19.0 million of MSIP's investment in the Fund is considered illiquid at June 30, 2021 and 2020, respectively, with up to a 10-year lockup period and 1 to 3-year extensions.

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- (2) These funds have initial 10-year terms or 12-year terms, unless extended or dissolved sooner in accordance with the limited partnership agreements. Future commitments to these funds approximate \$8,771,000 and \$11,274,000 at June 30, 2021 and 2020, respectively. Private capital and real estate funds are generally made through limited partnerships. Under the terms of such agreements, the MSIP may be required to provide additional funding when capital or liquidity calls are made by fund managers. These partnerships have a limited existence, and they may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, or other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The MSUF cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur they could reduce liquidity or originally anticipated investment returns. Accordingly, the timing and amount of future capital or liquidity calls in any particular future year are uncertain.
- (3) The MSIP invests in three natural resource investments at June 30, 2021 and 2020, respectively, which have terms ending in 2023, 2026 and 2027. Investments with lockup periods are subject to one or more one to two-year extensions. Future commitments to these funds approximate \$5,435,000 and \$7,113,500 at June 30, 2021 and 2020, respectively.
- (4) Generally, MSIP's investments in absolute return strategies (or hedge funds) allow early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary, usually with the majority requiring 60 days to 12 months notice after the initial lock up period, which may be from one to three years. At June 30, 2021 and 2020, the MSUF had no absolute return strategy investments for which an otherwise redeemable investment was not redeemable.
- (5) Bulldog Forest properties totaling approximately \$27,877,708 and \$27,414,855 at June 30, 2021 and 2020, respectively, may be held in perpetuity or liquidated at the Foundation's discretion. Other properties are for immediate sale.
- (6) The Foundation currently has no plans to surrender these policies prior to maturity, but cash would be realized in a minimal amount of time if an insurance policy is canceled.

The following table presents MSUF's activities for the years ended June 30, 2021 and 2020 for contributed properties held for investments classified in Level 3:

	2021	2020
Balance, beginning of year	\$ 29,613,054	34,594,669
Acquisitions	2,254,000	1,976,062
Dispositions	(2,111,745)	(6,597,267)
Net realized and unrealized gains (losses)	776,598	(360,410)
Balance, end of year	\$ 30,531,907	29,613,054

For the years ended June 30, 2021 and 2020, the changes in present value of amounts due from externally managed trusts classified as Level 3 are as follows:

	2021	2020
Balance, beginning of year	\$ 49,559,753	50,787,293
Change in valuation	9,655,915	(1,227,540)
Balance, end of year	\$ 59,215,668	49,559,753

(e) Net Assets Without Donor Restrictions

Net assets attributable to the foundation without donor restrictions as of June 30, 2021 and 2020 are as follows:

	2021	2020
Spendable funds	\$ 21,929,064	17,389,112
Quasi-endowment funds	23,294,756	23,550,070
Net investment in land, buildings and equipment	10,216,461	9,978,892
	\$ 55,440,281	50,918,074

Quasi-endowment funds are those funds held by the Foundation to function as endowments for the benefit of MSU.

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(f) Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
General college support	\$ 31,252,606	10,358,473
Student financial aid	30,987,454	12,407,071
Research	456,627	148,719
Faculty and staff support	839,585	281,457
Facilities	(1,088,865)	(782,342)
Other	2,283,817	453,797
	64,731,224	22,867,175
Subject to the passage of time and specified purpose:		
Charitable remainder trusts, cash surrender value of life insurance, gift annuities and other	13,386,255	11,485,256
Pledges receivable restricted by donors	22,574,911	14,559,624
	35,961,166	26,044,880
Donor restricted endowments subject to spending policy and appropriation to support the following purposes (including net accumulated earnings of approximately \$136,476,000 and \$37,065,000 at June 30, 2021 and 2020, respectively):		
Subject to endowment spending policy and appropriation:		
General college support	130,426,561	99,832,564
Student financial aid	275,154,714	191,775,536
Research	18,809,455	15,892,611
Faculty and staff support	68,899,121	54,966,929
Facilities	8,749,995	7,558,576
Other	8,543,437	7,704,922
	510,583,283	377,731,138
Charitable remainder trusts, gift annuities and other	55,521,361	46,177,250
Pledges receivable restricted to endowment by donors	18,187,056	18,327,319
	\$ 684,984,090	491,147,762

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(g) Endowment Funds

The State of Mississippi adopted the 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.

Endowment net asset composition by type of fund as of June 30, 2021 and 2020 is as follows:

	2021		
	Without donor restrictions	With donor restrictions	Total
Donor restricted endowment funds	\$ —	510,583,283	510,583,283
Board-designated funds	23,294,756	—	23,294,756
Total	<u>\$ 23,294,756</u>	<u>510,583,283</u>	<u>533,878,039</u>

	2020		
	Without donor restrictions	With donor restrictions	Total
Donor restricted endowment funds	\$ —	377,731,138	377,731,138
Board-designated funds	23,550,070	—	23,550,070
Total	<u>\$ 23,550,070</u>	<u>377,731,138</u>	<u>401,281,208</u>

Changes in endowment net assets for the fiscal years ended June 30, 2021 and 2020 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2019	\$ 19,658,949	375,776,324	395,435,273
Investment returns, net	(719,153)	(907,135)	(1,626,288)
Contributions	9,917	15,394,268	15,404,185
Appropriation of endowment assets for expenditure	(911,943)	(12,873,258)	(13,785,201)
Other	5,512,300	340,939	5,853,239
Endowment net assets, June 30, 2020	<u>23,550,070</u>	<u>377,731,138</u>	<u>401,281,208</u>
Investment returns, net	(47,368)	109,963,412	109,916,044
Contributions	57,697	31,889,190	31,946,887
Appropriation of endowment assets for expenditure	(987,485)	(11,343,060)	(12,330,545)
Other	721,842	2,342,603	3,064,445
Endowment net assets, June 30, 2021	<u>\$ 23,294,756</u>	<u>510,583,283</u>	<u>533,878,039</u>

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(h) Funds with Deficiencies

As a result of market declines for certain recently established endowments, the fair value of certain donor-restricted endowments was less than the historical cost value (original gift/book value) of such funds (underwater) by \$225,008 and \$1,903,505 at June 30, 2021 and 2020, respectively. These endowments had an original gift value of approximately \$5.0 million and \$55.4 million at June 30, 2021 and 2020, respectively.

Note 23

Significant Disclosures for the Discretely Presented Component Unit of the IHL System – University of Mississippi Foundation

(a) Nature of Organization

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

(b) Significant Accounting Policies

Basis of Accounting

The UMF financial statements are presented on the accrual basis of accounting and have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and recorded as follows:

Net assets with donor restrictions – consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that the donor stipulate the resources be maintained in perpetuity, but permit UMF 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 – represents funds that are available for support of the operations of UMF 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. UMF 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 statements of activities as net assets released from restriction.

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 UMF may not change the purpose of any board-designated funds without the consent of the board. These net assets are designated for providing a general operating fund reserve and charitable gift annuity reserve.

Use of Estimates

The UMF prepares its financial statements in accordance with U.S. generally accepted accounting principles, 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.

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UMF'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 financial statements.

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. UMF'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, 2021 and 2020, UMF had no plans or intentions to sell investments at amounts different from NAV. UMF'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. Both realized and unrealized gains and losses are classified in the accompanying statements of activities based on restrictions put in place by the donor.

(c) Pledges Receivable, Net

UMF obtains pledges through fund-raising 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, 2021 and 2020 is as follows:

	2021	2020
Unconditional promises expected to be collected in:		
One year	\$ 12,946,355	16,221,488
Two to five years	31,298,654	38,510,914
More than five years	43,079,466	41,795,150
	87,324,475	96,527,552
Present value discounts (rates ranging from 0.73% to 3.2%)	(10,765,116)	(13,004,229)
	76,559,359	83,523,323
Allowances for uncollectible pledges	(2,940,129)	(2,681,798)
	\$ 73,619,230	80,841,525

(d) Investments

Investments, aggregated by investment strategy, consist of the following at June 30, 2021 and 2020:

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	<u>2021</u>	<u>2020</u>
Investment strategy:		
Fixed income:		
U.S. government securities	\$ 3,294,335	3,446,113
Corporate bonds	28,591,118	25,136,691
Certificates of deposit	544,497	533,464
Other fixed income securities	27,911,175	28,451,332
Total fixed income	<u>60,341,125</u>	<u>57,567,600</u>
Equities:		
Common stocks	29,197,641	28,407,477
International common stock funds	928,262	537,216
Mutual funds	24,376,052	3,421,496
Total equities	<u>54,501,955</u>	<u>32,366,189</u>
Real estate owned	2,395,131	3,539,381
Other short-term investments	17,515,505	64,144,129
Pooled investment funds, at NAV	481,676,471	338,737,208
Total investments	<u>\$ 616,430,187</u>	<u>496,354,507</u>

The following schedule summarizes net investment income in the statements of activities for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Dividends and interest, net of expenses	\$ 5,483,107	9,281,378
Net realized and unrealized gains (losses)	129,312,482	(33,767,311)
	<u>\$ 134,795,589</u>	<u>(24,485,933)</u>

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements*, 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) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the fair value hierarchy table are

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intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statement of financial position.

The following tables present the financial assets of UMF carried at fair value by level within the valuation hierarchy as of June 30, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:	\$			
U.S. Government securities	—	3,294,335	—	3,294,335
Corporate bonds	—	28,591,118	—	28,591,118
Certificates of deposit	—	544,497	—	544,497
Other fixed income securities	23,822,756	4,088,419	—	27,911,175
Total fixed income	23,822,756	36,518,369	—	60,341,125
Equities:				
Common stock	29,197,641	—	—	29,197,641
International common stock funds:	928,262	—	—	928,262
Mutual funds	24,376,052	—	—	24,376,052
Total equities	54,501,955	—	—	54,501,955
Real estate owned	—	—	2,395,131	2,395,131
Other short-term investments	17,515,505	—	—	17,515,505
	\$			
	<u>95,840,216</u>	<u>36,518,369</u>	<u>2,395,131</u>	134,753,716
Pooled investment funds, at NAV				481,676,471
Total investments			\$	<u>616,430,187</u>
Beneficial interest in trusts	\$	3,922,205	7,621,439	—
				11,543,644

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		2020			
		Level 1	Level 2	Level 3	Total
Investment strategy:					
Fixed income: \$					
U.S. Government securities		—	3,446,113	—	3,446,113
Corporate bonds		—	25,136,691	—	25,136,691
Certificates of deposit		—	533,464	—	533,464
Other fixed income securities		23,936,722	4,514,610	—	28,451,332
Total fixed income		<u>23,936,722</u>	<u>33,630,878</u>	<u>—</u>	<u>57,567,600</u>
Equities:					
Common stock		28,407,477	—	—	28,407,477
International common stock funds:		537,216	—	—	537,216
Mutual funds		<u>3,421,496</u>	<u>—</u>	<u>—</u>	<u>3,421,496</u>
Total equities		32,366,189	—	—	32,366,189
Real estate owned		—	—	3,539,381	3,539,381
Other short-term investments		<u>64,144,129</u>	<u>—</u>	<u>—</u>	<u>64,144,129</u>
	\$	<u>120,447,040</u>	<u>33,630,878</u>	<u>3,539,381</u>	157,617,299
Pooled investment funds, at NAV					<u>338,737,208</u>
Total investments					<u>\$ 496,354,507</u>
Beneficial interest in trusts	\$	3,936,261	6,293,165	—	10,229,426

The table below represents a summary of the investments whose net asset value approximates fair value and the related unfunded commitments and redemption restrictions associated with each major category at June 30, 2021:

Investment	Fair Value	Unfunded Commitments	Redemption frequency (if eligible)	Redemption notice period	Expected life span of investment
Pooled investment funds, at NAV:					
Diversifying strategies	\$ 19,411,496	—	Semiannually	60 days	Indefinite
Energy MLP	290,656	—	Quarterly	60 days	Indefinite
Event driven	77,849	—	Quarterly	60 days	Indefinite
Fixed income	34,164,781	—	Daily	5 days	Indefinite
Global equity	116,072,361	—	No redemption feature	None	Indefinite
Global equity-long only	58,749,552	—	Quarterly	90 days	Indefinite
Long/short equity fund	13,659,376	—	Quarterly	60 days	Indefinite
Natural resource private fund	8,493,876	13,801	No redemption feature	None	10 years
Private credit	7,765,426	—	No redemption feature	None	Indefinite
Relative value	16,296,877	—	Quarterly	65 days	Indefinite
Timber fund	7,386,760	—	No redemption feature	None	12 years
Other	36,871	—	No redemption feature	None	Indefinite
Venture capital and private equity	<u>199,270,590</u>	39,242,847	No redemption feature	None	7 years to indefinite
	<u>\$ 481,676,471</u>				
Real estate:					
Real estate owned	\$ 2,395,131		No redemption feature	None	Indefinite

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(e) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 were restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Spendable:		
Academic and program support	\$ 214,237,174	198,110,337
Scholarship support	101,935,356	56,335,571
Faculty support	50,037,880	25,893,939
Library support	11,125,115	6,628,894
Total	<u>\$ 377,335,525</u>	<u>286,968,741</u>
Endowment:		
Academic and program support	\$ 66,541,534	59,528,388
Scholarship support	128,436,338	122,075,173
Faculty support	74,824,783	76,217,594
Library support	13,960,490	14,006,374
Total	<u>283,763,145</u>	<u>271,827,529</u>
Total net assets with donor restrictions	<u>\$ 661,098,670</u>	<u>558,796,270</u>

(f) Endowment Funds

The State of Mississippi adopted the 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.

Endowment net asset composition by type of fund as of June 30, 2021 and 2020 is as follows:

	<u>2021</u>		
	<u>Without</u>	<u>With</u>	
	<u>donor</u>	<u>donor</u>	
	<u>restrictions</u>	<u>restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	\$ —	283,763,145	283,763,145
Portion subject to appropriation	—	181,845,430	181,845,430
Board-designated quasi endowment	18,027,414	—	18,027,414
Total endowment funds	<u>\$ 18,027,414</u>	<u>465,608,575</u>	<u>483,635,989</u>

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	2020		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	\$ —	271,827,529	271,827,529
Portion subject to appropriation	—	83,592,937	83,592,937
Board-designated quasi endowment	<u>14,294,049</u>	<u>—</u>	<u>14,294,049</u>
Total endowment funds	<u>\$ 14,294,049</u>	<u>355,420,466</u>	<u>369,714,515</u>

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2019	\$ 14,271,593	387,084,504	401,356,097
Contributions and transfers to endowment	—	10,357,996	10,357,996
Appropriation of expenditures	(226,945)	(12,017,214)	(12,244,159)
Investment return:			
Investment income	745,955	13,037,864	13,783,819
Net realized and unrealized losses	<u>(496,554)</u>	<u>(43,042,684)</u>	<u>(43,539,238)</u>
Endowment net assets, June 30, 2020	14,294,049	355,420,466	369,714,515
Contributions and transfers to endowment	—	11,458,036	11,458,036
Appropriation of expenditures	(152,148)	(13,311,917)	(13,464,065)
Investment return:			
Investment income	740,251	12,887,213	13,627,464
Net realized and unrealized gains	<u>3,145,262</u>	<u>99,154,777</u>	<u>102,300,039</u>
Endowment net assets, June 30, 2021	<u>\$ 18,027,414</u>	<u>465,608,575</u>	<u>483,635,989</u>

(g) Funds with Deficiencies

When unfavorable market fluctuations cause the fair value of certain donor-restricted endowments to be less than the historical cost (original gift/book value) of such funds, the fund is considered to be underwater, and this deficiency is recorded in net assets with donor restrictions. As of June 30, 2021, there were no endowments with deficiencies. As of June 30, 2020, there was one fund underwater with an original gift value of \$25.2 million, fair value of \$24.0 million and deficiency of \$1.2 million which is reported in net assets with donor restrictions.

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Notes to Financial Statements

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Note 24

Significant Disclosures for the Discretely Presented Component Unit of the IHL System – University of Southern Mississippi Foundation

(a) Nature of Organization

The University of Southern Mississippi Foundation (USMF) is a nonprofit entity organized under the laws of the State of Mississippi to provide support to the University of Southern Mississippi (USM) and its students. USMF depends on the university to provide the staff and facilities for its operations.

Foundation Aviation Holdings, LLC was formed by the USMF in October 2008 as a single member limited liability company. The USMF's consolidated financial statements include the accounts of Foundation Aviation Holdings, LLC.

(b) Significant Accounting Policies

Basis of Accounting

The USMF consolidated financial statements are presented on the accrual basis of accounting and have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and recorded as follows:

Net assets without donor restrictions – net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions – net assets subject to donor or certain grantor-imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and release from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a 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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses 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 the use of the underlying net asset 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 net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the gift. Contributions to be received after one year are discounted at a rate commensurate with the risks involved. Amortization of the discount is recorded as contribution revenue and recognized in accordance with donor-imposed restrictions, if any, on the contributions. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Income and realized and unrealized gains (losses) on investments of restricted net assets are reported as follows:

- as increases (decreases) in net assets with donor restrictions that are perpetual in nature if the terms of the gift or the foundation's interpretation of relevant state law requires that they be added to the principal of a donor-restricted endowment fund;
- as increases (decreases) in net assets with donor restrictions that are temporary in nature in all other cases and released from restriction when appropriated for expenditure in accordance with donor agreements.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Use of Estimates

The USMF prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles, which require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. Actual results could differ significantly from those estimates.

USMF's investments are held in various types of investment securities across a variety of 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 values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Hedge funds, real estate investment funds and private equity funds are 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. At June 30, 2021 and 2020, USMF had no plans or intentions to sell investments at amounts different from NAV. Other investments, which consist primarily of donated assets and real estate for which the foundation is the owner and beneficiary are recorded at cost. Transactions are accounted for on a trade date basis.

(c) Pledges Receivable, Net

Pledges receivable, net, are summarized as follows at June 30, 2021 and 2020:

	2021	2020
Unconditional promises expected to be collected in:		
Less than one year	\$ 2,766,135	3,963,125
One year to five years	1,445,988	3,502,335
More than five years	221,258	6,700
	4,433,381	7,472,160
Present value discounts (rates ranging from 0.29% to 3.50%)	(59,279)	(154,314)
	4,374,102	7,317,846
Allowances for uncollectible pledges	(609,950)	(347,600)
	\$ 3,764,152	6,970,246

(d) Investments

Investments, aggregated by investment strategy, consist of the following at June 30, 2021 and 2020:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

	2021	2020
Fixed income:		
U.S. government securities	\$ 1,809,211	1,292,935
Corporate bonds	3,742,063	3,052,100
Mutual funds	45,351,647	44,191,350
Other fixed income securities	1,042,414	1,856,205
Total fixed income	51,945,335	50,392,590
Equities:		
Mutual and common stock funds	66,296,104	49,257,498
Alternative investments:		
Hedge funds	21,807,408	12,553,972
Real estate investment funds	4,699,935	4,236,575
Private equity funds	2,964,964	1,492,076
Total alternative investments	29,472,307	18,282,623
Cash and cash equivalents	182,615	199,358
Investments held at cost	51,532	73,532
Total investments	\$ 147,947,893	118,205,601

The following schedule summarizes net investment income in the consolidated statements of activities for the years ended June 30, 2021 and 2020:

	2021	2020
Dividends and interest, net of expenses	\$ 1,569,283	2,179,961
Net realized and unrealized gains (losses)	25,896,989	(374,663)
	\$ 27,466,272	1,805,298

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements*, 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) as a 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 consolidated statements of financial position.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

The following tables present USMF's financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Fixed income:				
U.S. Government securities	\$ —	1,809,211	—	1,809,211
Corporate bonds	—	3,742,063	—	3,742,063
Mutual funds	45,351,647	—	—	45,351,647
Other fixed income securities	—	1,042,414	—	1,042,414
Equities:				
Mutual and common stock	66,296,104	—	—	66,296,104
Total investments at fair value	<u>\$ 111,647,751</u>	<u>6,593,688</u>	<u>—</u>	118,241,439
Investments measured at NAV or equivalent				29,472,307
Cash and cash equivalents				182,615
Other investments held at cost				<u>51,532</u>
Total investments				<u>\$ 147,947,893</u>
Amounts due from externally managed trusts	\$ —	—	14,608,988	14,608,988

	2020			
	Level 1	Level 2	Level 3	Total
Fixed income:				
U.S. Government securities	\$ —	1,292,935	—	1,292,935
Corporate bonds	—	3,052,100	—	3,052,100
Mutual funds	44,191,350	—	—	44,191,350
Other fixed income securities	—	1,856,205	—	1,856,205
Equities:				
Mutual and common stock	49,257,498	—	—	49,257,498
Total investments at fair value	<u>\$ 93,448,848</u>	<u>6,201,240</u>	<u>—</u>	99,650,088
Investments measured at NAV or equivalent				18,282,623
Cash and cash equivalents				199,358
Other investments held at cost				<u>73,532</u>
Total investments				<u>\$ 118,205,601</u>
Amounts due from externally managed trusts	\$ —	—	9,969,592	9,969,592

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

The following table includes a rollforward of the amounts for the years ended June 30, 2021 and 2020 for investments classified within Level 3:

	Amounts due from Externally Managed Trusts
Balance as of June 30, 2019	\$ 7,944,900
Change in value	2,024,692
Balance as of June 30, 2020	9,969,592
Change in value	916,014
Contributions	3,723,382
Balance as of June 30, 2021	\$ 14,608,988

The following is a summary of the investments whose net asset value approximates fair value and the related unfunded commitments and redemption restrictions associated with each major category at June 30, 2021 and 2020:

Investment	2021			
	Net Asset Value	Unfunded Commitments	Redemption frequency	Redemption notice
Hedge funds	\$ 21,807,408	—	Various	Various
Real estate investment funds	4,699,935	—	Quarterly	95 days
Private equity	2,964,964	5,903,196	None	None
Total	\$ 29,472,307			

Investment	2020			
	Net Asset Value	Unfunded Commitments	Redemption frequency	Redemption notice
Hedge funds	\$ 12,553,972	—	Various	Various
Real estate investment funds	4,236,575	—	Quarterly	95 days
Private equity	1,492,076	6,766,309	None	None
Total	\$ 18,282,623			

(e) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Student financial aid	\$ 3,329,268	5,192,612
Academic divisions	2,653,422	2,328,157
Research	367,788	365,189
Operations and maintenance of plant	4,166,347	3,680,027
Library	273,632	184,471
Athletics	450,288	447,900
Faculty and staff support	87,602	67,422
Other restricted purposes	5,824,309	5,983,740
	<u>17,152,656</u>	<u>18,249,518</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

Endowments:

Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor:

Student financial aid	52,940,881	48,425,484
Academic divisions	4,709,080	4,446,809
Research	546,411	517,517
Operations and maintenance of plant	5,652,402	5,607,880
Library	3,042,899	3,038,987
Faculty and staff support	10,025,648	9,993,271
Other restricted purposes	5,550,283	5,312,562
Total	<u>82,467,604</u>	<u>77,342,510</u>

Subject to foundation endowment spending policy and appropriation:

Student financial aid	24,421,921	11,666,046
Academic divisions	2,266,766	1,182,429
Research	183,368	68,170
Operations and maintenance of plant	1,831,985	733,749
Library	1,210,587	587,389
Faculty and staff support	4,579,178	2,278,420
Other restricted purposes	3,798,230	2,423,754
Total	<u>38,292,035</u>	<u>18,939,957</u>
Sub-Total endowments	120,759,639	96,282,467

Endowment not subject to spending policy or appropriations externally managed perpetual trust

Total endowments	<u>124,551,392</u>	<u>96,282,467</u>
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Not subject to spending policy or appropriation -

Restricted to endowment:

Pledges and other receivables, net	2,553,725	1,074,700
Amounts due from externally managed trusts	10,817,235	9,969,592
Gift annuities	32,887	237,911
Cash surrender value of life insurance	2,153,929	2,101,848
Total	<u>15,557,776</u>	<u>13,384,051</u>
Total net assets with donor restrictions	\$ <u>157,261,824</u>	<u>127,916,036</u>

(f) Endowment Funds

The State of Mississippi adopted the 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.

Endowment net asset composition by type of fund as of June 30, 2021 and 2020 is as follows:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

	2021		
	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$ 6,391,835	—	6,391,835
Donor-restricted funds functioning as endowments	5,241,665	7,859,322	13,100,987
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	82,467,604	82,467,604
Accumulated investment gains	—	30,432,713	30,432,713
Sub-total	<u>\$ 11,633,500</u>	<u>120,759,639</u>	<u>132,393,139</u>
Externally managed perpetual trust	—	3,791,753	3,791,753
Total	<u>\$ 11,633,500</u>	<u>124,551,392</u>	<u>136,184,892</u>

	2020		
	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$ 3,948,733	—	3,948,733
Donor-restricted funds functioning as endowments	3,286,668	5,642,524	8,929,192
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	77,342,510	77,342,510
Accumulated investment gains	—	13,297,433	13,297,433
Total	<u>\$ 7,235,401</u>	<u>96,282,467</u>	<u>103,517,868</u>

During the years ended June 30, 2021 and 2020, the foundation had the following endowment related activities:

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Financial Statements

June 30, 2021 and 2020

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2019	\$ 7,149,809	97,727,793	104,877,602
Net investment loss	(95,748)	(438,478)	(534,226)
Contributions	17,062	2,250,693	2,267,755
Change in restrictions by donors	(5,000)	8,750	3,750
Other	169,278	(3,266,291)	(3,097,013)
Endowment net assets, June 30, 2020	7,235,401	96,282,467	103,517,868
Net investment gain	3,146,221	20,880,368	24,026,589
Contributions	6,000	7,079,328	7,085,328
Change in restrictions by donors	(10,135)	1,139	(8,996)
Other	1,256,012	308,091	1,564,103
Endowment net assets, June 30, 2021	\$ <u>11,633,499</u>	<u>124,551,393</u>	<u>136,184,892</u>

(g) Funds with Deficiencies

When unfavorable market fluctuations cause the fair value of certain donor-restricted endowments to be less than the historical cost (original gift/book value) of such funds, the fund is considered to be underwater, and this deficiency is recorded in net assets with donor restrictions. At June 30, 2021, there were no underwater funds. At June 30, 2020, 31 funds were underwater with an original gift value of \$1,117,720, fair value of \$1,103,898 and deficiencies of \$13,822 which are reported in net assets with donor restrictions.

COMBINING SUPPLEMENTAL INFORMATION

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Position

June 30, 2021

Assets	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	M CVS	Elimination entries	Total
Current assets:													
Cash and cash equivalents	\$ 43,679,461	7,895,991	39,181,846	298,970,968	9,977,616	19,485,385	10,348,510	120,371,082	399,363,333	12,135,361	69,175	—	961,478,728
Short-term investments	4,305,510	380,819	—	16,566,518	—	3,481,768	109,159,141	6,345,393	118,897,107	16,297,956	175,065	—	275,609,277
Accounts receivable, net	14,981,863	5,148,979	18,074,489	65,588,040	4,652,083	11,725,919	40,021,032	37,269,439	174,930,704	2,111,315	495,861	(3,851,137)	371,148,587
Student notes receivable, net	728,316	318,592	—	3,685,085	10,132	—	8,627,605	4,965,900	1,450,030	1,034,876	—	—	20,820,536
Inventories	236,928	486,402	94,126	3,437,542	—	437,907	1,130,367	198,827	35,156,004	892,522	—	—	42,070,625
Prepaid expenses	—	—	11,539	8,502,241	14,296	250,512	1,875,893	4,979,606	10,618,224	33,928	—	—	26,286,239
Other current assets	—	—	—	1,134,377	—	—	—	—	9,924,735	—	—	—	11,059,112
Total current assets	63,932,078	14,230,783	57,362,000	397,884,771	14,654,127	35,381,491	171,162,548	174,130,247	750,340,137	32,505,958	740,101	(3,851,137)	1,708,473,104
Noncurrent assets:													
Restricted cash and cash equivalents	4,938,449	554,476	2,917,479	3,435,060	(915,390)	—	39,742,613	11,260,364	78,830,522	—	—	—	140,763,573
Restricted short-term investments	1,055,342	—	—	—	—	355,772	—	—	—	—	—	—	1,411,114
Endowments investments	21,283,437	—	57,569,465	52,591,932	4,209,107	3,649,695	124,760,155	10,863,512	107,264,481	21,376,845	—	—	403,568,629
Other long-term investments	—	—	—	82,347,831	10,000,862	1,230,993	366,181,202	20,757,000	96,460,998	46,705,459	524,553	—	624,208,898
Student notes receivable, net	—	368,279	1,292,796	12,818,888	116,534	—	24,734,833	10,531,949	4,150,868	14,182,428	—	—	68,196,575
Beneficial interest in irrevocable trust	—	—	—	—	—	—	—	—	43,991,738	—	—	—	43,991,738
Capital assets, net	155,565,901	122,726,414	252,554,222	1,135,763,582	110,458,597	111,352,933	1,129,839,783	585,213,707	852,725,428	3,995,391	3,468	—	4,460,199,426
Other noncurrent assets	—	116,376	84,841	—	—	142,378	13,485,421	—	2,105,844	—	—	(13,315,521)	2,619,339
Total noncurrent assets	182,843,129	123,765,545	314,418,803	1,286,957,293	123,869,710	116,731,771	1,698,744,007	638,626,532	1,185,529,879	86,260,123	528,021	(13,315,521)	5,744,959,292
Total assets	246,775,207	137,996,328	371,780,803	1,684,842,064	138,523,837	152,113,262	1,869,906,555	812,756,779	1,935,870,016	118,766,081	1,268,122	(17,166,658)	7,453,432,396
Deferred outflows of resources	14,143,321	6,565,003	24,696,377	100,867,989	5,589,546	5,793,385	47,124,184	42,347,361	226,941,716	2,388,176	214,835	—	476,671,893
Total assets and deferred outflows of resources	\$ 260,918,528	144,561,331	396,477,180	1,785,710,053	144,113,383	157,906,647	1,917,030,739	855,104,140	2,162,811,732	121,154,257	1,482,957	(17,166,658)	7,930,104,289

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Net Position

June 30, 2021

Liabilities	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Current liabilities:													
Accounts payable and accrued liabilities	\$ 7,185,633	3,780,707	19,935,870	59,512,304	1,869,597	1,484,170	26,947,240	22,206,350	175,219,391	1,303,200	245,240	(307,758)	319,381,944
Unearned revenues	2,412,367	1,011,358	3,770,000	38,335,280	1,628,141	441,689	90,293,535	13,110,332	12,946,702	—	—	—	163,949,404
Accrued leave liabilities – current portion	650,251	398,425	399,083	2,871,569	43,011	191,908	2,148,000	1,199,330	10,172,843	48,258	10,873	—	18,133,551
Long-term liabilities – current portion	1,422,512	610,000	4,811,577	14,348,456	—	725,000	14,564,478	7,025,030	19,417,096	6,190,120	—	(3,543,379)	65,570,890
Other current liabilities	—	—	—	—	278,512	86,119	304,300	128,187	168,927,397	434,324	—	—	170,158,839
Total current liabilities	11,670,763	5,800,490	28,916,530	115,067,609	3,819,261	2,928,886	134,257,553	43,669,229	386,683,429	7,975,902	256,113	(3,851,137)	737,194,628
Noncurrent liabilities:													
Accrued leave liabilities	2,519,046	1,195,280	5,143,739	22,876,296	1,032,275	1,356,806	15,870,079	8,795,088	63,304,156	750,945	44,818	—	122,888,528
Deposits refundable	678,133	102,834	703,815	45,348	—	30,110	124,116	3,086	—	—	—	—	1,687,442
Long-term liabilities	44,239,600	11,535,000	88,664,689	298,233,226	—	15,290,000	216,014,430	148,106,969	383,984,456	25,526,239	—	(13,315,521)	1,218,279,088
Net pension liability	80,909,069	51,106,285	131,957,542	623,650,981	43,996,647	47,790,781	370,390,153	253,087,895	1,498,101,899	20,183,265	1,925,718	—	3,123,010,235
Net OPEB liability	4,285,131	3,181,438	6,385,068	31,009,098	2,421,117	2,917,487	20,806,654	13,981,862	60,353,305	661,048	—	—	146,002,208
Other long-term liabilities	—	—	1,912,787	6,636,756	256,695	—	7,790,700	21,595,328	2,633,043	—	—	—	40,825,309
Total noncurrent liabilities	132,630,979	67,120,837	234,767,640	982,451,705	47,706,734	67,295,184	630,996,132	445,570,228	2,008,376,859	47,121,497	1,970,536	(13,315,521)	4,652,692,810
Total liabilities	144,301,742	72,921,327	263,684,170	1,097,519,314	51,525,995	70,224,070	765,253,685	489,239,457	2,395,060,288	55,097,399	2,226,649	(17,166,658)	5,389,887,438
Deferred inflows of resources	4,596,933	1,647,555	16,938,099	6,870,592	903,923	1,613,745	11,502,812	6,334,520	57,080,029	590,024	—	—	108,078,232
Total liabilities and deferred inflows of resources	\$ 148,898,675	74,568,882	280,622,269	1,104,389,906	52,429,918	71,837,815	776,756,497	495,573,977	2,452,140,317	55,687,423	2,226,649	(17,166,658)	5,497,965,670
Net Position													
Net investment in capital assets	\$ 113,159,660	110,581,414	176,232,647	836,921,485	110,458,596	95,539,861	917,771,958	417,778,609	480,673,876	3,995,391	3,468	—	3,263,116,965
Restricted for:													
Nonexpendable:													
Scholarship and fellowships	—	—	9,167,355	3,076,532	879,393	1,341,645	9,622,005	5,569,090	—	978,480	—	—	30,634,500
Research	—	—	—	5,680,110	—	—	184,605	—	—	—	—	—	5,864,715
Other purposes	17,468,403	—	39,586,025	9,471,058	286,659	—	44,351,606	—	28,680,271	21,039,378	—	—	160,883,400
Expendable:													
Scholarships and fellowships	—	—	8,719,526	2,187,262	357,898	1,167,625	11,327,476	5,868,986	9,776,220	17,440,144	—	—	56,845,137
Research	—	—	—	14,258,051	—	—	5,997,880	—	36,040,516	—	—	—	56,296,447
Capital projects	—	49,874	767,983	5,340,819	2,105,260	766,858	8,274,665	—	—	—	—	—	17,305,459
Debt service	—	74,623	16,929	(4,596,223)	—	355,772	—	24,459,699	1,025,967	—	—	—	21,336,767
Loans	553,699	—	337,551	12,975,614	239,890	—	30,225,485	5,162,340	7,161,626	—	—	—	56,656,205
Other purposes	—	—	8,233	1,455,132	—	579,742	30,108,809	9,998,990	93,424,071	29,376,529	1,005,572	—	165,957,078
Unrestricted	(19,161,909)	(40,713,462)	(118,981,338)	(205,449,693)	(22,644,231)	(13,682,671)	(82,409,753)	(109,307,551)	(946,111,132)	(7,363,088)	(1,752,732)	—	(1,402,758,054)
Total net position	\$ 112,019,853	69,992,449	115,854,911	681,320,147	91,683,465	86,068,832	1,140,274,242	359,530,163	(289,328,585)	65,466,834	(743,692)	—	2,432,138,619

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2021

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Operating revenues:													
Tuition and fees	\$ 23,354,097	23,919,304	62,205,451	319,085,911	20,464,452	12,523,370	334,765,273	142,386,209	42,871,903	—	—	—	981,575,970
Scholarship allowances	(10,845,346)	(5,466,695)	(16,117,627)	(111,828,077)	(6,525,814)	(8,581,860)	(113,219,793)	(47,432,521)	(5,686,197)	—	—	—	(325,703,930)
Bad debt expense	(362,585)	—	(3,012,577)	(1,578,299)	(246,255)	—	783,347	(1,048,259)	(59,574)	—	—	—	(5,524,202)
Net tuition and fees	12,146,166	18,452,609	43,075,247	205,679,535	13,692,383	3,941,510	222,328,827	93,905,429	37,126,132	—	—	—	650,347,838
Federal appropriations	—	—	—	15,519,984	—	—	—	—	—	—	—	—	15,519,984
Federal grants and contracts	20,091,744	8,552,399	30,438,863	146,621,004	1,122,505	6,709,864	46,961,532	53,222,100	59,629,077	1,178,482	2,943,777	(37,245,426)	340,225,921
State grants and contracts	483,511	3,639,076	1,944,008	24,466,905	7,183,936	1,153,321	14,015,429	10,506,861	5,708,971	337,491	—	(34,056,997)	35,382,512
Nongovernmental grants and contracts	407,183	2,903,948	1,231,106	11,703,492	2,706,417	—	31,850,561	11,482,212	16,901,489	595,779	—	—	79,782,187
Sales and services of educational departments	128,546	758,874	1,112,102	47,257,629	918,645	620,064	5,710,789	892,832	1,251,696	3,429,248	—	(2,549,622)	59,530,803
Auxiliary enterprises:													
Student housing	10,393,326	2,528,069	8,566,806	29,635,640	1,390,282	2,445,578	22,306,777	15,553,456	—	—	—	—	92,819,934
Food services	5,165,782	1,896,429	8,113,249	2,145,131	1,266,133	1,894,136	2,165,092	2,387,223	—	—	—	—	25,033,175
Bookstore	256,085	136,229	—	1,255,703	90,872	368,890	446,071	761,628	1,934,395	—	—	—	5,249,873
Athletics	—	—	—	81,352,390	—	—	90,323,971	6,464,048	—	—	—	—	178,140,409
Other auxiliary revenues	635,056	90,313	1,371,462	12,080,955	204,314	1,101,211	9,992,105	3,923,075	563,556	2,561,742	—	—	32,523,789
Less auxiliary enterprise scholarship allowances	(2,882,940)	—	(3,683,855)	(11,861,865)	(868,167)	—	(7,226,795)	(3,739,715)	—	—	—	—	(30,263,337)
Interest earned on loans to students	—	30,380	—	298,849	—	—	681,935	—	523,665	—	—	—	1,534,829
Patient care revenues	—	—	—	—	—	—	—	—	1,176,245,589	—	—	—	1,176,245,589
Other operating revenues	4,275,679	372,769	6,184,855	6,397,167	212,288	1,903,368	13,390,709	6,187,608	83,197,556	15,776,088	26,349	(13,056,942)	124,867,494
Total operating revenues	51,100,138	39,361,095	98,353,843	572,552,519	27,919,608	20,137,942	452,947,003	201,546,757	1,383,082,126	23,878,830	2,970,126	(86,908,987)	2,786,941,000
Operating expenses:													
Salaries and wages	31,014,360	27,891,193	62,873,715	358,596,963	21,341,712	18,921,259	241,647,287	143,338,493	762,658,699	7,109,016	623,192	—	1,676,015,889
Fringe benefits	11,594,797	10,459,803	15,247,273	151,678,487	8,299,614	8,449,045	83,229,115	58,146,533	281,459,857	2,662,056	285,618	—	631,512,198
Travel	517,037	542,568	897,430	4,191,401	345,833	303,781	6,781,275	2,368,138	315,464	16,428	16,610	—	16,295,965
Contractual services	20,863,979	10,781,648	40,840,961	123,258,032	8,362,457	8,662,318	66,995,102	57,191,635	192,855,362	13,837,842	2,690,871	(52,851,990)	493,488,217
Utilities	3,442,556	1,469,796	3,675,310	16,152,012	2,603,644	1,867,226	12,383,435	9,152,571	13,369,346	581,282	—	—	64,697,178
Scholarships and fellowships	12,575,609	5,886,771	14,733,006	61,316,933	6,507,279	3,471,488	71,353,715	27,474,435	6,885,285	45,678,721	—	(34,056,997)	221,826,245
Commodities	5,667,644	5,241,477	2,407,654	51,997,576	2,299,284	3,546,143	28,667,600	18,938,925	342,906,222	393,711	52,137	—	462,118,373
Depreciation	4,445,439	4,584,963	8,307,493	40,045,027	2,500,866	2,758,645	38,723,198	19,011,604	50,355,965	111,251	4,305	—	170,848,756
Other operating expenses	602,302	335,910	5,027,017	—	—	—	1,196,391	—	43,605	—	12,146	—	7,217,371
Total operating expenses	90,723,723	67,194,129	154,009,859	807,236,431	52,260,689	47,979,905	550,977,118	335,622,334	1,650,849,805	70,390,307	3,684,879	(86,908,987)	3,744,020,192
Operating loss	(39,623,585)	(27,833,034)	(55,656,016)	(234,683,912)	(24,341,081)	(27,841,963)	(98,030,115)	(134,075,577)	(267,767,679)	(46,511,477)	(714,753)	—	(957,079,192)

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2021

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Nonoperating revenue (expenses):													
State appropriations	\$ 26,686,770	19,980,043	40,022,780	170,976,311	14,967,211	14,511,007	87,002,836	91,374,285	167,469,574	53,094,382	683,468	—	686,768,667
Gifts and grants	12,240,677	5,248,591	18,003,799	100,080,540	5,978,791	18,348,485	51,764,781	64,605,200	68,731,256	—	—	—	345,002,120
Investment income, net of investment expense	1,038,242	16,818	12,671,604	14,979,916	42,123	701,865	28,958,540	3,538,704	25,135,355	1,789,117	(344)	(307,758)	88,564,182
Interest expense on capital assets-related debt	(1,788,270)	(482,900)	(4,111,706)	(8,802,950)	—	(569,343)	(7,037,711)	(5,787,149)	(8,315,402)	—	—	307,758	(36,587,673)
Other nonoperating revenues	—	—	31,898,160	—	200,425	—	857,200	—	—	—	5,120	—	32,960,905
Other nonoperating expenses	(1,299)	(557,689)	(25,055,942)	(1,556,560)	(609,118)	—	(31,255)	—	(6,187,240)	(866,870)	—	—	(34,865,973)
Total net nonoperating revenue	38,176,120	24,204,863	73,428,695	275,677,257	20,579,432	32,992,014	161,514,391	153,731,040	246,833,543	54,016,629	688,244	—	1,081,842,228
Income (loss) before other revenues, expenses, gains and losses	(1,447,465)	(3,628,171)	17,772,679	40,993,345	(3,761,649)	5,150,051	63,484,276	19,655,463	(20,934,136)	7,505,152	(26,509)	—	124,763,036
Capital grants and gifts	—	—	—	15,233,400	—	—	2,712,606	1,849,486	39,293,651	—	—	—	59,089,143
State appropriations restricted for capital purposes	1,331,923	3,119,810	3,621,596	3,437,515	3,378,859	1,377,715	485,246	6,407,653	14,286,005	933,425	—	—	38,379,747
Additions to permanent endowments	—	—	—	—	23,792	161,672	33,491	—	184,173	—	—	—	403,128
Other additions	13,901,438	582,484	—	—	—	—	600,941	1,336,379	—	—	—	—	16,421,242
Other deletions	(116,941)	(38,158)	—	(809,935)	(789)	—	(1,189,140)	(201,115)	(3,140,883)	(396,090)	(3,751)	—	(5,896,802)
Change in net position	13,668,955	35,965	21,394,275	58,854,325	(359,787)	6,689,438	66,127,420	29,047,866	29,688,810	8,042,487	(30,260)	—	233,159,494
Net position, beginning of the year	98,350,898	69,956,484	94,460,636	622,465,822	92,043,252	79,379,394	1,074,146,822	330,482,297	(319,017,395)	57,424,347	(713,432)	—	2,198,979,125
Net position, end of the year	112,019,853	69,992,449	115,854,911	681,320,147	91,683,465	86,068,832	1,140,274,242	359,530,163	(289,328,585)	65,466,834	(743,692)	—	2,432,138,619

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows

Year ended June 30, 2021

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Operating activities:													
Tuition and fees	\$ 10,103,074	18,198,493	47,948,350	207,943,853	13,636,220	2,483,974	220,945,751	84,955,504	36,688,654	—	—	—	642,903,873
Grants and contracts	22,740,247	14,970,448	33,463,827	202,472,513	11,012,858	2,718,136	100,043,878	75,211,173	86,288,802	2,111,752	3,012,066	(71,302,423)	482,743,277
Sales and services of educational departments	128,546	758,874	1,529,665	46,686,300	918,645	620,064	5,860,803	892,832	1,251,696	3,474,823	—	(2,549,622)	59,572,626
Payments to suppliers	(24,821,871)	(15,938,265)	(41,620,614)	(169,854,115)	(11,516,156)	(12,602,364)	(92,089,323)	(80,898,255)	(507,994,236)	(17,305,394)	(2,720,352)	53,519,477	(923,841,468)
Payments to employees for salaries and benefits	(40,941,568)	(36,066,207)	(83,782,794)	(477,659,941)	(28,503,234)	(25,850,395)	(310,497,332)	(194,100,593)	(969,308,090)	(9,277,619)	(822,148)	—	(2,176,809,921)
Payments for utilities	(3,442,556)	(1,469,796)	(3,675,310)	(16,152,013)	(2,603,644)	(1,867,226)	(12,271,919)	(9,152,571)	(13,369,346)	(581,282)	—	—	(64,585,663)
Payment for scholarships and fellowships	(12,575,609)	(5,886,771)	(14,731,386)	(61,316,933)	(6,507,279)	(3,471,488)	(71,371,612)	(27,474,435)	(7,296,414)	(45,952,178)	—	34,056,997	(222,527,108)
Loans issued to students	7,300	—	—	(2,469,267)	—	—	(4,295,968)	115,752	(650,288)	(1,113,044)	—	—	(8,405,515)
Collections of loans from students	—	151,559	—	3,185,489	155,523	—	2,313,825	5,475,722	2,942,993	2,553,453	—	—	16,778,564
Auxiliary enterprise charges:													
Student housing	6,087,570	1,919,559	6,393,332	28,818,927	935,911	2,445,578	14,945,204	16,010,976	—	—	—	—	77,557,057
Food services	5,165,782	1,948,454	6,602,868	2,173,409	852,337	1,894,136	2,049,866	2,085,015	—	—	—	—	22,771,867
Bookstore	256,085	136,229	—	1,280,842	90,872	368,890	446,071	682,556	948,579	—	—	—	4,210,124
Athletics	—	—	—	82,231,154	—	—	94,000,398	2,692,314	—	—	—	—	178,923,866
Other auxiliary enterprises	635,056	90,313	1,371,461	1,313,820	205,412	1,101,211	10,198,831	3,923,075	563,556	2,419,190	—	—	21,821,925
Patient care services	—	—	—	—	—	—	—	—	1,205,721,855	—	—	—	1,205,721,855
Interest earned on loans to students	—	—	—	—	27,186	—	681,935	—	523,665	206,902	—	—	1,439,688
Other receipts	10,085,514	281,934	4,980,053	20,363,793	212,288	1,948,238	15,577,957	6,187,608	86,090,947	15,776,088	26,349	(13,056,942)	148,473,827
Other payments	—	(3,633,894)	—	—	—	—	(6,828,046)	2,805,183	(29,948)	—	(15,897)	(667,487)	(8,370,089)
Net cash used in operating activities	(26,572,430)	(24,539,070)	(41,520,548)	(130,982,169)	(21,083,061)	(30,211,246)	(30,289,681)	(110,588,144)	(77,627,575)	(47,687,309)	(519,982)	—	(541,621,215)
Noncapital financing activities:													
State appropriations	26,686,770	19,980,043	39,602,193	174,897,030	15,462,102	14,379,316	88,398,099	91,374,285	167,469,574	52,791,369	683,468	—	691,724,249
Gifts and grants for other than capital purposes	12,240,677	5,248,591	18,003,799	100,111,712	6,294,672	18,100,399	56,927,620	64,605,200	60,700,085	—	—	—	342,232,755
Private gifts for endowment purposes	—	—	—	—	—	405,735	33,491	—	184,173	—	—	—	623,399
Federal loan program receipts	12,435,970	14,463,104	65,721,726	129,473,709	11,019,741	12,425,136	87,651,347	74,498,647	36,544,393	—	—	—	444,233,773
Federal loan program disbursements	(18,908,938)	(12,331,023)	(65,721,726)	(129,291,546)	(11,357,145)	(12,425,136)	(87,651,347)	(76,607,489)	(43,822,299)	—	—	—	(458,116,649)
Other sources	—	—	7,305,456	—	3,641,658	—	430,674	1,336,379	—	933,425	—	—	13,647,592
Other uses	(116,939)	(538,662)	—	(1,508,008)	(609,907)	—	(787,872)	(201,115)	(703,197)	(1,262,960)	—	—	(5,728,660)
Net cash provided by noncapital financing activities	32,337,540	26,822,053	64,911,448	273,682,897	24,451,121	32,885,450	145,002,012	155,005,907	220,372,729	52,461,834	683,468	—	1,028,616,459

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows

Year ended June 30, 2021

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Capital and related financing activities:													
Proceeds from Capital Debt	\$ 26,217	6,590	—	—	—	—	—	—	174,051,993	—	—	(8,521,993)	165,562,807
Cash Paid for Capital Assets	(13,814,776)	(3,248,503)	—	(50,855,406)	(330,763)	(516,846)	(11,900,713)	(15,157,984)	(70,703,724)	(10,808)	—	—	(166,539,523)
Capital Appropriations Received	1,331,923	3,119,810	—	1,202,287	(3,378,859)	—	485,246	6,407,653	14,848,427	—	—	—	24,016,487
Capital Grants and Contracts Received	13,901,438	—	—	6,925,823	—	—	(4,794,165)	1,849,486	36,293,638	—	—	8,829,751	63,005,971
Proceeds from Sales of Capital Assets	—	—	—	429,203	—	—	165,892	—	2,704,617	—	5,120	—	3,304,832
Principal Paid on Capital Debt and Leases	(1,130,000)	(595,000)	(4,746,494)	(11,645,000)	—	(759,982)	(14,837,322)	(7,016,011)	(136,695,000)	—	—	—	(177,424,809)
Interest Paid on Capital Debt and Leases	(1,788,270)	(482,900)	(4,111,706)	(13,264,133)	—	(559,764)	(7,161,240)	(5,787,149)	(20,799,077)	—	—	—	(53,954,239)
Other Source	1,322,514	1,196,511	487,730	915,324	153,127	—	9,375	—	—	—	—	—	4,084,581
Other Uses	(192,514)	(19,027)	—	(892,511)	—	—	(2,033,149)	—	(1,556,689)	—	—	—	(4,693,890)
Net cash provided by (used in) capital and related financing activities	(343,468)	(22,519)	(8,370,470)	(67,184,413)	(3,556,495)	(1,836,592)	(40,066,076)	(19,704,005)	(1,855,815)	(10,808)	5,120	307,758	(142,637,783)
Investing activities:													
Proceeds from Sales and Maturities of Investments	—	2,505	—	68,816,686	14,347,643	724,504	180,399,583	23,225,158	172,701,815	68,304,794	843,494	—	529,366,182
Interest Received on Investments	1,618,269	16,245	12,671,604	3,550,456	111,028	841,472	6,520,729	2,614,435	1,682,318	1,907,344	1,533	(307,758)	31,227,675
Purchases of Investments	(1,089,760)	—	(11,410,463)	(70,312,735)	(15,088,385)	(2,185,264)	(336,981,275)	(11,820,345)	(266,504,259)	(76,192,371)	(900,267)	—	(792,485,124)
Net cash provided by (used in) investing activities	528,509	18,750	1,261,141	2,054,407	(629,714)	(619,288)	(150,060,963)	14,019,248	(92,120,126)	(5,980,233)	(55,240)	(307,758)	(231,891,267)
Net increase (decrease) in cash and cash equivalents	5,950,151	2,279,214	16,281,571	77,570,722	(818,149)	218,324	(75,414,708)	38,733,006	48,769,213	(1,216,516)	113,366	—	112,466,194
Cash and cash equivalents - beginning of year	42,667,759	6,171,253	25,817,754	224,835,306	9,880,375	19,267,061	125,505,831	92,898,440	429,424,642	13,351,877	(44,191)	—	989,776,107
Cash and cash equivalents - end of year	48,617,910	8,450,467	42,099,325	302,406,028	9,062,226	19,485,385	50,091,123	131,631,446	478,193,855	12,135,361	69,175	—	1,102,242,301

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Combining Statement of Cash Flows

Year ended June 30, 2021

	Alcorn State University	Delta State University	Jackson State University	Mississippi State University	Mississippi University for Women	Mississippi Valley State University	University of Mississippi	University of Southern Mississippi	University of Mississippi Medical Center	IHL Board Office	MCVS	Elimination entries	Total
Reconciliation of operating loss to net cash used in operating activities:													
Operating loss	\$ (39,623,585)	(27,833,034)	(55,656,016)	(234,683,912)	(24,341,081)	(27,841,963)	(98,030,115)	(134,075,577)	(267,767,679)	(46,511,477)	(714,753)	—	(957,079,192)
Adjustment to reconcile operating loss to net cash used in operating activities:													
Depreciation expense	4,445,439	4,584,963	8,307,493	40,045,027	2,500,866	2,758,645	38,723,198	19,011,604	50,355,965	111,251	4,305	—	170,848,756
Self-insurance claims expense	—	—	—	—	—	—	—	—	(1,357,084)	2,716,803	—	—	1,359,719
Provision for uncollectible accounts receivable	362,585	298,501	(3,792,970)	1,578,299	608,420	—	(743,226)	1,254,434	213,757,164	(66,555)	—	—	213,256,652
Other	—	—	—	—	—	1,554,155	—	—	—	—	(3,751)	—	1,550,404
Changes in assets and liabilities:													
(Increase) decrease in assets:													
Receivables, net	(1,088,289)	(241,185)	9,444,799	(5,374,868)	(481,874)	(6,877,905)	9,969,743	(4,728,637)	(168,640,815)	1,343,432	68,289	—	(166,607,310)
Inventories	(37,371)	(101,524)	40,982	(359,379)	—	25,889	17,397	45,488	(5,412,390)	(76,868)	—	—	(5,857,776)
Prepaid expenses	—	—	—	918,927	(41,946)	(21,230)	(141,047)	(134,774)	(496,048)	(5,344)	—	—	78,538
Loans to students	7,300	121,179	—	—	—	—	(1,994,536)	—	621,799	—	—	—	(1,244,258)
Deferred outflows of resources	(6,263,334)	(818,764)	(9,180,119)	(38,860,752)	(2,230,296)	(1,539,554)	(15,044,120)	(12,704,745)	(50,833,433)	(905,114)	(62,059)	—	(138,442,290)
Other assets	—	(116,376)	—	—	—	(9,579)	—	—	(2,642,849)	—	—	—	(2,768,804)
Increase (decrease) in liabilities:													
Accounts payable and accrued liabilities	2,566,648	176,945	6,408,125	19,359,383	(463,035)	(17,215)	3,916,855	(2,404,997)	35,360,848	168,749	39,266	667,487	65,779,059
Unearned revenue	137,223	(228,741)	(511,314)	25,635,798	1,098	326,342	2,145,100	2,965,136	3,199,392	—	—	—	33,670,034
Deposits refundable	(303)	1,490	—	—	—	(6,152)	1,675,714	20	—	—	—	(667,487)	1,003,282
Accrued leave liability	(132,816)	354,304	(665,359)	(386,963)	(53,509)	(102,041)	667,847	(64,454)	(3,958,136)	22,021	(5,176)	—	(4,324,282)
Net pension liability	5,121,847	2,769,880	5,556,330	65,437,502	4,623,026	3,504,185	31,145,314	21,757,768	137,938,643	1,465,844	174,936	—	279,495,275
Net OPEB liability	(433,716)	(375,239)	(989,168)	(2,045,797)	(146,247)	(397,443)	(1,542,491)	(1,292,201)	(4,175,881)	(98,637)	—	—	(11,496,820)
Deferred inflows of resources	3,215,487	(60,064)	(483,331)	(2,245,434)	(1,054,882)	(27,205)	(1,055,314)	(311,935)	(7,571,468)	9,339	(21,039)	—	(9,605,846)
Other liabilities	5,150,455	(3,071,405)	—	—	(3,601)	(1,540,175)	—	94,726	(6,005,603)	(5,860,753)	—	—	(11,236,356)
Total adjustments	13,051,155	3,293,964	14,135,468	103,701,743	3,258,020	(2,369,283)	67,740,434	23,487,433	190,140,104	(1,175,832)	194,771	—	415,457,977
Net cash used in operating activities	\$ (26,572,430)	(24,539,070)	(41,520,548)	(130,982,169)	(21,083,061)	(30,211,246)	(30,289,681)	(110,588,144)	(77,627,575)	(47,687,309)	(519,982)	—	(541,621,215)
Noncash capital related financing and investing activities:													
Capital assets acquired through donations and capital lease obligations	\$ —	—	—	8,388,880	—	—	971,073	—	38,760	—	—	—	9,398,713
Capital appropriations from the State of Mississippi	1,331,923	3,119,810	3,621,596	3,437,515	3,378,859	1,377,715	485,246	6,407,653	336,005	933,425	—	—	24,429,747

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

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State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of the Net Pension Liability of the
 Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(b)
 June 30, 2021

Employer	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
Alcorn State University:					
2015	0.47 %	\$ 56,758,259	\$ 28,572,870	199.00 %	67.00 %
2016	0.46	71,034,832	28,709,073	247.43	61.70
2017	0.46	82,196,659	29,437,759	279.22	57.47
2018	0.46	75,934,194	29,303,410	259.13	61.49
2019	0.45	75,156,617	28,855,149	260.46	62.54
2020	0.43	75,787,222	28,057,270	270.12	61.59
2021	0.42	80,909,069	27,829,874	290.73	58.97
Delta State University:					
2015	0.28	33,537,396	16,883,175	199.00	67.00
2016	0.27	42,181,402	17,047,771	247.43	61.70
2017	0.26	47,229,076	16,914,533	279.22	57.47
2018	0.27	44,338,880	17,110,610	259.13	61.49
2019	0.27	44,872,460	17,228,044	260.46	62.54
2020	0.27	48,336,405	17,894,673	270.12	61.59
2021	0.26	51,106,285	17,578,764	290.73	58.97
Jackson State University:					
2015	0.83	100,387,620	50,536,476	199.00	67.00
2016	0.85	130,840,285	52,898,190	247.43	61.70
2017	0.87	155,284,587	55,613,333	279.22	57.47
2018	0.91	152,074,130	58,686,216	259.13	61.49
2019	0.77	128,859,771	49,473,594	260.46	62.54
2020	0.72	126,401,212	46,795,130	270.12	61.59
2021	0.68	131,957,542	45,388,753	290.73	58.97
Mississippi State University:					
2015	3.11	377,668,592	190,123,441	199.00	67.00
2016	3.15	487,619,653	197,073,543	247.43	61.70
2017	3.22	575,770,041	206,205,213	279.22	57.47
2018	3.16	525,651,937	202,851,879	259.13	61.49
2019	3.11	517,960,848	198,862,565	260.46	62.54
2020	3.17	558,213,479	206,656,819	270.12	61.59
2021	3.22	623,650,981	214,514,000	290.73	58.97
Mississippi University for Women:					
2015	0.22	27,087,951	13,636,438	199.00	67.00
2016	0.23	35,499,410	14,347,232	247.43	61.70
2017	0.23	41,584,769	14,893,092	279.22	57.47
2018	0.24	39,274,129	15,156,095	259.13	61.49

State of Mississippi Institutions of Higher Learning
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability of the
Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(b)
June 30, 2021

Employer	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
2019	0.23 %	\$ 38,566,359	\$ 14,806,921	260.46 %	62.54 %
2020	0.22	39,373,621	14,576,551	270.12	61.59
2021	0.23	43,996,647	15,133,299	290.73	58.97
Mississippi Valley State University:					
2015	0.26	31,120,964	15,666,711	199.00	67.00
2016	0.24	37,755,185	15,258,908	247.43	61.70
2017	0.25	44,719,677	16,015,822	279.22	57.47
2018	0.25	41,999,298	16,207,752	259.13	61.49
2019	0.25	42,303,133	16,241,594	260.46	62.54
2020	0.25	44,196,596	16,362,070	270.12	61.59
2021	0.25	47,700,781	16,407,391	290.73	58.97
University of Mississippi:					
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
University of Southern Mississippi:					
2015	1.35	163,430,215	82,272,965	199.00	67.00
2016	1.32	204,738,145	82,745,841	247.43	61.70
2017	1.31	233,764,776	83,720,083	279.22	57.47
2018	1.34	222,060,208	85,694,216	259.13	61.49
2019	1.35	224,453,669	86,175,302	260.46	62.54
2020	1.31	231,330,127	85,640,978	270.12	61.59
2021	1.31	253,087,895	87,053,333	290.73	58.97
University of Mississippi Medical Center:					
2015	6.76	821,435,313	413,521,568	199.00	67.00
2016	7.04	1,087,561,173	439,542,508	247.43	61.70
2017	7.22	1,288,831,062	461,579,562	279.22	57.47
2018	7.30	1,212,970,916	468,091,930	259.13	61.49
2019	7.41	1,232,363,510	473,145,740	260.46	62.54
2020	7.73	1,360,163,256	503,547,517	270.12	61.59
2021	7.74	1,498,101,899	515,294,356	290.73	58.97

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of the Net Pension Liability of the
 Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(b)
 June 30, 2021

Employer	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
Executive Office:					
2015	0.10 %	\$ 13,082,977	\$ 6,586,146	199.00 %	67.00 %
2016	0.11	16,593,427	6,706,305	247.43	61.70
2017	0.11	20,018,666	7,169,448	279.22	57.47
2018	0.10	18,081,464	6,977,734	259.13	61.49
2019	0.11	17,819,021	6,841,321	260.46	62.54
2020	0.11	18,717,421	6,929,397	270.12	61.59
2021	0.10	20,183,265	6,942,333	290.73	58.97
Mississippi Commission for Volunteer Service:					
2015	0.01	1,092,239	549,848	199.00	67.00
2016	0.01	1,231,115	503,886	247.43	61.70
2017	0.01	1,586,388	568,146	279.22	57.47
2018	0.01	1,649,603	636,590	259.13	61.49
2019	0.01	1,652,816	634,570	260.46	62.54
2020	0.01	1,750,782	648,159	270.12	61.59
2021	0.01	1,925,718	662,379	290.73	58.97
2015 Totals	<u>15.24 %</u>	<u>\$ 1,850,037,000</u>	<u>\$ 931,333,441</u>	<u>199.00 %</u>	<u>67.00 %</u>
2016 Totals	<u>15.54 %</u>	<u>\$ 2,402,927,178</u>	<u>\$ 971,178,203</u>	<u>247.43 %</u>	<u>61.70 %</u>
2017 Totals	<u>15.81 %</u>	<u>\$ 2,824,552,261</u>	<u>\$ 1,011,579,899</u>	<u>279.22 %</u>	<u>57.47 %</u>
2018 Totals	<u>15.96 %</u>	<u>\$ 2,653,162,201</u>	<u>\$ 1,023,869,410</u>	<u>259.13 %</u>	<u>61.49 %</u>
2019 Totals	<u>15.93 %</u>	<u>\$ 2,649,318,090</u>	<u>\$ 1,017,162,190</u>	<u>260.46 %</u>	<u>62.54 %</u>
2020 Totals	<u>16.16 %</u>	<u>\$ 2,843,514,960</u>	<u>\$ 1,052,700,786</u>	<u>270.12 %</u>	<u>61.59 %</u>
2021 Totals	<u>16.13 %</u>	<u>\$ 3,123,010,235</u>	<u>\$ 1,074,205,666</u>	<u>290.73 %</u>	<u>58.97 %</u>

See accompanying independent auditors' report.

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of Contributions to the
 Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(c)
 June 30, 2021

Employer	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered-employee payroll	Contribution as a percentage of covered- employee payroll
Alcorn State University:					
2015	\$ 4,487,694	4,487,694	—	28,493,295	15.75 %
2016	4,578,969	4,578,969	—	29,072,819	15.75
2017	4,612,758	4,612,758	—	29,287,352	15.75
2018	4,445,215	4,445,215	—	28,223,587	15.75
2019	4,363,103	4,363,103	—	27,702,241	15.75
2020	4,789,190	4,789,190	—	27,524,080	17.40
2021	4,286,010	4,286,010	—	24,632,241	17.40
Delta State University:					
2015	2,664,943	2,664,943	—	16,920,273	15.75
2016	2,629,908	2,629,908	—	16,697,829	15.75
2017	2,650,434	2,650,434	—	16,828,152	15.75
2018	2,379,412	2,379,412	—	15,107,378	15.75
2019	2,725,784	2,725,784	—	17,306,565	15.75
2020	2,970,686	2,970,686	—	17,072,908	17.40
2021	3,051,947	3,051,947	—	17,539,925	17.40
Jackson State University:					
2015	8,271,356	8,271,356	—	52,516,546	15.75
2016	8,653,220	8,653,220	—	54,941,079	15.75
2017	8,714,352	8,714,352	—	55,329,219	15.75
2018	8,294,334	8,294,334	—	52,662,438	15.75
2019	7,274,360	7,274,360	—	46,186,413	15.75
2020	7,808,898	7,808,898	—	44,878,724	17.40
2021	7,674,848	7,674,848	—	44,108,322	17.40
Mississippi State University:					
2015	30,812,946	30,812,946	—	195,637,752	15.75
2016	32,082,720	32,082,720	—	203,699,810	15.75
2017	32,311,407	32,311,407	—	205,151,790	15.75
2018	31,045,339	31,045,339	—	197,113,263	15.75
2019	32,163,084	32,163,084	—	204,210,057	15.75
2020	36,670,189	36,670,189	—	210,748,213	17.40
2021	37,491,151	37,491,151	—	215,466,385	17.40
Mississippi University for Women:					
2015	2,243,470	2,243,470	—	14,244,254	15.75
2016	2,316,938	2,316,938	—	14,710,717	15.75
2017	2,333,680	2,333,680	—	14,817,016	15.75
2018	2,311,505	2,311,505	—	14,676,222	15.75
2019	2,267,113	2,267,113	—	14,394,367	15.75
2020	2,605,550	2,605,550	—	14,974,425	17.40
2021	2,593,446	2,593,446	—	14,904,862	17.40

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of Contributions to the
 Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(c)
 June 30, 2021

Employer	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered-employee payroll	Contribution as a percentage of covered- employee payroll
Mississippi Valley State					
University:					
2015	\$ 2,384,644	2,384,644	—	15,140,597	15.75 %
2016	2,491,943	2,491,943	—	15,821,860	15.75
2017	2,509,604	2,509,604	—	15,933,994	15.75
2018	2,536,037	2,536,037	—	16,101,822	15.75
2019	2,545,552	2,545,552	—	16,162,235	15.75
2020	2,823,856	2,823,856	—	16,229,057	17.40
2021	2,595,820	2,595,820	—	14,918,506	17.40
University of Mississippi:					
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
University of Southern Mississippi:					
2015	12,934,612	12,934,612	—	82,124,521	15.75
2016	13,009,957	13,009,957	—	82,602,902	15.75
2017	13,118,547	13,118,547	—	83,292,362	15.75
2018	13,456,220	13,456,220	—	85,436,317	15.75
2019	13,321,459	13,321,459	—	84,580,692	15.75
2020	13,777,396	13,777,396	—	79,180,437	17.40
2021	14,836,009	14,836,009	—	85,264,420	17.40
University of Mississippi Medical Center:					
2015	68,736,092	68,736,092	—	436,419,632	15.75
2016	71,818,771	71,818,771	—	455,992,197	15.75
2017	72,327,391	72,327,391	—	459,221,530	15.75
2018	73,927,567	73,927,567	—	469,381,378	15.75
2019	78,391,851	78,391,851	—	497,726,038	15.75
2020	88,706,272	88,706,272	—	509,806,161	17.40
2021	85,783,197	85,783,197	—	493,006,879	17.40
Executive Office:					
2015	1,048,459	1,048,459	—	6,656,883	15.75
2016	959,854	959,854	—	6,094,311	15.75
2017	1,123,420	1,123,420	—	7,132,825	15.75
2018	1,068,031	1,068,031	—	6,781,148	15.75
2019	1,078,124	1,078,124	—	6,845,232	15.75

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of Contributions to the
 Mississippi Public Employees' Retirement System
GASB 67 Paragraph 32(c)
 June 30, 2021

Employer	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered-employee payroll	Contribution as a percentage of covered- employee payroll
2020	\$ 1,194,824	1,194,824	—	6,866,805	17.40 %
2021	1,138,221	1,138,221	—	6,541,500	17.40
Mississippi Commission for Volunteer Service:					
2015	78,708	78,708	—	499,733	15.75
2016	88,482	88,482	—	561,790	15.75
2017	89,025	89,025	—	565,238	15.75
2018	99,080	99,080	—	629,080	15.75
2019	100,856	100,856	—	640,356	15.75
2020	114,024	114,024	—	655,310	17.40
2021	107,124	107,124	—	615,655	17.40
2015 Totals	<u>\$ 151,852,867</u>	<u>151,852,867</u>	<u>—</u>	<u>964,145,187</u>	<u>15.75 %</u>
2016 Totals	<u>\$ 157,218,362</u>	<u>157,218,362</u>	<u>—</u>	<u>998,211,822</u>	<u>15.75 %</u>
2017 Totals	<u>\$ 158,509,906</u>	<u>158,509,906</u>	<u>—</u>	<u>1,006,412,102</u>	<u>15.75 %</u>
2018 Totals	<u>\$ 159,067,970</u>	<u>159,067,970</u>	<u>—</u>	<u>1,009,955,364</u>	<u>15.75 %</u>
2019 Totals	<u>\$ 163,772,905</u>	<u>163,772,905</u>	<u>—</u>	<u>1,039,827,967</u>	<u>15.75 %</u>
2020 Totals	<u>\$ 183,390,513</u>	<u>183,390,513</u>	<u>—</u>	<u>1,053,968,466</u>	<u>17.40 %</u>
2021 Totals	<u>\$ 181,198,864</u>	<u>181,198,864</u>	<u>—</u>	<u>1,041,372,782</u>	<u>17.40 %</u>

See accompanying independent auditors' report.

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of the Net OPEB Liability of the
 Mississippi State and School Employees' Life and Health Insurance Plan
GASB 74 Paragraph 36(a)
 June 30, 2021

Employer	Proportionate share of the net OPEB liability (%)	Proportionate share of the net pension OPEB (\$)	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
Alcorn State University:					
2018	0.58 %	\$ 4,553,690	\$ 26,074,744	17.46 %	0.00 %
2019	0.57	4,425,422	25,875,362	17.10	0.00
2020	0.56	4,718,847	25,466,787	18.53	0.00
2021	0.55	4,285,131	26,537,344	16.15	0.00
Delta State University:					
2018	0.41	3,212,943	18,397,530	17.46	0.00
2019	0.42	3,268,272	19,109,522	17.10	0.00
2020	0.42	3,556,677	19,194,756	18.53	0.00
2021	0.41	3,181,438	19,702,296	16.15	0.00
Jackson State University:					
2018	1.01	7,923,756	45,371,973	17.46	0.00
2019	0.93	7,183,715	42,003,040	17.10	0.00
2020	0.87	7,374,236	39,797,448	18.53	0.00
2021	0.82	6,385,068	39,542,017	16.15	0.00
Mississippi State University:					
2018	3.85	30,245,677	173,188,825	17.46	0.00
2019	3.84	29,735,714	173,864,154	17.10	0.00
2020	3.90	33,054,895	178,391,432	18.53	0.00
2021	3.98	31,009,098	192,035,910	16.15	0.00
Mississippi University for Women:					
2018	0.30	2,342,410	13,412,798	17.46	0.00
2019	0.31	2,364,085	13,822,757	17.10	0.00
2020	0.30	2,567,364	13,855,612	18.53	0.00
2021	0.31	2,421,117	14,993,708	16.15	0.00
Mississippi Valley State University:					
2018	0.40	3,175,395	18,182,528	17.46	0.00
2019	0.40	3,080,141	18,009,522	17.10	0.00
2020	0.39	3,314,930	17,890,090	18.53	0.00
2021	0.37	2,917,487	18,067,671	16.15	0.00
University of Mississippi:					
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
University of Southern Mississippi:					
2018	1.79	14,037,705	80,380,864	17.46	0.00

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of the Net OPEB Liability of the
 Mississippi State and School Employees' Life and Health Insurance Plan
GASB 74 Paragraph 36(a)
 June 30, 2021

Employer	Proportionate share of the net OPEB liability (%)	Proportionate share of the net pension OPEB (\$)	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
2019	1.82 %	\$ 14,044,422	\$ 82,117,466	17.10 %	0.00 %
2020	1.80	15,274,063	82,431,424	18.53	0.00
2021	1.80	13,981,862	86,588,121	16.15	0.00
University of Mississippi					
Medical Center:					
2018	7.35	57,663,711	330,186,370	17.46	0.00
2019	7.34	56,789,549	332,047,403	17.10	0.00
2020	7.60	64,529,186	348,252,627	18.53	0.00
2021	7.76	60,353,305	373,761,386	16.15	0.00
Executive Office:					
2018	0.09	712,832	4,081,723	17.46	0.00
2019	0.09	691,744	4,044,610	17.10	0.00
2020	0.09	759,685	4,099,885	18.53	0.00
2021	0.08	661,048	4,093,796	16.15	0.00
2018 Totals	<u>18.31 %</u>	<u>\$ 143,674,333</u>	<u>\$ 822,689,094</u>	<u>17.46 %</u>	<u>0.00 %</u>
2019 Totals	<u>18.34 %</u>	<u>\$ 141,831,761</u>	<u>\$ 829,287,578</u>	<u>17.10 %</u>	<u>0.00 %</u>
2020 Totals	<u>18.56 %</u>	<u>\$ 157,499,028</u>	<u>\$ 849,994,451</u>	<u>18.53 %</u>	<u>0.00 %</u>
2021 Totals	<u>18.76 %</u>	<u>\$ 146,002,208</u>	<u>\$ 904,175,557</u>	<u>16.15 %</u>	<u>0.00 %</u>

See accompanying independent auditors' report.

State of Mississippi Institutions of Higher Learning
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Employer Contributions to the
Mississippi State and School Employees' Life and Health Insurance Plan
GASB 74 Paragraph 36(c)
June 30, 2021

Employer	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
Alcorn State University:					
2018	\$ 253,468	179,174	74,294	26,074,744	0.69 %
2019	269,284	197,080	72,204	25,875,362	0.76
2020	258,131	189,145	68,986	25,466,787	0.74
2021	274,109	170,891	103,218	26,537,344	0.64
Delta State University:					
2018	178,839	126,420	52,420	18,397,530	0.69
2019	198,872	145,548	53,324	19,109,522	0.76
2020	194,558	142,562	51,996	19,194,756	0.74
2021	203,509	126,876	76,633	19,702,296	0.64
Jackson State University:					
2018	441,053	311,776	129,277	45,371,973	0.69
2019	437,124	319,917	117,207	42,003,040	0.76
2020	403,386	295,581	107,806	39,797,448	0.74
2021	408,437	254,637	153,800	39,542,017	0.64
Mississippi State University:					
2018	1,683,539	1,190,076	493,462	173,188,825	0.69
2019	1,809,398	1,324,240	485,159	173,864,154	0.76
2020	1,808,173	1,324,937	483,236	178,391,432	0.74
2021	1,983,574	1,236,645	746,928	192,035,910	0.64
Mississippi University for Women:					
2018	130,383	92,167	38,217	13,412,798	0.69
2019	143,853	105,281	38,572	13,822,757	0.76
2020	140,440	102,907	37,533	13,855,612	0.74
2021	154,873	96,554	58,318	14,993,708	0.64
Mississippi Valley State University:					
2018	176,749	124,942	51,807	18,182,528	0.69
2019	187,424	137,170	50,255	18,009,522	0.76
2020	181,334	132,872	48,462	17,890,090	0.74
2021	186,624	116,350	70,275	18,067,671	0.64
University of Mississippi:					
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
University of Southern Mississippi:					
2018	781,368	552,341	229,027	80,380,864	0.69
2019	854,594	625,449	229,144	82,117,466	0.76

State of Mississippi Institutions of Higher Learning
 Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of Employer Contributions to the
 Mississippi State and School Employees' Life and Health Insurance Plan
GASB 74 Paragraph 36(c)
 June 30, 2021

Employer	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
2020	\$ 835,524	612,229	223,295	82,431,424	0.74 %
2021	894,384	557,598	336,787	86,588,121	0.64
University of Mississippi Medical Center:					
2018	3,209,684	2,268,893	940,791	330,186,370	0.69
2019	3,455,606	2,529,046	926,561	332,047,403	0.76
2020	3,529,884	2,586,518	943,366	348,252,627	0.74
2021	3,860,649	2,406,895	1,453,754	373,761,386	0.64
Executive Office:					
2018	39,678	28,048	11,630	4,081,724	0.69
2019	42,092	30,806	11,286	4,044,612	0.76
2020	41,556	30,450	11,106	4,099,885	0.74
2021	42,286	26,363	15,923	4,093,796	0.64
2018 Totals	<u>\$ 7,997,218</u>	<u>5,653,152</u>	<u>2,344,066</u>	<u>822,689,094</u>	<u>0.69 %</u>
2019 Totals	<u>\$ 8,630,368</u>	<u>6,316,285</u>	<u>2,314,083</u>	<u>829,287,578</u>	<u>0.76 %</u>
2020 Totals	<u>\$ 8,615,532</u>	<u>6,313,021</u>	<u>2,302,512</u>	<u>849,994,451</u>	<u>0.74 %</u>
2021 Totals	<u>\$ 9,339,393</u>	<u>5,822,581</u>	<u>3,516,812</u>	<u>904,175,557</u>	<u>0.64 %</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2021 and 2020

1. Net pension liability

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

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

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

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

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

Changes of assumptions:

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%.

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;

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Notes to Required Supplementary Information (Unaudited)

June 30, 2021 and 2020

- 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 in 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 to Benefit Terms (OPEB plan)

Changes of assumptions:

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 to benefit terms:

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.

REPORT ON INTERNAL CONTROL AND COMPLIANCE



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees
State of Mississippi Institutions of Higher Learning
Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the State of Mississippi Institutions of Higher Learning (the IHL System), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the IHL System's basic financial statements, and have issued our report thereon dated December 20, 2021. Our report includes a reference to other auditors who audited the financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Mississippi Educational Building Corporation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund, as described in our report on State of Mississippi Institutions of Higher Learning's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

The financial statements of the Mississippi State University Foundation, Inc., the University of Mississippi Foundation, the University of Southern Mississippi Foundation, the University of Mississippi Medical Center Tort Claims Fund, the State Institutions of Higher Learning Self-Insured Workers' Compensation Fund, and the State Institutions of Higher Learning Tort Liability Fund were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the IHL System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IHL System's internal control. Accordingly, we do not express an opinion on the effectiveness of the IHL System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the IHL System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 20, 2021

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**COMPONENT UNIT ADDITIONAL INFORMATION
FOR INCLUSION IN THE STATE OF MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
State of Mississippi Component Unit Additional Information
Combining Schedule of Net Position
June 30, 2021

	IHL System only	DFA reclass entry	MSU Foundation	UM Foundation	USM Foundation	Foundation eliminations	Total
Assets							
Current Assets:							
Cash and cash equivalents	\$ 961,478,728	—	3,009,958	11,411,775	3,993,951	—	979,894,412
Short term investments	275,609,277	—	4,237,024	17,515,505	—	—	297,361,806
Accounts receivable, net	371,148,587	(7,839,407)	—	—	—	—	363,309,180
Notes and pledges receivable, net	20,820,536	—	10,190,492	11,042,885	2,258,491	—	44,312,403
Due from other governments	—	7,839,407	—	—	—	—	7,839,407
Inventories	42,070,625	—	—	—	—	—	42,070,625
Prepaid expenses	26,286,239	—	—	—	—	—	26,286,239
Other current assets	11,059,112	—	300,604	—	1,344,573	—	12,704,289
Total current assets	<u>1,708,473,104</u>	<u>—</u>	<u>17,738,078</u>	<u>39,970,165</u>	<u>7,597,015</u>	<u>—</u>	<u>1,773,778,361</u>
Non-Current Assets:							
Investments	624,208,898	—	175,519,375	133,306,107	29,953,434	—	962,987,814
Notes and pledges receivable, net	68,196,575	—	30,571,475	62,576,346	1,505,661	—	162,850,057
Restricted assets:							
Cash and cash equivalents	140,763,573	—	3,301,191	—	—	—	144,064,764
Short term investments	1,411,114	—	4,000,000	—	—	—	5,411,114
Investments	403,568,629	—	510,583,283	465,608,575	120,759,639	(49,749,774)	1,450,770,352
Beneficial interest in irrevocable trust	43,991,738	—	—	—	—	—	43,991,738
Capital assets, net	4,460,199,426	—	13,157,746	1,971,997	1,567,480	—	4,476,896,649
Other noncurrent assets	2,619,339	—	59,215,668	13,093,287	14,608,988	—	89,537,282
Total noncurrent assets	<u>5,744,959,292</u>	<u>—</u>	<u>796,348,738</u>	<u>676,556,312</u>	<u>168,395,202</u>	<u>(49,749,774)</u>	<u>7,336,509,770</u>
Total assets	<u>7,453,432,396</u>	<u>—</u>	<u>814,086,816</u>	<u>716,526,476</u>	<u>175,992,217</u>	<u>(49,749,774)</u>	<u>9,110,288,131</u>
Deferred outflows of resources:							
Deferred loss on refunding of debt	50,081,926	—	—	—	—	—	50,081,926
Pension related deferred outflows	393,866,820	—	—	—	—	—	393,866,820
OPEB related deferred outflows	32,723,147	—	—	—	—	—	32,723,147
Total deferred outflows of resources	<u>476,671,893</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>476,671,893</u>
Total assets and deferred outflows of resources	<u>\$ 7,930,104,289</u>	<u>—</u>	<u>814,086,816</u>	<u>716,526,476</u>	<u>175,992,217</u>	<u>(49,749,774)</u>	<u>9,586,960,024</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
State of Mississippi Component Unit Additional Information
Combining Schedule of Net Position
June 30, 2021

Liabilities and Net Position	IHL System only	DFA reclass entry	MSU Foundation	UM Foundation	USM Foundation	Foundation eliminations	Total
Liabilities:							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 319,381,944	(3,183,852)	9,917,767	—	1,066,276	—	327,182,135
Due to primary government	—	3,183,852	—	—	—	—	3,183,852
Unearned revenues	163,949,404	—	—	—	—	—	163,949,404
Bonds and notes payable	53,550,569	—	—	—	—	—	53,550,569
Lease obligations payable	1,576,201	—	—	—	—	—	1,576,201
Current portion of noncurrent liabilities	28,577,671	—	—	254,598	24,934	—	28,857,203
Other current liabilities	170,158,839	—	—	5,282,838	—	—	175,441,677
Total current liabilities	<u>737,194,628</u>	<u>—</u>	<u>9,917,767</u>	<u>5,537,436</u>	<u>1,091,210</u>	<u>—</u>	<u>753,741,041</u>
Noncurrent liabilities:							
Bonds and notes payable	1,160,838,823	—	2,941,285	—	—	—	1,163,780,108
Lease obligations payable	4,818,026	—	—	—	—	—	4,818,026
Net pension liability	3,123,010,235	—	—	—	—	—	3,123,010,235
Net OPEB liability	146,002,208	—	—	—	—	—	146,002,208
Other noncurrent liabilities	218,023,518	—	8,709,271	30,584,047	43,995	—	257,360,831
Total noncurrent liabilities	<u>4,652,692,810</u>	<u>—</u>	<u>11,650,556</u>	<u>30,584,047</u>	<u>43,995</u>	<u>—</u>	<u>4,694,971,408</u>
Total liabilities	5,389,887,438	—	21,568,323	36,121,483	1,135,205	—	5,448,712,449
Deferred inflows of resources:							
Deferred inflows related to pension	26,357,950	—	—	—	—	—	26,357,950
Deferred inflows related to refundings	4,253,700	—	—	—	—	—	4,253,700
Deferred inflows related to OPEB	33,474,844	—	—	—	—	—	33,474,844
Beneficial interest in irrevocable trusts	43,991,738	—	—	—	—	—	43,991,738
Total deferred inflows of resources	<u>108,078,232</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>108,078,232</u>
Total liabilities and deferred inflows of resources	<u>\$ 5,497,965,670</u>	<u>—</u>	<u>21,568,323</u>	<u>36,121,483</u>	<u>1,135,205</u>	<u>—</u>	<u>5,556,790,681</u>
Net Position:							
Net investment in capital assets	\$ 3,263,116,965	—	13,157,746	1,971,997	1,567,480	—	3,279,814,188
Restricted for:							
Other purposes	374,397,093	—	310,876,807	377,335,525	74,794,220	—	1,137,403,645
Permanent endowments:							
Nonexpendable	197,382,615	—	374,107,283	283,763,145	82,467,604	—	937,720,647
Unrestricted	(1,402,758,054)	—	94,376,657	17,334,326	16,027,708	(49,749,774)	(1,324,769,137)
Total net position	<u>\$ 2,432,138,619</u>	<u>—</u>	<u>792,518,493</u>	<u>680,404,993</u>	<u>174,857,012</u>	<u>(49,749,774)</u>	<u>4,030,169,343</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
State of Mississippi Component Unit Additional Information
Combining Schedule of Activities
Year ended June 30, 2021

Functions/programs	Program revenues				Net revenue (expense) and changes in net position					Total
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	IHL System	MSU Foundation	UM Foundation	USM Foundation	Foundation eliminations	
IHL System	\$ 3,826,894,842	2,321,554,598	470,910,604	59,089,143	\$ (975,340,497)	—	—	—	—	(975,340,497)
MSU Foundation	42,418,290	—	36,789,029	—	—	(5,629,261)	—	—	—	(5,629,261)
UM Foundation	76,182,472	—	34,992,831	—	—	—	(41,189,641)	—	—	(41,189,641)
USM Foundation	11,708,643	—	10,601,287	—	—	—	—	(1,107,356)	—	(1,107,356)
Total universities	\$ 3,957,204,247	2,321,554,598	553,293,751	59,089,143	(975,340,497)	(5,629,261)	(41,189,641)	(1,107,356)	—	(1,023,266,755)
General revenues:										
Interest and investment income					88,564,182	185,318,073	135,557,994	28,415,608	(9,384,986)	428,470,871
Other					394,384,267	—	—	—	—	394,384,267
Payment from State of Mississippi					725,148,414	—	—	—	—	725,148,414
Contributions to permanent endowments					403,128	31,889,190	11,458,036	7,079,328	—	50,829,682
Total general revenues and contributions					1,208,499,991	217,207,263	147,016,030	35,494,936	(9,384,986)	1,598,833,234
Change in net position					\$ 233,159,494	211,578,002	105,826,389	34,387,580	(9,384,986)	\$ 575,566,479
Net position - beginning of the year										3,454,602,864
Net position - end of the year										\$ 4,030,169,343

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

State of Mississippi Component Unit Additional Information

Schedule of Accounts Receivable Disclosure

June 30, 2021

	IHL System only	DFA reclass entry	Total
Student tuition	\$ 123,448,342	—	123,448,342
Auxiliary enterprises and other operating activities	38,999,209	—	38,999,209
Contributions and gifts	3,444,923	—	3,444,923
Federal, state, and private grants and contracts	133,915,346	1,599,792	135,515,138
State appropriations	9,439,199	(9,439,199)	—
Accrued interest	3,496,719	—	3,496,719
Patient income	772,938,044	—	772,938,044
Other	19,352,279	—	19,352,279
Total accounts receivable	<u>1,105,034,061</u>	<u>(7,839,407)</u>	<u>1,097,194,654</u>
Less bad debt provision	<u>(731,779,630)</u>	<u>—</u>	<u>(731,779,630)</u>
	373,254,431	(7,839,407)	365,415,024
Less noncurrent portion	<u>(2,105,844)</u>	<u>—</u>	<u>(2,105,844)</u>
Net accounts receivable	<u>\$ 371,148,587</u>	<u>(7,839,407)</u>	<u>363,309,180</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

State of Mississippi Component Unit Additional Information

Schedule of Notes and Pledges Receivable Disclosure

June 30, 2021

	<u>Interest rates</u>		<u>Total</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>
From students:					
Perkins student loans	3% to 9%	\$	39,089,174	10,371,061	28,718,113
Nursing student loans	3% to 9%		4,266,787	712,181	3,554,606
Other federal loans	3% to 9%		2,389,713	1,950,646	439,067
Institutional student loans	0% to 9%		63,945,112	10,732,813	53,212,299
Medical student loans	3% to 9%		335,512	36,069	299,443
Dental student loans	3% to 9%		288,420	148,796	139,624
Notes and pledges:					
Foundations			122,582,031	24,520,508	98,061,523
Total notes and pledges receivable			232,896,749	48,472,074	184,424,675
Less allowance for doubtful accounts			25,734,289	4,159,670	21,574,619
Net notes and pledges receivable		\$	207,162,460	44,312,403	162,850,057
Foundation notes and pledges, before allowance for doubtful accounts:					
MSU Foundation		\$	41,648,570	10,412,143	31,236,428
UM Foundation			76,559,359	11,483,904	65,075,455
USM Foundation			4,374,102	2,624,461	1,749,641
		\$	122,582,031	24,520,508	98,061,523
Summary of allowance for doubtful accounts:					
IHL Universities		\$	21,297,607	3,131,030	18,166,577
MSU Foundation			886,603	221,651	664,952
UM Foundation			2,940,129	441,019	2,499,110
USM Foundation			609,950	365,970	243,980
		\$	25,734,289	4,159,670	21,574,619

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

State of Mississippi Component Unit Additional Information

Schedule of Assets Under Capital Lease Disclosure

June 30, 2021

	<u>Cost basis</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Jackson State University	\$ 1,590,638	580,258	1,010,380
University of Mississippi Medical Center	<u>7,291,349</u>	<u>1,105,573</u>	<u>6,185,776</u>
	<u>\$ 8,881,987</u>	<u>1,685,831</u>	<u>7,196,156</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
State of Mississippi Component Unit Additional Information
Schedule of Capital Assets Disclosure
Year ended June 30, 2021

	Balance June 30, 2020	Additions	Deletions/ transfers	Balance June 30, 2021
Nondepreciable Capital Assets:				
Land	\$ 116,590,669	3,496,057	(3,282,364)	116,804,362
Construction in progress	439,447,205	120,433,053	(269,411,344)	290,468,914
Livestock	1,519,321	67,939	(455,419)	1,131,841
Total nondepreciable capital assets	<u>557,557,195</u>	<u>123,997,049</u>	<u>(273,149,127)</u>	<u>408,405,117</u>
Depreciable capital assets:				
Improvements other than buildings	513,252,402	10,627,172	—	523,879,574
Buildings	4,524,478,488	259,599,002	(9,449,609)	4,774,627,881
Equipment	939,573,010	61,649,417	(21,573,322)	979,649,105
Library books	451,722,303	11,133,763	(652,822)	462,203,244
Total depreciable capital assets	<u>6,429,026,203</u>	<u>343,009,354</u>	<u>(31,675,753)</u>	<u>6,740,359,804</u>
Total capital assets	<u>6,986,583,398</u>	<u>467,006,403</u>	<u>(304,824,880)</u>	<u>7,148,764,921</u>
Less accumulated depreciation for:				
Improvements other than buildings	211,618,468	15,703,928	(170,249)	227,152,147
Buildings	1,211,863,279	87,205,980	(524,601)	1,298,544,658
Equipment	702,381,551	56,126,061	(18,487,652)	740,019,960
Library books	393,940,066	12,860,448	(649,007)	406,151,507
Total accumulated depreciation	<u>2,519,803,364</u>	<u>171,896,417</u>	<u>(19,831,509)</u>	<u>2,671,868,272</u>
Net capital assets	<u>\$ 4,466,780,034</u>	<u>295,109,986</u>	<u>(284,993,371)</u>	<u>4,476,896,649</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

State of Mississippi Component Unit Additional Information
 Schedule of Construction Commitments and Financing Disclosure
 June 30, 2021

	Cost to complete	Funded by			
		Federal sources	State sources	Institutional funds	Other
Alcorn State University	\$ 25,996,835	—	25,996,835	—	—
Delta State University	5,713,746	—	5,713,746	—	—
Jackson State University	20,962,401	—	20,962,401	—	—
Mississippi State University	136,795,725	9,861,893	43,668,707	55,889,502	27,375,623
Mississippi University for Women	15,215,900	—	15,215,900	—	—
Mississippi Valley State University	4,947,530	456,393	4,491,137	—	—
University of Mississippi	208,274,000	—	71,627,000	85,147,000	51,500,000
University of Southern Mississippi	27,867,506	7,000,000	15,807,619	5,059,887	—
University of Mississippi Medical Center	20,970,971	834,698	13,963,742	6,172,531	—
Totals	\$ 466,744,614	18,152,984	217,447,087	152,268,920	78,875,623

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

State of Mississippi Component Unit Additional Information

Schedule of Long-Term Liabilities Disclosure (Rollforward)

Year ended June 30, 2021

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due within</u> <u>one year</u>
Bonded debt	\$ 1,226,183,775	158,125,000	180,687,210	1,203,621,565	51,823,969
Notes payable	12,559,112	2,941,285	1,791,285	13,709,112	1,726,600
	<u>1,238,742,887</u>	<u>161,066,285</u>	<u>182,478,495</u>	<u>1,217,330,677</u>	<u>53,550,569</u>
Capital lease obligations	650,067	7,405,000	1,660,840	6,394,227	1,576,201
Other long-term liabilities:					
Net pension liability	2,843,514,960	279,495,275	—	3,123,010,235	—
Net OPEB liability	157,499,028	—	11,496,820	146,002,208	—
Accrued leave liability	145,397,987	1,044,169	5,420,077	141,022,079	18,133,551
Deposits refundable	1,834,844	1,113,905	1,261,307	1,687,442	—
Funds held in trust for others	22,156,192	4,629,792	—	26,785,984	254,598
Other noncurrent liabilities	127,259,447	1,963,538	12,500,456	116,722,529	10,469,054
Total other long-term liabilities	<u>3,297,662,458</u>	<u>288,246,679</u>	<u>30,678,660</u>	<u>3,555,230,477</u>	<u>28,857,203</u>
Total	\$ <u>4,537,055,412</u>	<u>456,717,964</u>	<u>214,817,995</u>	\$ 4,778,955,381	<u>83,983,973</u>
Due within one year				<u>(83,983,973)</u>	
Total long-term liabilities				<u>\$ 4,694,971,408</u>	

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
 State of Mississippi Component Unit Additional Information
 Schedule of Debt Service Disclosure (IHL System Only, by Institution)
 June 30, 2021

	<u>Total</u>	<u>Bonded debt</u>	<u>Bonded debt interest</u>	<u>Notes payable</u>	<u>Notes payable interest</u>	<u>Capital leases</u>	<u>Capital lease interest</u>	<u>Total interest</u>
IHL System Universities Only:								
2022	\$ 105,685,943	51,823,970	46,147,823	5,269,979	782,398	1,576,201	85,572	47,015,793
2023	104,867,762	52,787,135	44,358,884	5,615,647	436,730	1,606,791	62,575	44,858,189
2024	104,933,474	54,828,970	42,390,398	5,732,870	319,508	1,622,639	39,089	42,748,995
2025	101,738,864	53,750,366	40,332,383	5,853,269	199,108	1,588,596	15,142	40,546,633
2026	97,541,644	55,809,399	38,145,795	3,500,411	86,039	—	—	38,231,834
2027 - 2031	449,034,575	291,975,660	155,379,278	1,654,551	45,086	—	—	155,424,364
2032 - 2036	383,092,232	286,227,387	96,864,845	—	—	—	—	96,864,845
2037 - 2041	258,125,754	205,039,810	53,085,944	—	—	—	—	53,085,944
2042 - 2046	155,226,274	135,388,197	19,838,077	—	—	—	—	19,838,077
2047 - 2051	16,707,671	15,990,671	717,000	—	—	—	—	717,000
	<u>\$ 1,776,974,193</u>	<u>1,203,621,565</u>	<u>537,260,427</u>	<u>27,626,727</u>	<u>1,868,869</u>	<u>6,394,227</u>	<u>202,378</u>	<u>539,331,674</u>
Alcorn State University:								
2022	\$ 3,116,062	1,422,512	1,693,550	—	—	—	—	1,693,550
2023	3,176,437	1,527,512	1,648,925	—	—	—	—	1,648,925
2024	3,227,712	1,627,512	1,600,200	—	—	—	—	1,600,200
2025	3,285,012	1,752,512	1,532,500	—	—	—	—	1,532,500
2026	3,338,637	1,887,512	1,451,125	—	—	—	—	1,451,125
2027 - 2031	16,914,185	11,077,560	5,836,625	—	—	—	—	5,836,625
2032 - 2036	17,690,742	14,336,992	3,353,750	—	—	—	—	3,353,750
2037 - 2041	12,886,025	12,030,000	856,025	—	—	—	—	856,025
	<u>\$ 63,634,812</u>	<u>45,662,112</u>	<u>17,972,700</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17,972,700</u>
Delta State University:								
2022	\$ 1,080,850	610,000	470,850	—	—	—	—	470,850
2023	1,078,550	620,000	458,550	—	—	—	—	458,550
2024	1,086,100	650,000	436,100	—	—	—	—	436,100
2025	907,350	500,000	407,350	—	—	—	—	407,350
2026	906,725	525,000	381,725	—	—	—	—	381,725
2027 - 2031	4,545,000	3,015,000	1,530,000	—	—	—	—	1,530,000
2032 - 2036	4,541,600	3,650,000	891,600	—	—	—	—	891,600
2037 - 2041	2,732,300	2,575,000	157,300	—	—	—	—	157,300
	<u>\$ 16,878,475</u>	<u>12,145,000</u>	<u>4,733,475</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,733,475</u>
Jackson State University:								
2022	\$ 8,840,629	4,690,376	4,009,934	—	—	121,201	19,118	4,029,052
2023	9,821,179	5,885,376	3,795,483	—	—	126,791	13,529	3,809,012
2024	9,784,872	6,090,376	3,554,176	—	—	132,639	7,681	3,561,857
2025	9,678,548	6,305,376	3,303,012	—	—	68,596	1,564	3,304,576
2026	9,576,665	6,535,376	3,041,289	—	—	—	—	3,041,289
2027 - 2031	44,535,877	33,371,880	11,163,997	—	—	—	—	11,163,997
2032 - 2036	27,828,944	23,361,880	4,467,064	—	—	—	—	4,467,064
2037 - 2041	5,863,760	3,626,880	2,236,880	—	—	—	—	2,236,880
2042 - 2046	4,792,414	3,159,519	1,632,895	—	—	—	—	1,632,895
	<u>\$ 130,722,888</u>	<u>93,027,039</u>	<u>37,204,730</u>	<u>—</u>	<u>—</u>	<u>449,227</u>	<u>41,892</u>	<u>37,246,622</u>
Mississippi State University:								
2022	\$ 27,104,980	14,348,457	12,756,523	—	—	—	—	12,756,523
2023	26,773,541	14,545,103	12,228,438	—	—	—	—	12,228,438
2024	26,544,934	14,899,553	11,645,381	—	—	—	—	11,645,381
2025	24,102,963	13,053,348	11,049,615	—	—	—	—	11,049,615
2026	23,875,744	13,403,753	10,471,991	—	—	—	—	10,471,991
2027 - 2031	108,040,866	64,216,439	43,824,427	—	—	—	—	43,824,427
2032 - 2036	97,721,352	68,139,535	29,581,817	—	—	—	—	29,581,817
2037 - 2041	81,936,982	66,090,530	15,846,452	—	—	—	—	15,846,452
2042 - 2046	47,187,296	43,884,964	3,302,332	—	—	—	—	3,302,332
	<u>\$ 463,288,658</u>	<u>312,581,682</u>	<u>150,706,976</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>150,706,976</u>

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
State of Mississippi Component Unit Additional Information
Schedule of Debt Service Disclosure (IHL System only, by Institution)
June 30, 2021

	<u>Total</u>	<u>Bonded debt</u>	<u>Bonded debt interest</u>	<u>Notes payable</u>	<u>Notes payable interest</u>	<u>Capital leases</u>	<u>Capital lease interest</u>	<u>Total interest</u>
Mississippi Valley State University:								
2022	\$ 1,262,906	725,000	537,906	—	—	—	—	537,906
2023	1,089,506	575,000	514,506	—	—	—	—	514,506
2024	1,122,256	625,000	497,256	—	—	—	—	497,256
2025	1,156,631	675,000	481,631	—	—	—	—	481,631
2026	1,189,756	725,000	464,756	—	—	—	—	464,756
2027 - 2031	6,519,388	4,570,000	1,949,388	—	—	—	—	1,949,388
2032 - 2036	7,566,088	6,525,000	1,041,088	—	—	—	—	1,041,088
2037 - 2041	1,654,813	1,595,000	59,813	—	—	—	—	59,813
	<u>\$ 21,561,344</u>	<u>16,015,000</u>	<u>5,546,344</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,546,344</u>
University of Mississippi:								
2022	\$ 23,256,684	12,837,878	8,423,349	1,726,600	268,857	—	—	8,692,206
2023	23,049,822	13,056,458	7,997,907	1,773,371	222,086	—	—	8,219,993
2024	23,111,446	13,611,458	7,504,530	1,821,133	174,325	—	—	7,678,855
2025	23,182,028	14,256,458	6,930,113	1,870,745	124,712	—	—	7,054,825
2026	23,222,439	14,917,220	6,309,761	1,921,427	74,031	—	—	6,383,792
2027 - 2031	99,605,460	76,331,144	21,574,679	1,654,551	45,086	—	—	21,619,765
2032 - 2036	62,542,367	54,303,445	8,238,922	—	—	—	—	8,238,922
2037 - 2041	15,110,319	12,007,094	3,103,225	—	—	—	—	3,103,225
2042 - 2046	9,554,176	8,489,926	1,064,250	—	—	—	—	1,064,250
	<u>\$ 302,634,741</u>	<u>219,811,081</u>	<u>71,146,736</u>	<u>10,767,827</u>	<u>909,097</u>	<u>—</u>	<u>—</u>	<u>72,055,833</u>
University of Southern Mississippi:								
2022	\$ 13,246,281	7,025,030	6,221,251	—	—	—	—	6,221,251
2023	12,095,546	6,097,947	5,997,599	—	—	—	—	5,997,599
2024	12,289,393	6,514,927	5,774,466	—	—	—	—	5,774,466
2025	12,475,155	6,937,129	5,538,026	—	—	—	—	5,538,026
2026	12,582,239	7,304,230	5,278,009	—	—	—	—	5,278,009
2027 - 2031	64,448,162	42,747,162	21,701,000	—	—	—	—	21,701,000
2032 - 2036	57,969,502	46,336,352	11,633,150	—	—	—	—	11,633,150
2037 - 2041	27,369,552	23,460,764	3,908,788	—	—	—	—	3,908,788
2042 - 2046	9,193,808	8,708,458	485,350	—	—	—	—	485,350
	<u>\$ 221,669,638</u>	<u>155,131,999</u>	<u>66,537,639</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>66,537,639</u>
University of Mississippi Medical Center:								
2022	\$ 27,777,551	10,164,717	12,034,460	3,543,379	513,541	1,455,000	66,454	12,614,455
2023	27,783,181	10,479,739	11,717,476	3,842,276	214,644	1,480,000	49,046	11,981,166
2024	27,766,761	10,810,144	11,378,289	3,911,737	145,183	1,490,000	31,408	11,554,880
2025	26,951,177	10,270,543	11,090,136	3,982,524	74,396	1,520,000	13,578	11,178,110
2026	22,849,439	10,511,308	10,747,139	1,578,984	12,008	—	—	10,759,147
2027 - 2031	104,445,637	56,646,475	47,799,162	—	—	—	—	47,799,162
2032 - 2036	107,231,637	69,574,183	37,657,454	—	—	—	—	37,657,454
2037 - 2041	110,572,003	83,654,542	26,917,461	—	—	—	—	26,917,461
2042 - 2046	84,498,580	71,145,330	13,353,250	—	—	—	—	13,353,250
2047 - 2051	16,707,671	15,990,671	717,000	—	—	—	—	717,000
	<u>\$ 556,583,637</u>	<u>349,247,652</u>	<u>183,411,827</u>	<u>16,858,900</u>	<u>959,772</u>	<u>5,945,000</u>	<u>160,486</u>	<u>184,532,085</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

State of Mississippi Component Unit Additional Information
 Schedule of Debt Service Disclosure (IHL System only, Combined)
 June 30, 2021

	<u>Total</u>	<u>Bonded debt</u>	<u>Bonded debt interest</u>	<u>Notes payable</u>	<u>Notes payable interest</u>	<u>Capital leases</u>	<u>Capital lease interest</u>	<u>Total interest</u>
IHL System Universities Only:								
2022	\$ 105,685,943	51,823,970	46,147,823	5,269,979	782,398	1,576,201	85,572	47,015,793
2023	104,867,762	52,787,135	44,358,884	5,615,647	436,730	1,606,791	62,575	44,858,189
2024	104,933,474	54,828,970	42,390,398	5,732,870	319,508	1,622,639	39,089	42,748,995
2025	101,738,864	53,750,366	40,332,383	5,853,269	199,108	1,588,596	15,142	40,546,633
2026	97,541,644	55,809,399	38,145,795	3,500,411	86,039	—	—	38,231,834
2027 - 2031	449,054,575	291,975,660	155,379,278	1,654,551	45,086	—	—	155,424,364
2032 - 2036	383,092,232	286,227,387	96,864,845	—	—	—	—	96,864,845
2037 - 2041	258,125,754	205,039,810	53,085,944	—	—	—	—	53,085,944
2042 - 2046	155,226,274	135,388,197	19,838,077	—	—	—	—	19,838,077
2047 - 2051	16,707,671	15,990,671	717,000	—	—	—	—	717,000
	<u>\$ 1,776,974,193</u>	<u>1,203,621,565</u>	<u>537,260,427</u>	<u>27,626,727</u>	<u>1,868,869</u>	<u>6,394,227</u>	<u>202,378</u>	<u>539,331,674</u>

See accompanying independent auditors' report.

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
State of Mississippi Component Unit Additional Information
Schedule of Bonds and Notes Payable Disclosure
June 30, 2021

	<u>Original issue</u>	<u>Balance Outstanding June 30, 2021</u>	<u>Interest rate</u>	<u>Maturity date</u>
Alcorn State University:				
Bonds:				
EBC - Series 2016	\$ 43,630,000	45,662,112	2.00% – 5.00%	09/2039
	<u>43,630,000</u>	<u>45,662,112</u>		
Delta State University:				
Bonds:				
EBC - Series 2016	15,105,000	12,145,000	2.00% – 5.00%	12/2038
	<u>15,105,000</u>	<u>12,145,000</u>		
Jackson State University:				
Bonds:				
EBC - Series 1982	4,000,000	—	1.00% – 3.00%	12/2020
EBC - Series 2015A	57,595,000	58,852,039	2.00% – 5.00%	03/2045
EBC - Series 2015B	13,065,000	—	0.69% – 2.60%	03/2021
EBC - Series 2017	6,000,000	6,000,000	3.38 %	08/2027
EBC - Series 2017A	29,745,000	28,175,000	1.60% – 3.70%	03/2034
	<u>110,405,000</u>	<u>93,027,039</u>		
Notes:				
Housing project	2,222,000	—	3.00 %	12/2021
Mississippi State University:				
Bonds:				
Dormitory bonds	2,250,000	—	3.00 %	12/2021
Student apartments	2,038,000	90,000	3.00 %	12/2022
EBC - Series 2011	54,370,000	1,337,415	2.00% – 5.00%	12/2042
EBC - Series 2013	60,470,000	8,927,032	2.00% – 5.00%	08/2043
EBC - Series 2014A	89,810,000	71,457,702	2.00% – 5.00%	08/2043
EBC - Series 2014B	23,435,000	17,300,000	0.29% – 4.81%	08/2043
EBC - Series 2015	56,010,000	53,653,816	2.00% – 5.00%	08/2045
EBC - Series 2017	63,270,000	62,837,486	2.00% – 5.00%	08/2045
EBC - Series 2017A	92,075,000	96,978,231	2.00% – 5.00%	08/2043
	<u>443,728,000</u>	<u>312,581,682</u>		
Mississippi Valley State University:				
Bonds:				
EBC - Series 2007	19,015,000	165,000	4.00 %	03/2022
EBC - Series 2015	17,270,000	15,850,000	2.00 %	03/2037
	<u>36,285,000</u>	<u>16,015,000</u>		

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

State of Mississippi Component Unit Additional Information

Schedule of Bonds and Notes Payable Disclosure

June 30, 2021

	Original issue	Balance Outstanding June 30, 2021	Interest rate	Maturity date
University of Mississippi:				
Bonds:				
EBC - Series 2009B	24,165,000	—	3.623% – 5.00%	10/2020
EBC - Series 2011	27,995,000	2,289,808	3.00% – 5.00%	10/2031
EBC - Series 2013D	12,100,000	—	3.10%	11/2020
EBC - Series 2015A	15,660,000	14,739,785	2.00% – 4.00%	11/2039
EBC - Series 2015B	10,125,000	6,555,000	1.375% – 3.75%	11/2029
EBC - Series 2015C	31,630,000	30,189,191	2.00% – 5.00%	11/2045
EBC - Series 2015D	17,660,000	14,150,000	0.993% – 4.452%	11/2035
EBC - Series 2016A	33,245,000	26,599,360	2.00% – 5.00%	10/2033
EBC - Series 2017	38,995,000	39,294,059	2.00% – 5.00%	10/2034
EBC - Series 2019A	73,350,000	83,513,878	3.00% – 5.00%	10/2035
EBC - Series 2019B	3,365,000	2,480,000	1.94% – 2.05%	10/2023
	<u>288,290,000</u>	<u>219,811,081</u>		
Notes:				
Hancock Bank	9,500,000	5,058,598	2.59 %	06/2026
Renasant Bank	8,000,000	5,709,229	2.745 %	06/2028
Trustmark Bank	17,783,300	—	LIBOR + 1.39	06/2033
	<u>35,283,300</u>	<u>10,767,827</u>		
University of Southern Mississippi:				
Bonds:				
SMEBC - Series 2013	51,875,000	7,255,347	2.00% – 5.00%	09/2043
SMEBC - Series 2015A	38,600,000	34,449,289	2.00% – 5.00%	03/2034
SMEBC - Series 2015B	16,690,000	5,175,000	0.50% – 3.25%	03/2034
SMEBC - Series 2016	58,870,000	64,091,737	2.00% – 5.00%	09/2039
SMEBC - Series 2017	44,005,000	44,160,626	2.00% – 5.00%	09/2043
	<u>210,040,000</u>	<u>155,131,999</u>		
University Medical Center:				
Bonds:				
MCEBC - Series 1998B	41,075,000	11,240,000	3.88% – 5.90%	12/2023
MCEBC - Series 2010B	20,000,000	—	6.843%	06/2035
MCEBC - Series 2012A	51,860,000	—	4.00% – 5.00%	06/2041
MCEBC - Series 2012B	53,390,000	—	4.064% – 4.822%	06/2038
MCEBC - Series 2017A	137,635,000	148,467,653	3.00% – 5.00%	06/2047
MCEBC - Series 2017B	12,345,000	6,755,000	2.45% – 3.10%	06/2024
MCEBC - Series 2019	24,380,000	28,004,999	5.00%	06/2035
MCEBC - Series 2020B	158,125,000	154,780,000	0.445% – 2.917%	06/2041
	<u>498,810,000</u>	<u>349,247,652</u>		
Notes:				
University of Mississippi	8,336,907	13,110,888	2.00%	06/2026
University of Mississippi	3,748,012	3,748,012	0.93%	06/2026
	<u>12,084,919</u>	<u>16,858,900</u>		
Total	\$ <u>1,695,883,219</u>	<u>1,231,248,292</u>		

STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING
State of Mississippi Component Unit Additional Information
Schedule of Functional Expenses Disclosure
Year ended June 30, 2021

Functional Classification	Salaries and wages	Fringe benefits	Travel	Contractual services	Utilities	Scholarships and fellowships	Commodities	Depreciation expense	Other	Total
Instruction	\$ 484,671,310	173,492,961	1,123,377	32,944,797	338,016	1,022,691	14,426,219	—	257,431	708,276,802
Research	174,578,933	70,414,216	1,046,940	61,033,489	3,753,742	1,290,452	27,340,954	—	542,311	340,001,037
Public Service	85,434,381	33,227,875	1,105,395	36,921,619	1,111,505	59,885	13,836,364	—	69,247	171,766,271
Academic Support	82,608,820	29,040,664	234,788	32,917,809	472,678	262,801	22,409,869	—	57,237	168,004,666
Student Services	48,430,090	17,403,664	2,222,701	14,798,511	210,009	814,941	6,357,818	—	319,157	90,556,891
Institutional Support	140,884,098	68,453,014	385,588	129,849,408	557,316	476,238	32,296,222	—	4,297,092	377,198,976
Operation of Plant	49,504,802	21,154,223	40,767	47,778,617	44,672,417	—	20,216,158	—	96,534	183,463,518
Student Aid	2,305,237	6,335,675	27,010	300,076	—	226,639,095	699,313	—	148,118	236,454,524
Auxiliary Enterprises	84,912,094	27,172,828	9,914,896	77,752,585	12,533,867	25,317,139	15,201,455	—	152,839	252,957,703
Depreciation	—	—	—	—	—	—	—	171,812,650	—	171,812,650
Hospital	522,686,124	184,817,078	194,503	127,304,456	1,047,628	—	309,334,001	—	—	1,145,383,790
Loan Fund expenses	—	—	—	324,728	—	—	—	—	1,277,405	1,602,133
Interest	—	—	—	—	—	—	—	—	(36,587,673)	(36,587,673)
Inter-campus eliminations	—	—	—	(52,851,990)	—	(34,056,997)	—	—	—	(86,908,987)
Total operating expenses \$	<u>1,676,015,889</u>	<u>631,512,198</u>	<u>16,295,965</u>	<u>509,074,105</u>	<u>64,697,178</u>	<u>221,826,245</u>	<u>462,118,373</u>	<u>171,812,650</u>	<u>(29,370,302)</u>	<u>3,723,982,301</u>

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

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FORM OF BOND COUNSEL OPINION

October 5, 2022

Board of Directors
The University of Mississippi Educational Building Corporation
University, Mississippi

Re: \$72,760,000 The University of Mississippi Educational Building Corporation Revenue Bonds, Series 2022 (New Facilities Project)

Ladies and Gentlemen:

We have examined the Constitution and statutes of the State of Mississippi (the “State”), including particularly Section 37-101-61 et seq., of the Mississippi Code of 1972, as amended (the “Act”), and certified copies of the proceedings had by The University of Mississippi Educational Building Corporation (the “Corporation”), including the adoption of a resolution on August 22, 2022 (the “Resolution”), and other certifications and proceedings relative to the issuance and sale by the Corporation of \$72,760,000 The University of Mississippi Educational Building Corporation Revenue Bonds, Series 2022 (the “Series 2022 Bonds”). The Series 2022 Bonds mature in such amounts and at such times, bear interest and are subject to redemption as set forth in the Resolution and that certain Trust Indenture dated as of October 1, 2022 (the “Indenture”), between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). Capitalized terms used herein and not otherwise defined shall have the meanings given in the Indenture.

In connection with the issuance of the Series 2022 Bonds, the Project Site and the Project are being leased by the Corporation to the Board of Trustees of State Institutions of Higher Learning of the State of Mississippi (the “Board”) pursuant to that certain Lease Agreement dated as of October 1, 2022 (the “Lease”) between the Corporation and the Board.

As to questions of fact material to our opinion, we have relied upon such certified proceedings and other certifications of officers of the Corporation, the Board and the University of Mississippi (the “University”) furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, and subject to the qualifications, assumptions and statements of reliance herein, we are of the opinion on the date hereof that:

1. The Series 2022 Bonds have been issued under the authority of the Act and have been duly authorized, executed and delivered under the provisions of the Resolution and the Indenture.

2. The Series 2022 Bonds, assuming the due authentication thereof by the Trustee, are legal, valid and binding limited obligations of the Corporation secured by the Indenture in accordance with the terms thereof. The Series 2022 Bonds and the interest thereon are not obligations or debts of the Board, the State or the University, and do not constitute a pledge of the full faith and credit of the Board, the State or the University. The Series 2022 Bonds shall never constitute nor give rise to any pecuniary liability of the State or a charge against its general credit or taxing powers.

3. The Ground Lease dated as of October 1, 2022 (the “Ground Lease”), among the Board, the University and the Corporation has been duly authorized, executed and delivered by the Corporation and constitutes a valid and legally binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms.

4. The Lease has been duly authorized, executed and delivered by the Corporation, and constitutes a valid and legally binding obligation of the Corporation, enforceable against the Corporation and the Board in accordance with its terms.

5. The Indenture has been duly authorized, executed and delivered by the Corporation and constitutes a valid and legally binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms.

6. Subject to the condition set forth in the immediately succeeding sentence, (a) interest on the Series 2022 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, (b) interest on the Series 2022 Bonds is not treated as a specific item of tax preference under Section 57 of the Code in calculating the federal alternative minimum tax imposed by Section 55 of the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The opinions set forth in the immediately preceding sentence are subject to the condition that the Corporation and the Board comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), compliance with which subsequent to the issuance of the Series 2022 Bonds is necessary in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Corporation and the Board have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2022 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2022 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2022 Bonds.

7. Interest on the Series 2022 Bonds is exempt from Mississippi income taxes.

In rendering the legal opinions herein, we express no opinion as to:

- (a) the organization and existence of the Board or the University;
- (b) the power and authority of the Board to enter into and perform its obligations under the Lease and the Ground Lease;
- (c) the power and authority of the University to enter into and perform its obligations under the Ground Lease; and
- (d) the title of the Corporation, the Board and the University to the Project and the Project Site, as such terms are defined in the Lease.

We have not undertaken to verify by independent investigation the facts contained in the certified proceedings and other certifications of officers of the Corporation, the Board or the University, and we express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement dated September 15, 2022, or of other offering material relating to the Series 2022 Bonds.

In rendering this opinion we have relied upon (1) the opinion of the Attorney General of the State, acting as counsel for the Board, dated the date hereof, as to the due authorization, execution, delivery and enforceability by the Board of the Lease and the Ground Lease, (2) the opinion of counsel for the Corporation, dated the date hereof, as to the due authorization, execution, delivery and enforceability by the Corporation of the Ground Lease, the Lease and the Indenture, and as to the authority of the Corporation to exercise the powers conferred by the Act with respect to the Project, and (3) the opinion of counsel for the University, dated the date hereof, as to the due authorization, execution, delivery and enforceability by the University of the Ground Lease.

It is to be understood that the rights of the owners of the Series 2022 Bonds and the enforceability thereof and the enforceability of the Indenture, the Lease and the Ground Lease may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereinafter enacted to the extent constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in appropriate cases in accordance with general principles of equity.

This opinion letter is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion letter as to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

Butler Snow LLP

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APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

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**CONTINUING DISCLOSURE AGREEMENT
BY AND BETWEEN THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., AS TRUSTEE AND THE BOARD OF TRUSTEES OF
STATE INSTITUTIONS OF HIGHER LEARNING**

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is dated as of October 1, 2022 by and between The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and the Board of Trustees of State Institutions of Higher Learning (the “Board”), acting on its behalf and as the state agency of the State of Mississippi (the “State”) responsible for the operation and maintenance of the University of Mississippi, in connection with the issuance of Revenue Bonds, Series 2022 (the “Series 2022 Bonds”) by The University of Mississippi Educational Building Corporation (the “Corporation”). The Series 2022 Bonds are being issued pursuant to a Trust Indenture dated as of October 1, 2022, between the Corporation and the Trustee (the “Indenture”). All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

The Board covenants and agree as follows:

SECTION 1. Purpose. This Disclosure Agreement is being executed and delivered by the Board and the Trustee for the benefit of the holders and Beneficial Owners of the Series 2022 Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed to them below. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the below defined Indenture.

“Accompanying Information” shall mean any identifying information or other information then required to accompany the applicable filing pursuant to the Rule.

“Annual Financial Information” shall mean updated financial and operating information relating to the Board, similar to the information set forth in the following sections of the Official Statement: TABLE “OUTSTANDING OBLIGATIONS OF THE CORPORATION AND THE UNIVERSITY” in “APPENDIX A” and “APPENDIX C – STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING FINANCIAL STATEMENTS – JUNE 30, 2021 AND 2020.”

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2022 Bond (including persons holding Series 2022 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2022 Bond for federal income tax purposes.

“Bond Register” shall mean, when used with respect to the Series 2022 Bonds, the registration records maintained by the Trustee pursuant to the Indenture.

“Bondholder” or “holder of Bonds” or “owner of Bonds” or any similar term shall mean the Registered Owner of a Series 2022 Bond.

“EMMA” shall mean MSRB's Electronic Municipal Market Access system, currently located at www.emma.msrb.org.

“Independent Accountant” shall mean any firm of certified public accountants appointed by the Board, which is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants or the State Auditor.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board

“Official Statement” shall mean the Official Statement dated September 15, 2022 in connection with the Series 2022 Bonds.

“Participating Underwriters” shall mean Raymond James & Associates, Inc., acting for and on behalf of itself, Wells Fargo Bank, National Association and Stephens Inc.

“Registered Owner” shall mean the person or persons in whose name any Series 2022 Bond is registered on the Bond Register.

“Required Electronic Format” shall mean the electronic format then prescribed by the SEC or the MSRB pursuant to the Rule.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under 15 U.S.C. §78a *et seq.*, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Mississippi.

SECTION 3. General. Nothing in this Disclosure Agreement shall prevent the Board from disseminating any information in addition to that required by this Disclosure Agreement. If the Board disseminates any such additional information, the Board shall not have any obligation to update such information or include it in any further materials disseminated.

SECTION 4. Board Undertaking. The Board hereby agrees for the benefit of the Registered Owners and the Beneficial Owners of the Series 2022 Bonds to provide to EMMA, in a timely manner, notice of any Listed Events and to deliver, or cause to be delivered, together with any Accompanying Information:

- (a) To EMMA no later than one (1) year after the end of each fiscal year of the Board:

(1) the Annual Financial Information relating to such fiscal year together with audited financial statements of the Board meeting the requirements of Section 6 below for such fiscal year if audited financial statements are then publicly available; provided, however, that if audited financial statements of the Board are not then publicly available, the Board shall deliver or cause to be delivered such audited financial statements, if any, to EMMA when they become publicly available; or

(2) in a timely manner, notice of the failure of the Board to provide the Annual Financial Information; and

(b) To EMMA in a timely manner, notice of any Listed Events pursuant to Section 5 below; and

(c) To EMMA, in a timely manner, notice of any event which, in the opinion of an authorized officer of the Board had, or will have, a material effect on the financial condition or operations of the Board; and

(d) The Annual Financial Information to be provided pursuant to Section 4(a)(1) may be reported in any format chosen by the Board; it is not required that the format reflected in this Official Statement be used in future years.

SECTION 5. Listed Events. (a) In addition to the provisions of Section 4 above, the Board shall give or cause to be given notice of the occurrence of any of the following Listed Events with respect to the Series 2022 Bonds, in a timely manner not in excess of ten (10) business days after the occurrence thereof. All sixteen (16) events mandated by the Rule are listed below; however, some may not apply to the Series 2022 Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on the credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modification to rights of security holders, if material;
8. Bond calls, if material, and tender offers;

9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Board¹;
13. Consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
14. The appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation² of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Board, any of which affect security holders, if material; and
16. The occurrence of a default, an event of acceleration, a termination event, modification of terms, or other similar event under the terms of a financial obligation of the Board, any of which reflect financial difficulties.

SECTION 6. Financial Statements. The annual financial statements required of the Board hereunder shall be prepared in accordance with generally accepted accounting principles in effect from time to time. Such financial statements shall be audited by an Independent Accountant.

SECTION 7. Remedies. This Disclosure Agreement is enforceable in accordance with its terms by any Bondholder either directly or as a third party beneficiary. Any Bondholder shall have the rights, for the equal benefit and protection of all Bondholders, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Board and any of the officers, agents and employees of the Board, and to compel the Board or any such officers, agents, or employees to perform and carry out their duties under their respective undertakings; provided that

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

² For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term “financial obligation” is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the County intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

such rights shall be limited to an action to compel specific enforcement of the obligations of the Board hereunder and shall not include any rights to monetary damages.

Failure of the Board to comply with this Disclosure Agreement shall not be considered an Event of Default under the Indenture; however, the Trustee may (and, at the request of any Participating Underwriter or the Registered Owners of at least 25% in aggregate principal amount of Outstanding Series 2022 Bonds and upon receipt of indemnity satisfactory to it, shall) or any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Section. For purposes of this paragraph, “Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2022 Bonds (including persons holding Series 2022 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2022 Bonds for federal income tax purposes.

Except as set forth in the preceding paragraph, the Trustee shall not be obligated or liable to any holder of the Series 2022 Bonds or other party with respect to any aspect of the implementation, operation or enforcement of any undertaking set forth herein.

SECTION 8. Amendments. This Disclosure Agreement may be amended, changed or modified pursuant to a written instrument signed by the Board and the Trustee, without the consent of any of the Bondholders, (a) to comply with the provisions of the Rule, (b) to cure any ambiguity, remedy any omission, or cure or correct any defect or inconsistent provision in the undertakings of the Board, or (c) if the Board makes a determination that any such amendment will not have a material adverse effect on the interest of the Bondholders; provided, that any such amendment, change or modification comply with the provisions of the Rule. Prior to the Trustee executing any amendment to this Disclosure Agreement there shall be delivered to the Trustee an opinion of counsel, upon which the Trustee shall conclusively rely, to the effect that such amendment is authorized or permitted by the terms of this Disclosure Agreement.

SECTION 9. Parties in Interest; Governing Law. This Disclosure Agreement is executed and delivered for the sole benefit of the holders of the Series 2022 Bonds, the Corporation, the Board and the Participating Underwriters and shall be governed by the laws of the State, without regard to conflict of law principles.

SECTION 10. Termination. The undertaking of the Board hereunder shall terminate on the earlier of (a) such date that the Rule, or the provisions thereof are no longer effective; or (b) the date upon which there are no outstanding Series 2022 Bonds.

SECTION 11. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 12. Regarding the Trustee. The Trustee’s duties and obligations in connection with this Disclosure Agreement are confined to those expressly defined herein and no additional

covenants or obligations shall be read into this Disclosure Agreement against the Trustee. The Board acknowledges that each of the rights, protections and indemnifications provided to the Trustee under the documents relating to the Series 2022 Bonds, including but not limited to the Indenture, shall be afforded the Trustee with respect to this Disclosure Agreement.

IN WITNESS WHEREOF, the Board and the Trustee each have caused this Disclosure Agreement to be executed by its respective officers, duly authorized, all as of the date first above written.

**BOARD OF TRUSTEES OF STATE
INSTITUTIONS OF HIGHER LEARNING**

By: _____
President

ACCEPTED BY:

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee**

By _____

Title _____

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