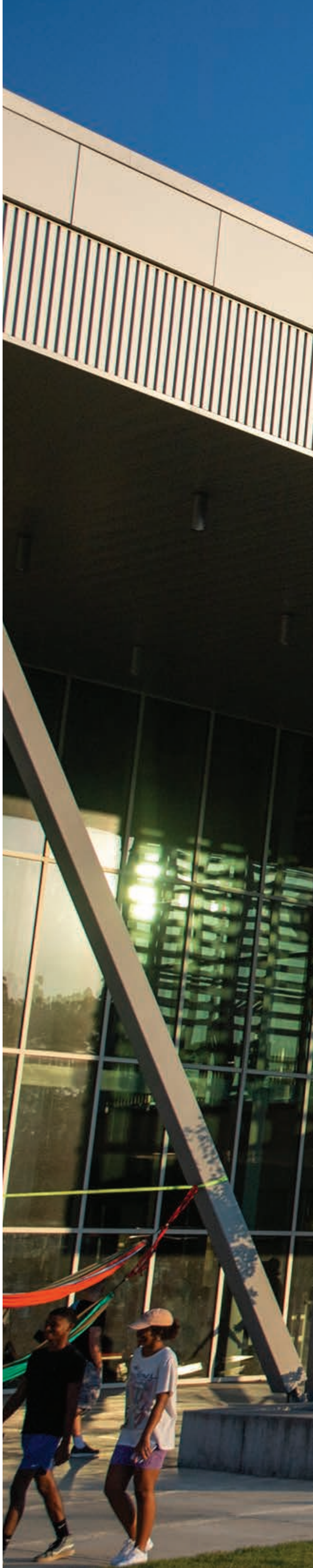
THE UNIVERSITY OF MISSISSIPPI

Financial Statements

Unaudited • Fiscal Year 2023

THE UNIVERSITY of MISSISSIPPI

TABLE OF CONTENTS



MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and performance of the University of Mississippi (the University). This discussion and analysis have been prepared by management and should be considered in conjunction with the financial statements and accompanying note disclosures for the fiscal year ended June 30, 2023. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, financial statements and accompanying notes, are the responsibility of University management.

The Institution

The University of Mississippi is the oldest public higher education institution in the State of Mississippi, first opening its doors in 1848. The University is a comprehensive research institution that offers a broad range of undergraduate and graduate programs and opportunities for continuing study. The University is comprised of the main campus in Oxford, the Medical Center in Jackson, as well as educational centers in Southaven, Pearl, Tupelo, Booneville and Grenada. These campuses combined serve a student population of 22,951 and employ over 11,000 full-time employees, including more than 1,800 full-time faculty. The Oxford campus is comprised of 11 colleges and schools offering 182 degrees in 109 areas of study.

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

Statement of Net Position

The Statement of Net Position provides a snapshot of the entity's financial position at a specific point in time. Condensed versions of these statements for the University are presented below for June 30, 2023 and 2022. These statements disclose all institutional assets, liabilities and net position in broad descriptive categories. Assets and liabilities are further classified as current and non-current in order to convey to readers a sense of the availability of assets on short and long-term bases. This provides insight into the institution's ability to meet immediate and future obligations. The net position (assets minus liabilities) section presents a picture of the University's overall cumulative net value. This section is also categorized in a manner that communicates the degree of availability of net position to meet institutional obligations.

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

Condensed Statements of Net Position
(thousands of dollars)

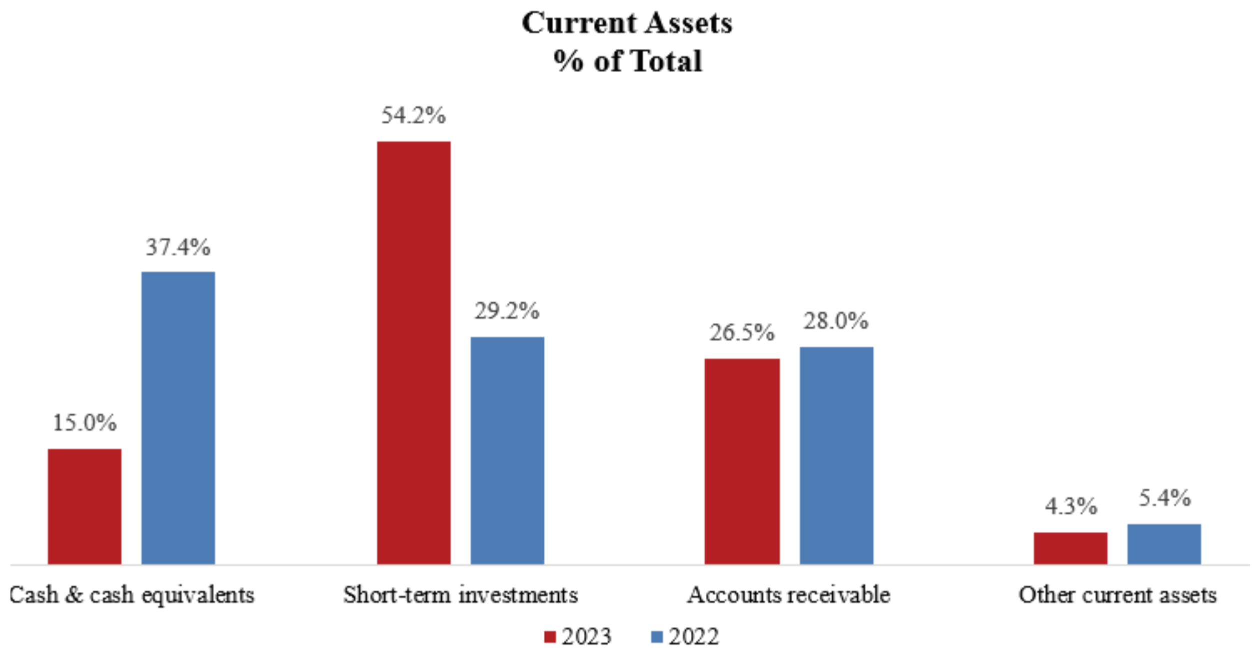
	2023	2022
Current assets	$ 252,844	$ 176,983
Non-current assets	1,733,973	1,693,182
Deferred outflows of resources	70,726	52,856
Total assets	$ 2,057,543	$ 1,923,021
Current liabilities	$ 137,930	$ 111,242
Non-current liabilities	695,855	521,877
Deferred inflow of resources	16,697	105,500
Total liabilities	$ 850,482	$ 738,619
Net investment in capital assets	$ 937,759	$ 949,584
Restricted, nonexpendable	54,097	55,927
Restricted, expendable	104,366	84,154
Unrestricted	110,839	94,737
Total net position	$ 1,207,061	$ 1,184,402

Total assets of the University increased by 7% from the prior fiscal year to $2.1 billion for the fiscal year ended June 30, 2023. There was a 15% increase in total liabilities from the prior year which is largely attributable to a $116 million increase in the University's net pension liability included in non-current liabilities at June 30, 2023. These increases in total assets and liabilities resulted in consistent net position of $1.2 billion for the current and prior fiscal years.

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

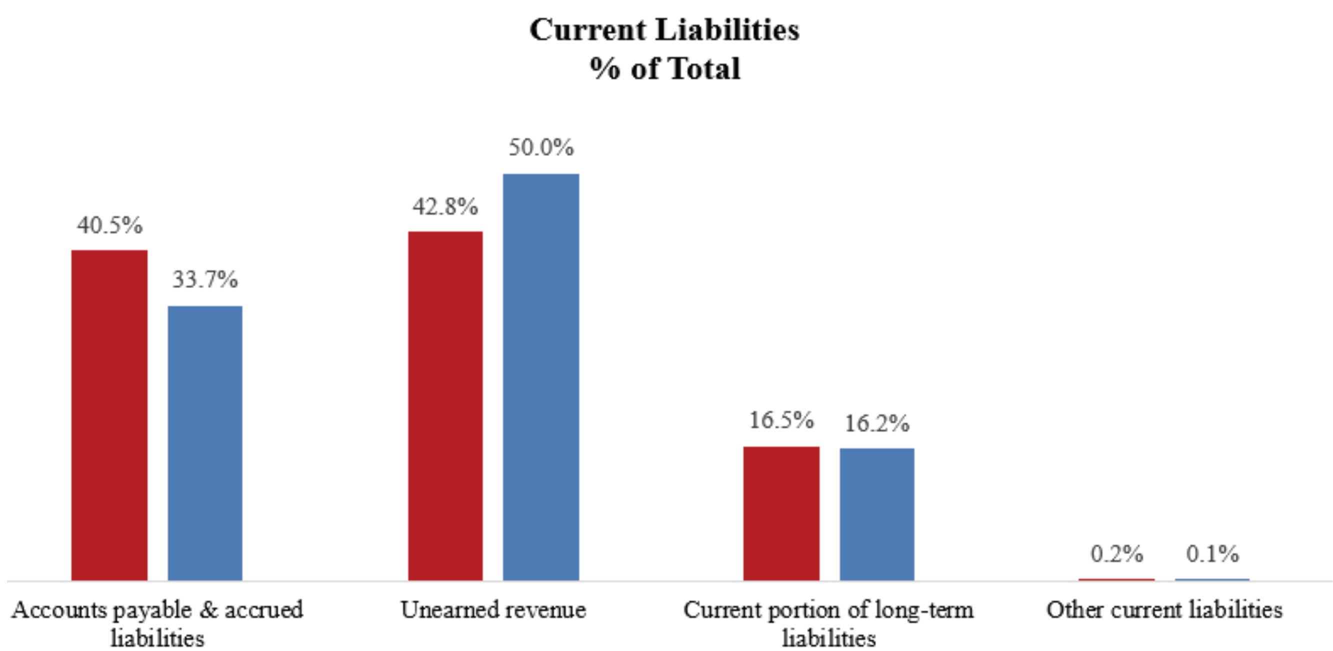
It should also be noted that a portion of cash and cash equivalents are classified as restricted non-current assets due to specific external restrictions regarding its use. These funds are held by the University, trustees and the State Treasury and are primarily restricted for use on specific capital projects. The increase in restricted cash and cash equivalents at June 30, 2023 was primarily due to unspent Series 2022 bond proceeds of $26 million. These funds are anticipated to be fully expended in fiscal year 2024 for the construction of the Duff Center for Science and Technology Innovation.

Cash and cash equivalents, short-term investments, and accounts receivable, net comprised approximately 96% and 95% of current assets at June 30, 2023 and 2022, respectively. Short-term investments are comprised of U.S. Treasury Notes and Government Agency Obligations representing 54% and 29% of current assets for at June 30, 2023 and 2022, respectively.



The largest components of current liabilities are amounts payable to vendors and employees and unearned revenues. Unearned revenues include advance receipts for tuition, fees, sponsored programs and athletic tickets.

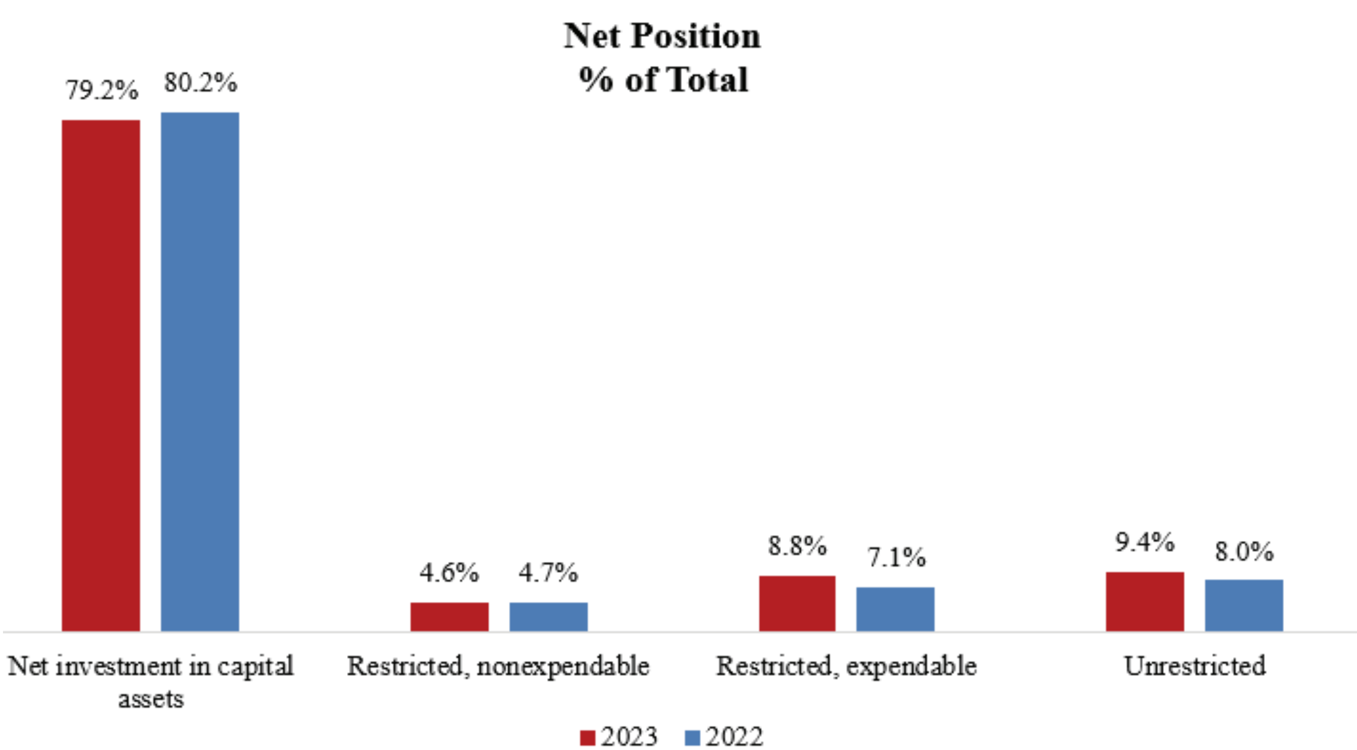
The current accrued leave liability represents an estimate of total accrued compensation to be paid in the twelve months immediately following June 30. This liability consists of unused personal and medical leave earned by employees as required by state statute. Disbursements from this account only occur upon termination of employment. The portion of accrued leave liabilities considered current was 13.1% and 13.8% of the total accrued leave liability as of June 30, 2023 and 2022, respectively.



Non-current liabilities are those liabilities due and payable more than twelve months from June 30. The University's proportionate share of the collective net pension liability reported by the Public Employees' Retirement System of Mississippi (PERS) increased by $116.1 million (42%) as of June 30, 2023. The University's proportionate share of the collective net OPEB liability reported by the State and School Employees' Life and Health Insurance Plan decreased by $3.9 million (23%) as of June 30, 2023. Net pension and OPEB liabilities comprised 58.8% and 56.9% of non-current liabilities at June 30, 2023 and 2022, respectively. The vast majority of other non-current liabilities are the result of financing activities for capital projects through the issuance of bonds. Additional detail about long-term debt can be found in Note 8 of the Notes to Financial Statements.

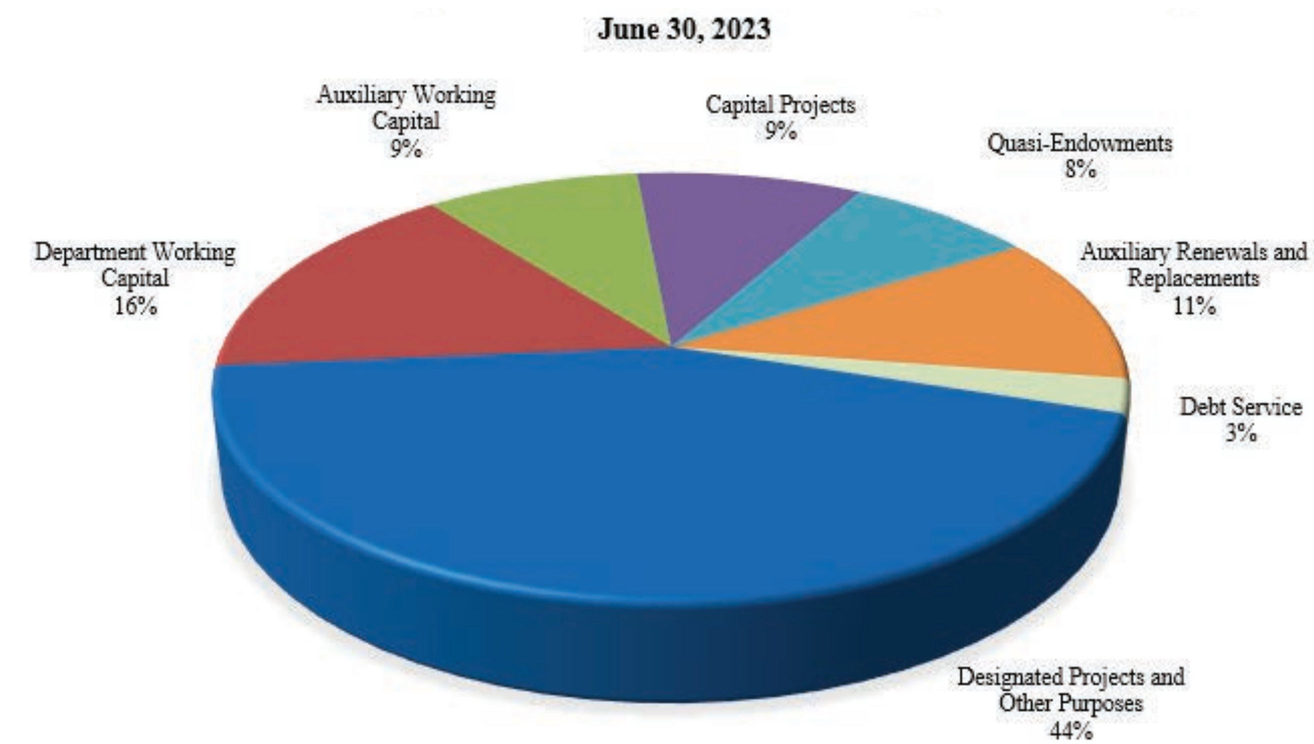
Deferred outflows of resources increased by $17.9 million in fiscal year 2023 while deferred inflows of resources decreased by $88.8 million, which were mainly caused by the pension adjustments for GASB 68. The University recorded $67.3 million of pension-related deferred outflows at the end of fiscal year 2023, primarily representing the deferral of pension contributions paid during the year for the University's participation in the cost-sharing, defined benefit pension plan administered by PERS. In addition, there were no recorded pension-related deferred inflows at June 30, 2023 related to the University's proportionate share of collective deferred inflows reported by PERS. Deferred inflow amounts represent the difference between projected and actual investment earnings on pension plan assets during the measurement period, as well as the differences between expected and actual experience with regard to economic and demographic factors.

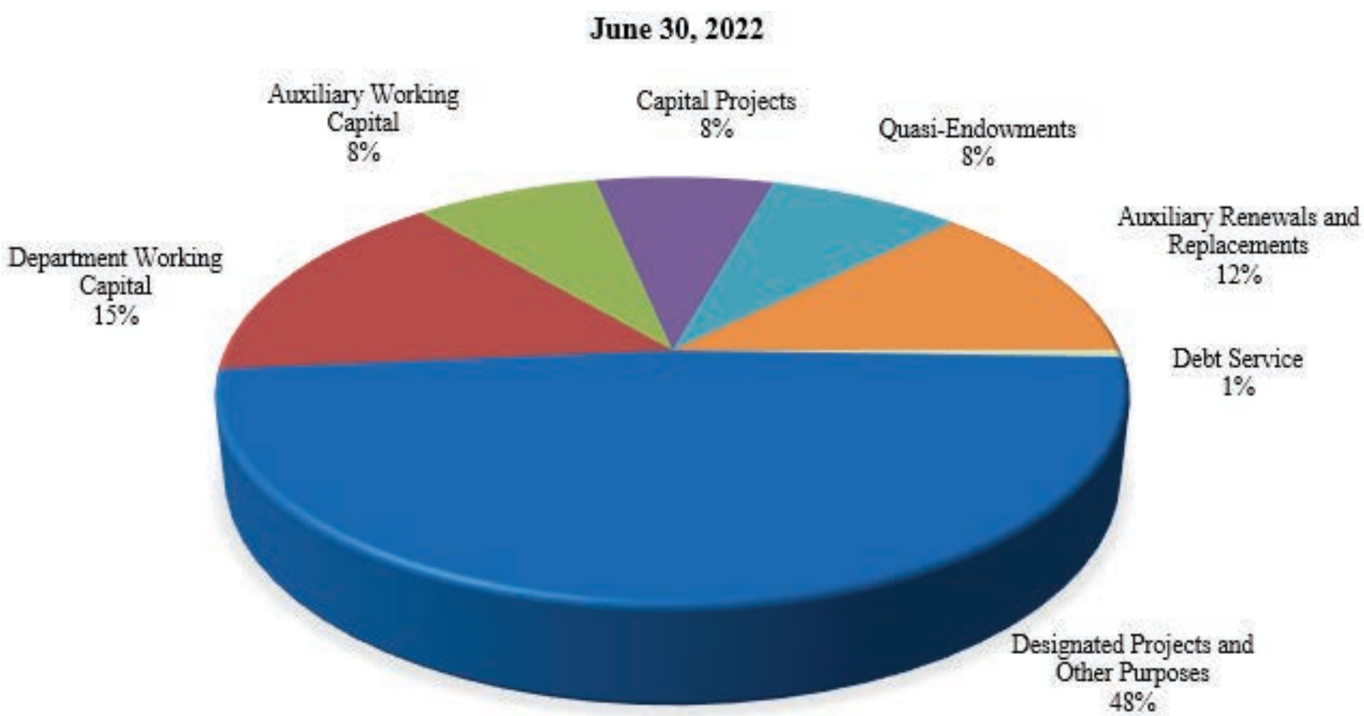
Net position was approximately $1.21 billion and $1.18 billion at June 30, 2023 and 2022, respectively. The University remains committed to the construction, renovation and improvement of buildings and infrastructure to accommodate current and projected growth as reflected in net investment in capital assets. The following chart depicts the components of net position which remained consistent for the current and prior fiscal years.



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

The unrestricted component of net position consists of all assets except capital assets and those restricted by external parties. The University designates or reserves the majority of unrestricted net position as part of its fiscal management and long-term strategic planning. The unrestricted net position designations and reservations in place at June 30, 2023 and 2022 are depicted in the charts below.





Statement of Revenues, Expenses and Changes in Net Position

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

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

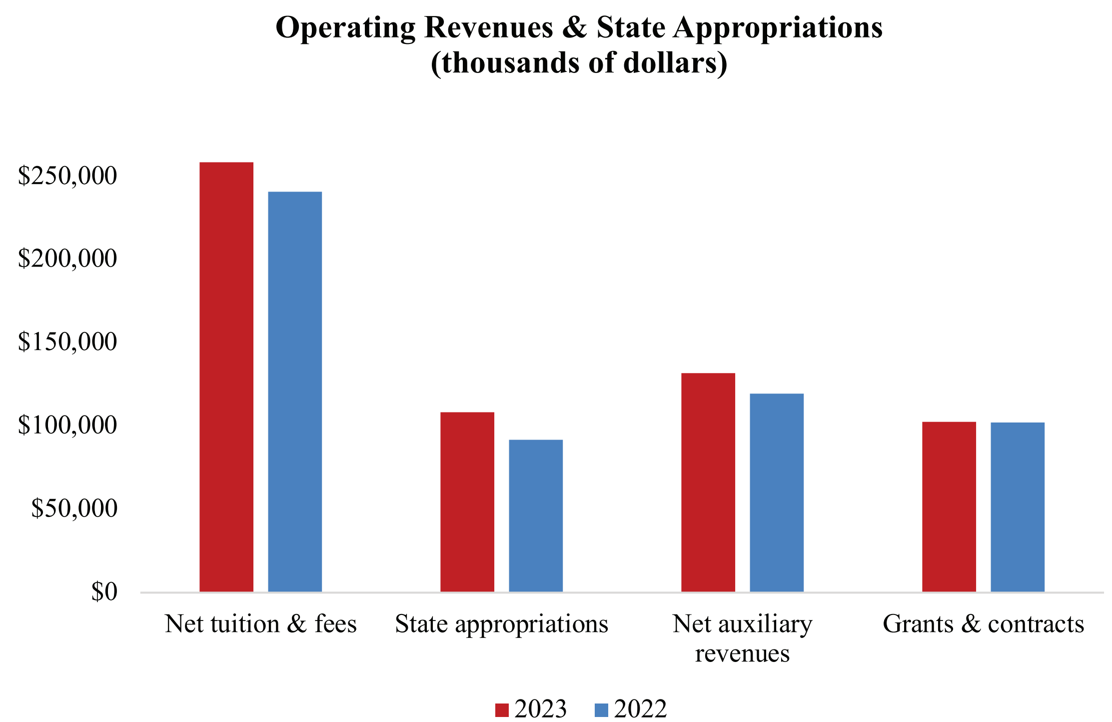
	2023	2022
Operating revenues	$ 513,170	$ 482,542
Operating expenses	646,004	598,111
Operating loss	(132,834)	(115,569)
Non-operating revenues and expenses	137,324	110,024
Income (loss) before other revenues, expenses, gains and losses	4,490	(5,545)
Other revenues, expenses, gains and losses	18,169	49,673
Increase in net position	22,659	44,128
Net position, beginning of year	1,184,402	1,140,274
Net position, end of year	$ 1,207,061	$ 1,184,402

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

- Student tuition and fees provided the largest source of institutional revenues.
    - Gross tuition and fee revenue increased by 12% ($42.8 million) from $354.6 million for fiscal year 2022 to $397.4 million for fiscal year 2023. The increase resulted from enrollment growth of 5.7% combined with a 1.5% increase in tuition rates for fiscal year 2023.
    - After deducting allowances for scholarships and doubtful accounts, net tuition and fees increased by 7% ($17.8 million) from $240.8 million in fiscal year 2022 to $258.6 million for fiscal year 2023.
- State appropriations for the current year of $108.4 million represented an increase from the prior fiscal year 2022 of 18%. Fiscal year 2022 state appropriations of $91.9 million represented an increase of 5.7% over the fiscal year 2021 appropriation level.

- Federal grants and contracts decreased by 8.1% for fiscal year 2023. State and nongovernmental grants and contracts increased 7.5% and 10.3%, respectively, for fiscal year 2023. Compared to the prior year, the net change across funding sources for federal, state, and nongovernmental grants and contracts was flat.
- For fiscal years 2023 and 2022, gifts and grants were $31.2 million and $57.7 million, respectively. This type of non-operating revenue is expected by management to fluctuate from year to year due to external influencing factors such as donor giving levels, the strength of the economy and financial markets.
- Investment income was $5.0 million for the fiscal year ended June 30, 2023. The University had a net investment loss of $34.4 million caused by unrealized losses for fiscal year 2022. Investment income is ordinarily influenced by fluctuations in market performance, shifts in interest rates and the amount of funds available for investment in a given fiscal year. The University purchased longer-term US treasury and agency bonds to maximize returns in prior years when interest rates were low. As interest rates improved during fiscal year 2022, the market value of these longer-term investments declined. The University intends to hold these investments to maturity and does not anticipate incurring realized losses.

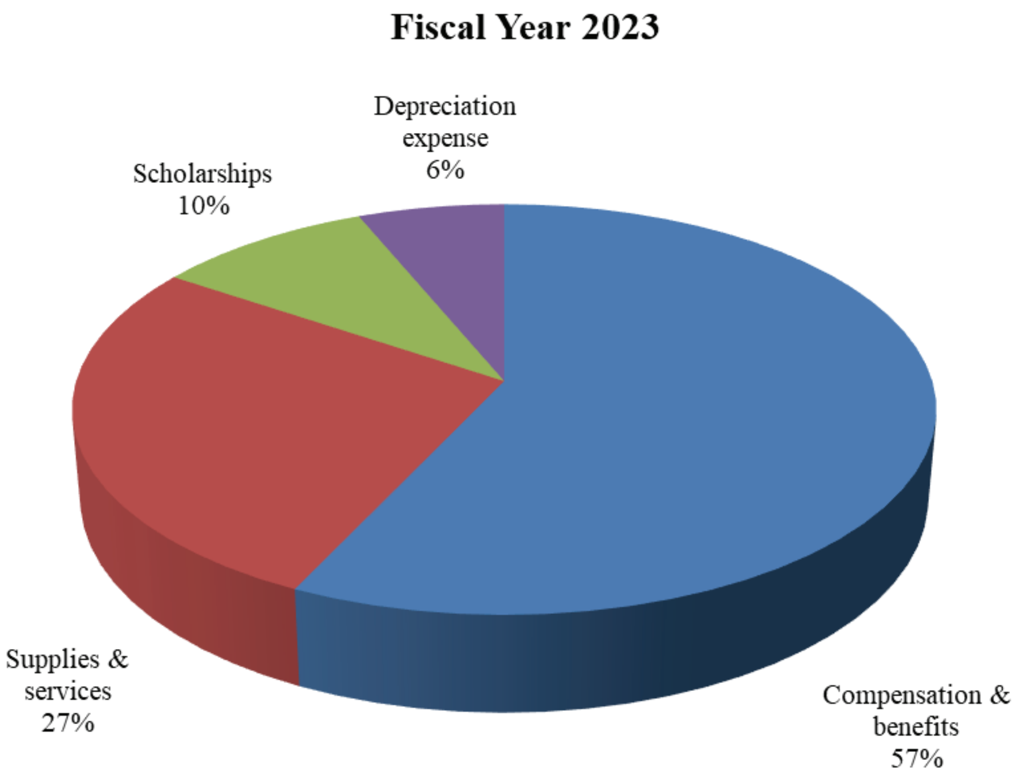
The following chart depicts the breakdown of selected operating revenues and state appropriations.

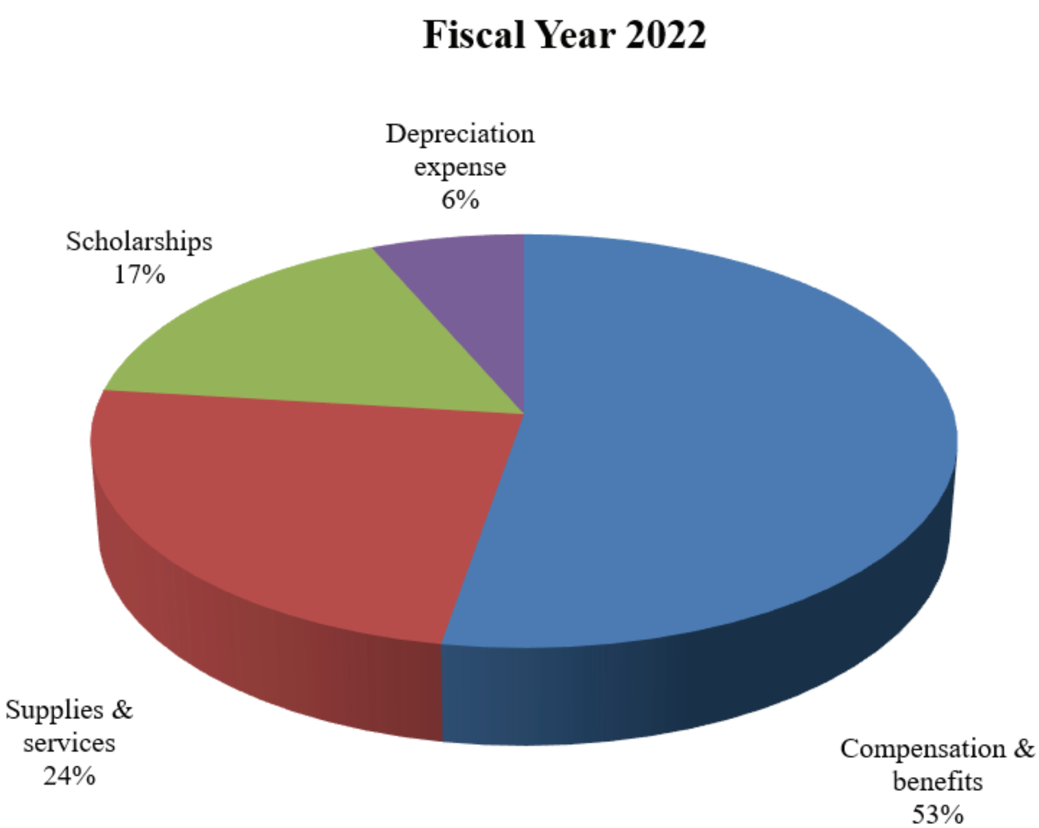


Expenses classified as operating represent the largest portion of expenses and totaled $646.0 million and $598.1 million in fiscal years 2023 and 2022, respectively. Personnel costs normally constitute the largest operating expense. These expenses comprised 57% and 53% of total operating expenses for fiscal years 2023 and 2022, respectively. As a rapidly growing, service-providing institution, the University anticipates that personnel costs will continue to consume a significant portion of operating revenues. The University is also strongly committed to keeping faculty-to-student ratios stable and providing competitive salaries.

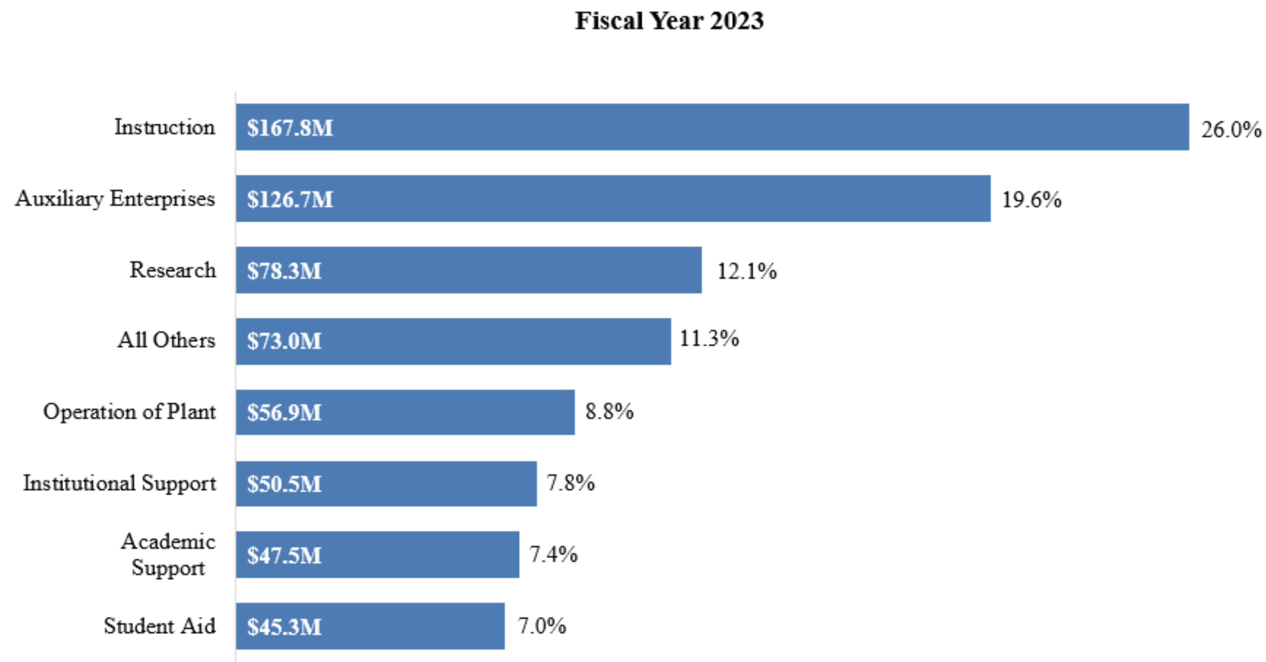
The total amount of scholarships provided to students is comprised of Scholarships and Fellowships included within Operating Expenses and Scholarship Allowances included within the Operating Revenues section and totaled $209.3 million and $221.0 million for fiscal years 2023 and 2022, respectively. The net $11.7 million decrease in the current year for scholarship expenditures and allowances was primarily due to the expiration of funding from the U.S. Department of Education Higher Education Emergency Relief Funds (HEERF).

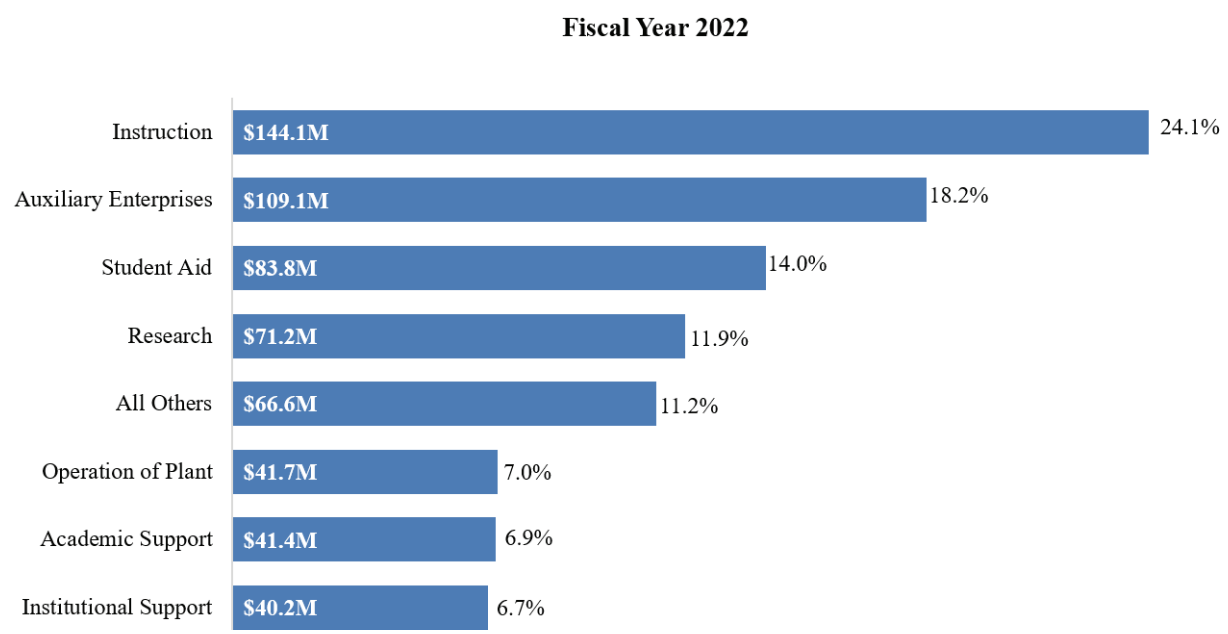
Operating expenses are commonly reported using two classifications. In the following classification method, operating expenses are categorized by the types of goods or services purchased and depicted in the Statement of Revenues, Expenses and Changes in Net Position:





Operating expenses are also categorized according to functional area of campus activity. This classification is presented below with additional detail in Note 11 of the *Notes to Financial Statements*.





Statement of Cash Flows

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

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

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

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

Condensed Statements of Cash Flows
(thousands of dollars)

	2023	2022
Cash provided (used) by:		
Operating activities	$ (90,887)	$ (86,642)
Noncapital financing activities	144,595	148,874
Capital & related financing activities	(11,327)	(58,744)
Investing activities	(47,116)	21,577
Net change in cash	(4,735)	25,065
Cash, beginning of year	75,156	50,091
Cash, end of year	$ 70,421	$ 75,156

The Condensed Statements of Cash Flows illustrate the major summary components of cash sources and uses for each year. The major sources of cash in operating activities for fiscal years 2023 and 2022 were student tuition and fees of $255.8 million and $241.0 million, respectively, auxiliary enterprises of $131.5 million and $119.2 million, respectively, and grants and contracts of $105.8 million and $100.7 million, respectively. Major operating uses of cash for fiscal year 2023 and 2022 included payments to employees for salaries and benefits of $357.5 million and $326.1 million, respectively, payments to suppliers of $140.6 million and $106.8 million, respectively, and payments of scholarships and fellowships of $60.1 million and $98.9 million, respectively.

Major sources of cash included in noncapital financing activities for fiscal years 2023 and 2022 include state appropriations of $105.7 million and $91.3 million, respectively, as well as gifts and grants received for purposes other than capital projects $31.4 million and $57.5 million, respectively.

The major sources of cash flows provided from capital and related financing activities for were proceeds from capital debt of $75.8 million for fiscal year 2023 and capital appropriations received of $43.3 million for fiscal year 2022. Major uses of cash in this section for fiscal years 2023 and 2022 included payments for capital assets of $77.7 million and $48.6.0 million, respectively, and principal and interest payments made on capital debt and leases of $21.2 million and $19.8 million, respectively.

Sources of cash in the investing activities section for fiscal years 2023 and 2022 included sales and maturities of investments and interest received on investments of $103.5 million and $110.5 million, respectively. Uses of cash included in this section were for purchases of investments of $150.6 million and $89.0 million for fiscal years 2023 and 2022, respectively.

Significant Long-Term Liability and Debt Activities

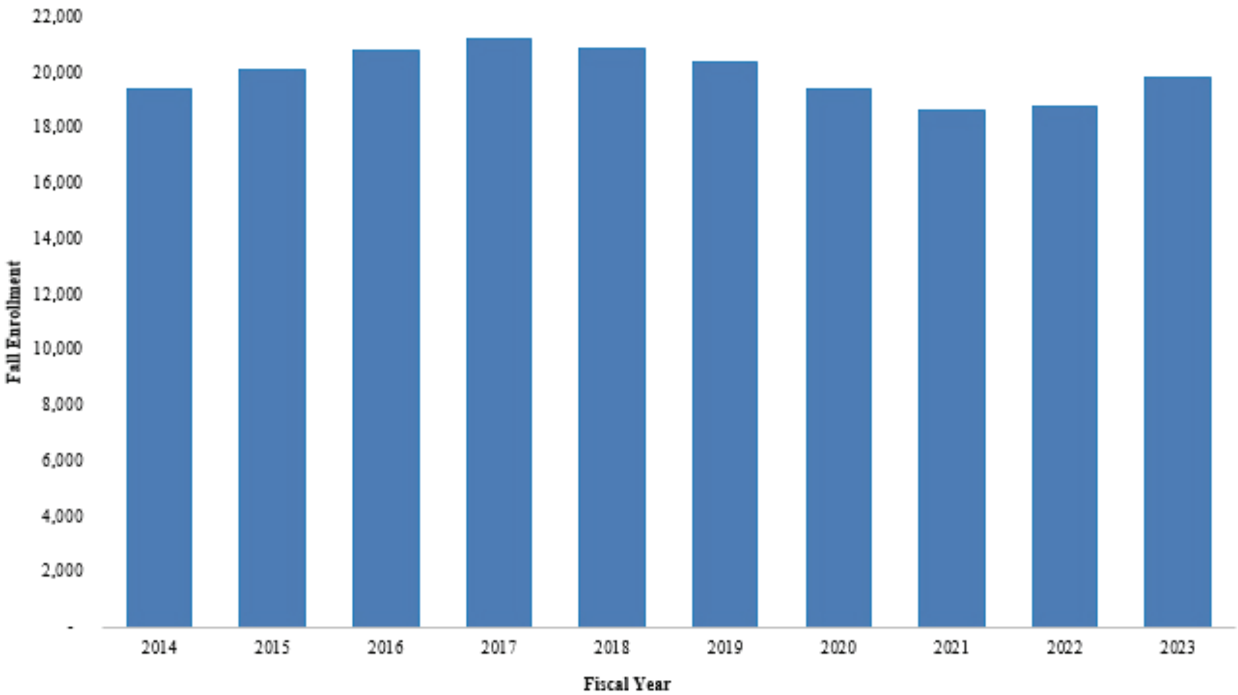
The University has made significant investments in capital assets supported through capital grants and gifts combined with other University and state resources. Long-term debt is typically a component of many large capital improvement projects. In fiscal year 2023, the University of Mississippi Educational Building Corporation issued tax-exempt bonds totaling $72.8 million to provide funds in support of the construction of the Jim and Thomas Duff Center for Science and Technology Innovation. There was no new long-term debt issued during fiscal year 2022. The increase in investments in facilities and infrastructure for fiscal year 2022 was attributable to the expenditure of $40 million of construction funds provided by the State Treasury.

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

Operational Highlights and Management's Outlook

For fiscal year 2023, the University welcomed its largest-ever freshman class of 4,482 and had a retention rate of 89.3%. The fall 2022 overall enrollment of 19,869 (fiscal year 2023) reflected an increase of 5.7% over fiscal year 2022's enrollment of 18,800, improving the University's five-year net decrease in enrollment to 2.69%.

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



A strong demand from nonresidents has been a significant contributing factor in applications and student enrollment. While nonresident students have been a key enrollment and financial component for several decades, their importance has intensified over the past decade as other revenue streams, including state appropriations, have contributed a smaller percentage of annual revenues. The University relies on tuition revenues as its most significant source of revenue while remaining mindful of the impact of tuition increases for its students.

Through efficiency measures and thoughtful planning, the University has maintained a stable financial position throughout recent years despite funding and enrollment challenges encountered nationwide by institutions of higher learning. The University maintains a professionally managed, diversified endowment investment portfolio and employs conservative spending and investing policies to minimize fluctuations in cash flows. Institutional senior leadership continuously monitor changing operational factors and proactively assess potential impacts to plan and act in the best interest of the University and its students, faculty, and staff.

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

FINANCIAL STATEMENTS

UNIVERSITY OF MISSISSIPPI
Statement of Net Position
June 30, 2023

Assets and Deferred Outflows

Current assets:		
Cash and cash equivalents	$	37,576,865
Short-term investments		137,180,042
Accounts receivable, net		67,044,838
Student notes receivable, net		6,786,188
Inventories		1,341,845
Prepaid expenses		2,914,290
Total current assets		252,844,068
Non-current assets:		
Restricted cash and cash equivalents		32,843,799
Endowment investments		106,292,564
Other long-term investments		352,355,336
Student notes receivable, net		26,258,606
Leases receivable		6,011,237
Capital assets, net		1,204,480,656
Other non-current assets		5,730,908
Total non-current assets		1,733,973,106
Total assets		1,986,817,174
Deferred outflows of resources:		
Pension related to deferred outflows		67,337,705
OPEB related to deferred outflows		3,387,799
Total deferred outflows of resources		70,725,504
Total assets and deferred outflows of resources	$	2,057,542,678

Liabilities, Deferred Inflows and Net Position

Current liabilities:		
Accounts payable and accrued liabilities	$	55,909,111
Unearned revenues		59,004,586
Accrued leave liabilities-current portion		2,615,000
Long-term liabilities-current portion		20,118,066
Other current liabilities		283,356
Total current liabilities		137,930,119

Non-current liabilities:		
Net pension liability		395,825,863
Net OPEB liability		13,202,158
Deposits refundable		95,050
Accrued leave liabilities		17,316,998
Long-term liabilities		263,942,309
Other non-current liabilities		5,472,300
Total non-current liabilities		695,854,678
Total liabilities		833,784,797
Deferred inflows of resources:		
Deferred amount of refundings		3,484,185
Deferred inflow of resources, leases		6,149,370
OPEB related to deferred inflows		7,063,390
Total deferred inflows of resources		16,696,945
Total liabilities and deferred inflows of resources	$	850,481,742
Net position:		
Net investment in capital assets	$	937,758,615
Restricted for:		
Nonexpendable:		
Scholarships and fellowships		8,907,623
Research		250,905
Other purposes		44,938,657
Expendable:		
Scholarships and fellowships		8,305,258
Research		11,350,938
Capital projects		30,977,265
Loans		33,016,793
Other purposes		20,715,560
Unrestricted		110,839,322
Total net position	$	1,207,060,936

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
THE UNIVERSITY OF MISSISSIPPI FOUNDATION
Statement of Financial Position
June 30, 2023

Assets		
Cash and cash equivalents	$	7,201,219
Pledges receivable, net		77,341,370
Investments		657,110,451
Beneficial interests in trusts		10,306,177
Property and equipment, net		1,703,735
Other assets		1,572,427
Total assets	$	755,235,379
Liabilities and Net Assets		
Funds held for others	$	28,333,235
Liabilities under remainder trusts and gift annuities		4,076,806
Other liabilities		3,501,708
Total liabilities		35,911,749
Net assets		
Without donor restrictions		20,391,402
With donor restrictions		698,932,228
Total net assets		719,323,630
Total liabilities and net assets	$	755,235,379

See accompanying notes to financial statements.

Operating revenues:		
Tuition and fees	$	397,430,210
Less scholarship allowances		(138,258,242)
Less bad debt expense		(596,107)
Net tuition and fees		258,575,861
Federal grants and contracts		50,260,889
State grants and contracts		14,756,253
Nongovernmental grants and contracts		37,411,741
Sales and services of educational departments		9,307,251
Auxiliary enterprises:		
Student housing		32,314,968
Food services		4,866,116
Bookstore		692,007
Athletics		91,760,186
Other auxiliary revenues		13,169,260
Less auxiliary enterprise scholarship allowances		(10,887,650)
Interest earned on loans to students		970,235
Other operating revenues, net		9,972,784
Total operating revenues		513,169,901
Operating expenses:		
Salaries and wages		280,371,668
Fringe benefits		86,285,565
Travel		17,939,426
Contractual services		90,575,593
Utilities		22,227,350
Scholarships and fellowships		60,133,957
Commodities		45,053,780
Depreciation and amortization		40,255,361
Other operating expenses		3,161,058
Total operating expenses		646,003,758
Operating income (loss)		(132,833,857)

Non-operating revenues (expenses):	
State appropriations	108,436,125
Gifts and grants	31,171,683
Investment income	4,970,995
Interest expense on capital asset-related debt	(8,863,461)
Other non-operating revenues	1,632,500
Other non-operating expenses	(23,486)
Total non-operating revenues (expenses), net	137,324,356
Income before other revenues, expenses, gains and losses	4,490,499
Other revenues, expenses, gains and losses:	
Capital grants and gifts	16,314,503
State appropriations restricted for capital purposes	4,303,279
Additions to permanent endowments	6,008
Other additions	347,981
Other deletions	(2,803,272)
Change in net position	22,658,998
Net position - beginning of year	1,184,401,938
Net position - end of year	$ 1,207,060,936

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
THE UNIVERSITY OF MISSISSIPPI FOUNDATION
Statement of Activities
Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support:			
Contributions, gifts and bequests, net	$ 9,174	$ 70,893,436	$ 70,902,610
Contributions, gifts and bequests, net - nonfinancial	-	8,737,877	8,737,877
Investment return, net	3,467,743	31,615,651	35,083,394
Change in value of split-interest agreements	-	(217,005)	(217,005)
Management fees	1,670,559	(1,670,559)	-
Development fees	1,670,559	(1,670,559)	-
Other income	1,045,110	1,395,500	2,440,610
Total revenues, gains and other support	7,863,145	109,084,341	116,947,486
Net assets released from restrictions/redesignated by donor:			
Appropriation from donor endowment	11,011,884	(11,011,884)	-
Satisfaction of program restrictions	28,348,541	(28,348,541)	-
Expenses:			
Support for University activities:			
Academic	5,578,762	-	5,578,762
Scholarship	10,744,264	-	10,744,264
Programmatic	18,436,538	-	18,436,538
University of Mississippi Medical Center	5,102,676	-	5,102,676
General and administrative expenses	3,156,287	-	3,156,287
Fund-raising expenses	2,873,965	-	2,873,965
Total expenses	45,892,492	-	45,892,492
Change in net assets	1,331,078	69,723,916	71,054,994
Net assets, beginning of year	19,060,324	629,208,312	648,268,636
Net assets, end of year	$ 20,391,402	$ 698,932,228	$ 719,323,630

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
Statement of Cash Flows
Year Ended June 30, 2023

Operating activities:	
Tuition and fees	$ 255,802,524
Grants and contracts	105,801,618
Sales and services of educational departments	8,986,073
Payments to suppliers	(140,601,487)
Payments to employees for salaries and benefits	(357,464,263)
Payments for utilities	(22,427,774)
Payments for scholarships and fellowships	(60,133,957)
Loans issued to students and employees	(4,282,721)
Collection of loans to students and employees	1,970,323
Federal loan program receipts	94,836,300
Federal loan program disbursements	(94,836,300)
Auxiliary enterprise charges:	
Student housing	21,025,376
Food services	5,098,247
Bookstore	692,007
Athletics	91,337,572
Other auxiliary enterprises	13,307,351
Interest earned on loans to students	970,235
Other receipts	8,243,273
Other payments	(19,211,106)
Net cash used by operating activities	(90,886,709)
Noncapital financing activities:	
State appropriations	105,691,927
Gifts and grants for other than capital purposes	31,351,167
Private gifts for endowment purposes	6,008
Other sources	93,084
Other uses	7,452,338
Net cash provided by noncapital financing activities	144,594,524
Capital and related financing activities:	
Cash paid for capital assets	75,760,259
Capital appropriations received	(77,725,724)
Capital grants and contracts received	4,303,280
Proceeds from capital assets	9,934,286
Principal paid on capital debt and leases	254,897
Interest paid on capital debt and leases	(13,298,337)
Other sources	(7,911,644)
Other uses	(2,643,508)
Net cash used by capital and related financing activities	(11,326,491)

Investing activities:	
Proceeds from sales and maturities of investments	91,708,404
Interest received on investments	11,807,165
Purchases of investments	(150,631,806)
Net cash provided by investing activities	(47,116,237)
Net change in cash and cash equivalents	(4,734,913)
Cash and cash equivalents - beginning of year	75,155,577
Cash and cash equivalents - end of year	$ 70,420,664
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	$ (132,833,857)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	40,255,361
Provision for uncollectible receivables	673,810
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables, net	(4,476,843)
Inventories	(152,137)
Prepaid expenses	(2,399,735)
Loans to students and employees	(2,253,635)
Deferred outflows of resources	(17,869,433)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	(1,933,037)
Unearned revenue	4,192,964
Accrued leave liability	1,872,870
Net pension liability	116,125,176
Net OPEB liability	(3,864,465)
Deferred inflows of resources	(88,223,748)
Total adjustments	41,947,148
Net cash provided (used) by operating activities	$ (90,886,709)
Reconciliation of cash and cash equivalents:	
Current assets - cash and cash equivalents	37,576,865
Non-current assets - restricted cash and cash equivalents	32,843,799
Cash and cash equivalents - end of year	$ 70,420,664
Noncash capital related financing and investing activities:	
Gifts and contributions of capital assets	$1,760,844
Right-to-use assets under lease obligations	$ 2,414,293
Assets under subscription-based information technology arrangements	7,055,001

See accompanying notes to financial statements.

UNIVERSITY OF MISSISSIPPI
DISCRETELY PRESENTED COMPONENT UNIT
THE UNIVERSITY OF MISSISSIPPI FOUNDATION
Statement of Cash Flows
Year Ended June 30, 2023

Cash flows from operating activities:		
Change in net assets	$	71,054,994
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		156,057
Contributions restricted for long-term purposes and split-interest agreements		(20,350,333)
Net realized and unrealized losses on investments		(25,887,029)
Loss on disposal of fixed assets		245
Provision for uncollectible pledges		866,943
Changes in operating assets and liabilities:		
Other assets		(153,125)
Pledges receivable		(646,647)
Funds held for others		1,834,275
Beneficial interest in perpetual trust		54,114
Beneficial interest in remainder trust		84,729
Liabilities under remainder trusts		78,164
Other liabilities		(486,227)
Net cash provided by operating activities		26,606,160
Cash flows from investing activities:		
Purchases of property and equipment		(28,962)
Purchase of investments		(144,559,737)
Proceeds from sales and maturities of investments		97,076,309
Net cash used in investing activities		(47,512,390)
Cash flows from financing activities:		
Contributions restricted for long-term purposes and split-interest agreements		20,350,333
Payments to beneficiaries under remainder trusts		(280,096)
Net cash provided by financing activities		20,070,237
Net change in cash and cash equivalents		(835,993)
Cash and cash equivalents:		
Beginning of year		8,037,212
End of year	$	7,201,219

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Operations

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

(b) Reporting Entity

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

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

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

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

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

Although the University is the primary beneficiary of the Foundation, the Foundation is independent of the University in all respects. The Foundation is not a subsidiary of the University and is not directly or indirectly controlled by the University. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to the University. The University is not accountable for and does not have ownership of any of the financial and capital resources of the Foundation. The University does not have the power or authorities to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the University.

Third-parties dealing with the University, the IHL and the State of Mississippi (or any agency thereof) should not rely upon the financial statements of the Foundation for any purpose without consideration of all the foregoing conditions and limitations.

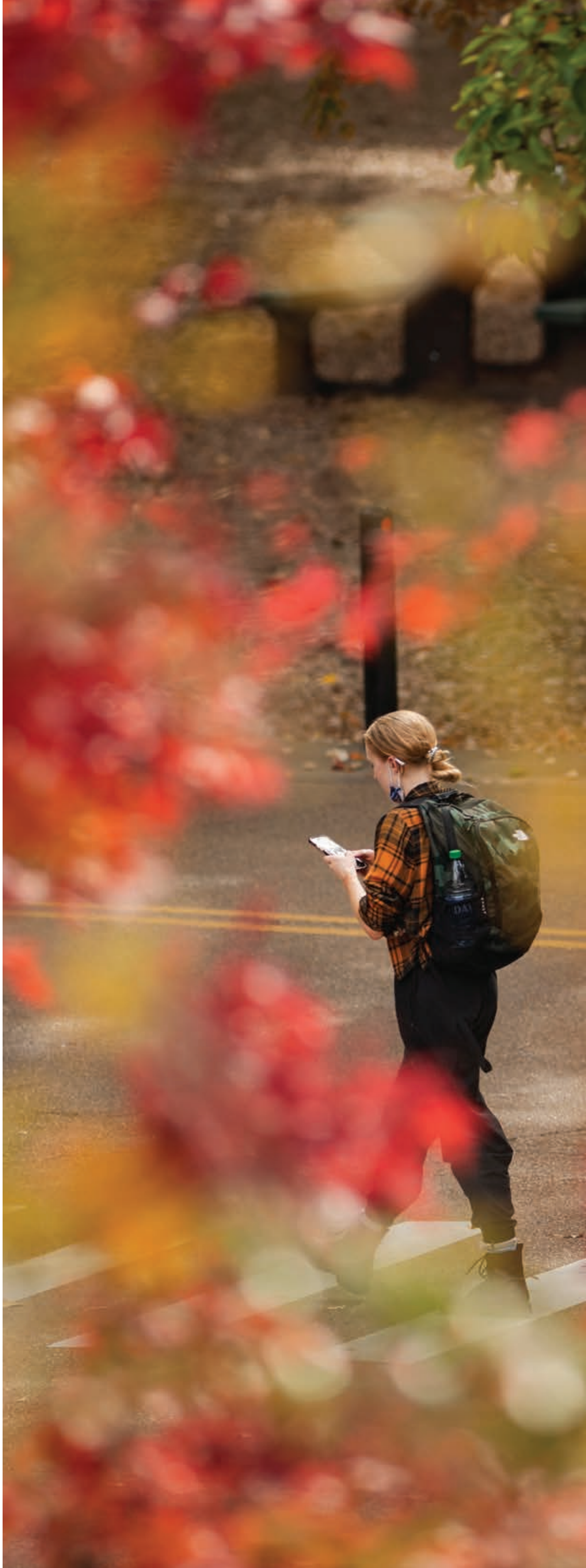
During the year ended June 30, 2023, the Foundation distributed $39.9 million to the University for both restricted and unrestricted purposes. Separate financial statements for the Foundation can be obtained at Brandt Memory House, 406 University Avenue, Oxford, MS 38655.

The Ole Miss Athletics Foundation is another legally separate tax-exempt organization affiliated with the University. The Foundation is committed to providing resources for the Department of Intercollegiate Athletics at the University of Mississippi for purposes of providing scholarships for student-athletes, assistance with debt service on facilities and support of programs and activities. For the fiscal year ended June 30, 2023, the Athletics Department requested such annual support from the Foundation totaling $3,202,805. Separate financial statements for the Ole Miss Athletics Foundation can be obtained at 100 Coliseum Drive, Oxford, MS 38655.

(c) Basis of Presentation

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

Both the University of Mississippi Foundation and Ole Miss Athletics Foundation are private non-profit corporations that report under the



Financial Accounting Standards Board (FASB) Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the entities' financial statement information in the University's financial reporting entity for these differences.

(d) Basis of Accounting

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

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

(e) Use of Estimates

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

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

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

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

(f) Cash Equivalents

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

(g) Short-Term Investments

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

(h) Accounts Receivable, Net

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

(i) Student Notes Receivable, Net

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

(j) Inventories

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

(k) Prepaid Expenses

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

(l) Restricted Cash and Cash Equivalents and Restricted Short-Term Investments

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

(m) Endowment Investments

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

The majority of endowment investments is pooled and operates on the total-return concept (interest, dividends and appreciation). Distributions on these endowments are based on an adopted spending policy. The annual spending rate is 4.2% of the three-year moving average market value.

Accumulated appreciation is used to make up any difference between current year income (interest and dividends) and the distribution permitted under the spending rate policy. At June 30, 2023, accumulated appreciation of $21,445,411 was available in the pooled endowment funds. This entire total was restricted for specific purposes.

(n) Other Long-Term Investments

The University accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position. Investments in partnerships for which there are no quoted market prices are valued at net asset value, as a practical expedient in determining fair value.

(o) Investment Valuation

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

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

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

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

(p) Capital Assets

Capital assets are recorded at cost at the date of acquisition, or, if donated, at the fair market value at the date of donation. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional categories. Note 5 contains additional details concerning useful lives, salvage values and capitalization thresholds. Expenditures for construction in progress are capitalized as incurred. Certain maintenance and replacement reserves have been established to fund costs relating to auxiliary facilities.

(q) Collections

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

(r) Accounts Payable and Accrued Liabilities

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

(s) Unearned Revenues

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

(t) Income Taxes

The University of Mississippi is considered an agency of the State and is treated as a governmental entity for tax purposes. As such, the University generally is not subject to federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the University does remain subject to income taxes on any income that is derived from a trade or business regularly

carried on and not in furtherance of the purpose for which it was granted an exemption. No income tax provision has been recorded because, in the opinion of management, there is no significant amount of taxes on such unrelated business income.

(u) Compensated Absences

Twelve-month employees earn annual personal leave at a rate of 12 hours per month for zero to three years of service; 14 hours per month for three to eight years of service; 16 hours per month for 8 to 15 years of service; and from 15 years of service and over, 18 hours per month are earned. There is no requirement that annual leave be taken, and there is no maximum accumulation. At termination, these employees are paid for up to 240 hours of accumulated leave.

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

(v) Deferred Inflows and Outflows

Deferred inflows of resources are an acquisition of net assets by the University that are applicable to a future reporting period and include pension, OPEB, and lease related deferred inflows and the unamortized amounts for gains on the refunding of bonded debt.

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

(w) Net Pension and OPEB Liabilities

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

(x) Deposits Refundable

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

(y) Non-current Liabilities

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

(z) Government Advances Refundable

The University participates in the Federal Perkins Loan and other federal loan programs, which are funded through a combination of federal and institutional resources. The portion of the programs that has been funded with federal funds is ultimately refundable to the U.S. government upon the termination of the institution's participation in the programs. Although the federal government has terminated the Perkins Loan program disallowing new loans to be made, institutions may continue to collect and service existing loans. The University does not have a timeline for discontinuing its participation in this program. The portion that would be refundable upon the termination of the programs has been presented as other long-term liabilities and approximated $5.5 million as of June 30, 2023.

(aa) Classification of Revenues and Expenditures

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

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

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

(bb) Auxiliary Enterprise Activities

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

(cc) Scholarship Discounts and Allowances

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

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

(dd) Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in a statement of net position and is displayed in three components - net investment in capital assets, restricted and unrestricted.

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

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

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

Unrestricted: Net position not subject to

externally imposed constraints. Unrestricted net positions may be designated for specific purposes by action of management or the board or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic, research and outreach programs and initiatives, operating and stabilization reserves, capital projects and capital asset renewals and replacements.

The unrestricted net position of the University was $110,839,322 at June 30, 2023. The cumulative net effect of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, at June 30 was a decrease in unrestricted net assets of $328,488,158 for 2023. The cumulative net effect of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* was a decrease in unrestricted net assets of $16,877,749 for 2023. Excluding the net effect of the GASB implementations, the unrestricted net position at June 30, 2023 includes $92,764,911 reserved for auxiliary operations, renewals and replacements; $72,429,748 reserved for departmental working capital; $43,632,097 reserved for capital projects; $36,448,111 reserved for quasi-endowments; $11,712,468 reserved for debt service; and $199,217,893 reserved for designated projects and other purposes.

(ee) New Accounting Standards

During fiscal year 2023, the University adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of a service concession arrangement (SCA) or are not within the scope of Statement No. 87, Leases, as amended. This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APA), which are arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The University adopted the requirements of the guidance effective July 1, 2022, and has applied the provision of this standard to the beginning of the period of adoption.

During fiscal year 2023, the University also adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs; and requires certain note disclosures. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*. The University adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

(ff) Recently Issued Accounting Standards

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

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

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

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

NOTE 2
CASH AND INVESTMENTS

Cash, Cash Equivalents and Short-Term Investments

Investment policies as set forth by the IHL Board of Trustees policy and state statute authorize the University to invest in demand deposits and interest-bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, U.S. Government agency and sponsored enterprise obligations and repurchase agreements. For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and short-term investments include $31,591,203 in money market mutual funds with underlying portfolios with credit ratings of AAA as of June 30, 2023.

Custodial Credit Risk – Deposits

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

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

A summary of cash and investments as of June 30, 2023 is as follows:

Cash	$	37,576,865
Restricted cash and cash equivalents		32,843,799
U.S. Treasury securities		247,809,172
U.S. government agency securities		241,726,206
Fixed income mutual funds		1,935,553
Domestic equity mutual funds		15,926,542
International equity mutual funds		4,396,620
Equity long/short hedge funds		31,878,377
Private capital		35,258,733
Miscellaneous		16,896,739
Total Cash and Investments	$	666,248,606

Investments

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

The following table presents the financial assets carried at fair value by level within the valuation hierarchy, as well as the assets measured at the net asset value (NAV) per share as a practical expedient as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. government securities	$ -	$ 241,726,206	$ -	$ 241,726,206
U.S. Treasury securities	247,809,172	-	-	247,809,172
Fixed income mutual funds	1,935,553	-	-	1,935,553
Total fixed income investments	249,744,725	241,726,206	-	491,470,931
Equities:				
Domestic equity mutual funds	15,926,542	-	-	15,926,542
International equity mutual funds	4,396,620	-	-	4,396,620
Total equity securities	20,323,162	-	-	20,323,162
Investments measured at NAV as a practical expedient:				
Equity long/short hedge funds				31,878,377
Private capital				35,258,733
Other miscellaneous investments				16,896,739
Total investments measured at NAV				84,033,849
Total investments measured at fair value				$ 595,827,942

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

Investment	Fair Value 6/30/2023	Unfunded Commitments	Redemption frequency (if eligible)	Redemption notice period
Equity long/short hedge funds (1)	$ 31,878,377	$ -	Quarterly	45 - 120 days for eligible investments
Private capital (2)	35,258,733	14,708,275	Certain partnerships ineligible for redemption; Other investments available monthly	5 - 90 days for eligible investments
Other miscellaneous investments (3)	16,896,739	88,449	Certain investments ineligible for redemption	90 days for eligible investments
Total investments measured at NAV	$ 84,033,849			

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

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

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

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

Custodial Credit Risk

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures-An Amendment of GASB Statement No. 3*, custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The University does not presently have a formal policy for custodial credit risk. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent but not held in the government's name. As of June 30, 2023, no investments were exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is defined as the risk a government may face should interest rate variances affect the fair value of investments. According to University investment policy, the average weighted maturity of the interest-bearing portfolio may not exceed 2.5 years in order to limit interest rate risk. As of June 30, 2023, the University had the following investments subject to interest rate risk:

		Investment Maturities (In Years)			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
U.S. government agency obligations	$ 241,726,206	$ 21,769,740	$ 212,062,309	$ 7,894,157	$ -
U.S. Treasury securities	247,809,172	115,410,302	132,398,870	-	-
Total	$ 489,535,378	$ 137,180,042	$ 344,461,179	$ 7,894,157	$ -

Credit Risk

Per GASB Statement No. 40, credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. According to University investment policy, core fixed-income investments must maintain an overall weighted average credit rating of A or better by Moody's and Standard & Poor's. An overall weighted average credit rating of B or better must be maintained by high-yield fixed-income investments. The University had the following investment credit risk at June 30, 2023:

Average Credit Rating	
AA+	$ 241,726,206

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

Concentration of Credit Risk

Per GASB Statement No. 40, concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University manages credit risk through its investment policy guidelines.

The University had the following investments that represent more than 5% of net investments at June 30, 2023:

Issuer	Fair Value	% of Total Investments
Federal Farm Credit Bank	$ 88,756,207	14.90%
Federal Home Loan Bank	116,787,887	19.60%
U.S. Treasury Obligations	247,809,172	41.59%

Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The University does not presently have a formal policy that addresses foreign currency risk. The University's exposure to foreign currency risk is limited to investments in global or pooled non-U.S. equity mutual funds, which approximated $24.7 million at June 30, 2023.

NOTE 3
ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2023:

Federal, State and Private Grants & Contracts	$ 30,877,920
Student Tuition	16,466,617
Other	14,157,103
Auxiliary Enterprises and Other Operating Activities	16,821,442
Lease Receivable	6,448,240
State Appropriations	4,210,403
Accrued Interest	1,553,762
Contributions and Gifts	477,519
Total Accounts Receivable	91,013,006
Less Allowance for Doubtful Accounts	(12,395,423)
Accounts Receivable - Net	78,617,583
Non-current Portion	(11,572,745)
Accounts Receivable - Net Current Portion	$ 67,044,838

In November 2017, the University entered into an agreement with the University of Mississippi Medical Center (UMMC) to provide up to $40 million of intermediate debt to fund project construction for the Children's of Mississippi expansion. During the year ended June 30, 2021, the University provided funding of $3,748,012 to UMMC for the expansion project. The University had a separate agreement with UMMC to provide project funding for multiple miscellaneous campus projects under which $13,110,888 was provided during fiscal years 2020 and 2021. Amounts due from UMMC under both agreements including interest receivable as of June 30, 2023 are included in other accounts receivable and totaled $9,473,245 of which $5,561,508 is reflected in non-current assets.

NOTE 4
NOTES RECEIVABLE FROM STUDENTS

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

	Interest Rates	Total	Current Portion	Non-Current Portion
Perkins Student Loans	3% to 5%	$ 2,961,781	$ 482,473	$ 2,479,308
Other Federal Loans	3% to 5%	2,969,366	225,375	2,743,991
Institutional Loans	1% to 5%	28,815,971	7,136,664	21,679,307
Total Notes Receivable		34,747,118	7,844,512	26,902,606
Less Allowance for Doubtful Accounts		(1,702,324)	(1,058,324)	(644,000)
Net Notes Receivable		$ 33,044,794	$ 6,786,188	$ 26,258,606

NOTE 5
CAPITAL ASSETS

Summaries of changes in capital assets for the year ended June 30, 2023 is presented as follows:

	July 1, 2022	Additions	Deletions	June 30, 2023
Capital Assets, Non-depreciable:				
Land	$ 50,240,415	$ 654,862	$ 1	$ 50,895,276
Construction in Progress	63,610,101	76,905,692	5,027,256	135,488,537
Total Capital Assets, Non-depreciable	113,850,516	77,560,554	5,027,257	186,383,813
Capital Assets, Depreciable:				
Improvements Other Than Buildings	160,609,620	5,202,468	2,752,120	163,059,968
Buildings	1,202,595,386	1,348,289	-	1,203,943,675
Equipment	136,774,387	7,358,503	4,744,058	139,388,832
Library Books	131,884,166	355,610	1,684	132,238,092
Leased Land	13,650	49,903	-	63,553
Leased Buildings	1,663,202	2,147,899	3,155	3,807,946
Leased Equipment	796,280	216,491	74,776	937,995
Subscription-Based Info Tech Arrangements	-	7,055,001	-	7,055,001
Total Capital Assets, Depreciable	1,634,336,691	23,734,164	7,575,793	1,650,495,062
Less Accumulated Depreciation:				
Improvements Other Than Buildings	68,548,824	5,304,907	1,374,160	72,479,571
Buildings	296,195,122	23,036,261	-	319,231,383
Equipment	109,723,223	5,984,561	4,176,235	111,531,549
Library Books	122,606,697	2,891,240	1,684	125,496,253
Less Accumulated Amortization:				
Leased Assets	686,520	1,197,591	65,449	1,818,662
Subscription-Based Info Tech Arrangements	-	1,840,800	-	1,840,800
Total Accumulated Depreciation & Amortization	$ 597,760,386	$ 40,255,360	$ 5,617,528	$ 632,398,218
Capital Assets, Net	$ 1,150,426,821	$ 61,039,358	$ 6,985,522	$ 1,204,480,657

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

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

NOTE 6
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2023:

Vendors and Contractors	$ 46,573,209
Accrued Salaries, Wages and Employee Withholdings	9,165,684
Accrued Interest	114,769
Other	55,449
Total	$ 55,909,111

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

NOTE 7
UNEARNED REVENUES

Unearned Revenues consisted of the following at June 30, 2023:

Contracts and Grants	$	24,140,723
Auxiliary and Other Activities		24,053,305
Tuition and Fees		10,810,558
Total	$	59,004,586

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

NOTE 8
LONG-TERM LIABILITIES

Long-term liabilities consist of notes and bonds payable, compensated absences, refundable deposits and a federal loan fund contingency. This contingency represents the portion of the Perkins Loan and other federal student loan programs that would be due and payable to the U.S. government if the University ceased to participate in this program. Information regarding original issue amounts, interest rates and maturity dates for bonds and notes payable at June 30, 2023 is listed in the following schedule:

Description and Purpose	Original Issue	Annual Interest Rates	Maturity (Fiscal Year)	July 1, 2022	Additions	Deletions	June 30, 2023	Due Within One Year
Bonded Debt								
Educational Building Corporation Bonds								
Series 2015A	15,660,000	2.00 - 4.00%	2040	$ 14,185,000	$ -	$ 335,000	$ 13,850,000	$ 370,000
Series 2015B	10,125,000	1.375 - 3.750%	2030	5,915,000	-	660,000	5,255,000	675,000
Series 2015C	31,630,000	2.00 - 5.00%	2046	27,830,000	-	695,000	27,135,000	720,000
Series 2015D	17,660,000	0.993 - 4.452%	2036	13,410,000	-	755,000	12,655,000	780,000
Series 2016A	33,245,000	2.00 - 5.00%	2034	22,990,000	-	2,110,000	20,880,000	2,215,000
Series 2017	38,995,000	2.00 - 5.00%	2035	35,335,000	-	2,735,000	32,600,000	2,895,000
Series 2019A	73,350,000	3.00 - 5.00%	2036	68,775,000	-	3,315,000	65,460,000	3,770,000
Series 2019B	3,365,000	1.94 - 2.05%	2024	1,575,000	-	920,000	655,000	655,000
Series 2022	72,760,000	3.00 - 5.00%	2052	-	72,760,000	-	72,760,000	1,110,000
Total Bonded Debt				190,015,000	72,760,000	11,525,000	251,250,000	13,190,000
Unamortized Premiums				16,958,203	3,000,259	1,590,122	18,368,340	1,632,025
Total Bonded Debt - Net				206,973,203	75,760,259	13,115,122	269,618,340	14,822,025
Notes Payable								
Hancock Bank			2026	4,098,541	-	985,220	3,113,321	1,011,043
Renasant Bank			2028	4,942,709	-	788,117	4,154,592	810,090
Total Notes Payable				9,041,250	-	1,773,337	7,267,913	1,821,133
Lease Liability				1,641,286	2,401,810	1,225,553	2,817,543	998,575
Subscription Liability*				-	7,055,000	2,698,421	4,356,579	2,476,333
Other Long-Term Liabilities								
Accrued Leave Liabilities				18,059,127	1,872,871	-	19,931,998	2,615,000
Net Pension Liability				279,700,687	116,125,176	-	395,825,863	-
Net OPEB Liability				17,066,623	-	3,864,465	13,202,158	-
Deposits Refundable				262,531	-	167,481	95,050	-
Other - Federal Loan Fund Repayment Contingency				7,104,800	-	1,632,500	5,472,300	-
Total Other Long-Term Liabilities				322,193,768	117,998,047	5,664,446	434,527,369	2,615,000
Total				$ 539,849,507	$ 196,160,116	$ 21,778,458	718,587,744	$ 22,733,066
Due Within One Year							22,733,066	
Total Long-Term Liabilities							$ 695,854,678	

* Additions to Subscription Liability includes the impact of adoption of GASB Statement No. 96 as of the beginning of the fiscal year.

Bonds Payable

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

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

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

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

Series 2015D: UMEBC issued taxable bonds totaling $17,660,000 in November 2015 (Series 2015D) for expansion and related infrastructure improvements to Vaught-Hemingway Stadium. Outstanding coupons bear interest at rates ranging from 0.993% to 4.452% payable semiannually with final maturity in November 2035.

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

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

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

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

Series 2022: The Series 2022 Tax-Exempt Revenue Bonds were issued October 5, 2022, totaling $72,760,000 for the purpose of construction of the Jim and Thomas Duff Center for Science and Technology Innovation. The bonds included a premium of $3,000,259. The Series 2022 Bonds require varying principal payments through October 2052, and outstanding coupons bear interest rates ranging from 4.125% to 5.00%, with interest and principal payable semiannually on October 1 and April 1 of each year.

Notes Payable

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

Renasant Bank: On September 30, 2016, OMAF obtained a loan from Renasant Bank to finance construction of an indoor tennis facility in the amount of $8,000,000. The first eighteen months of the loan term were a non-revolving line of credit phase. The line of credit converted to a permanent term loan on February 21, 2018, upon which OMAF transferred ownership of the asset and responsibility for the related loan to UMEBC. The note payable bears a fixed interest rate of 2.745% with varying principal payments monthly through May 1, 2028.

The annual debt service requirements for the outstanding debt as of June 30, 2023 are as follows:

Fiscal Year(s)	Bonded Debt	Lease Liability	Subscription Liability	Notes Payable	Interest	Total
2024	$ 14,822,025	$ 998,575	$ 2,476,333	$ 1,821,133	$ 11,277,824	$ 31,395,890
2025	15,527,025	820,088	1,088,202	1,870,745	10,489,913	29,795,973
2026	16,242,787	271,052	473,865	1,921,427	9,703,409	28,612,540
2027	16,414,708	250,167	297,081	880,840	8,934,644	26,777,440
2028	17,187,217	203,875	21,098	773,768	8,161,689	26,347,647
2029-2033	79,535,686	273,786	-	-	29,843,481	109,652,953
2034-2038	44,360,047	-	-	-	17,730,519	62,090,566
2039-2043	23,292,097	-	-	-	12,103,516	35,395,613
2044-2048	21,689,336	-	-	-	6,985,375	28,674,711
2049-2053	20,547,412	-	-	-	2,344,950	22,892,362
Totals	$ 269,618,340	$ 2,817,543	$ 4,356,579	$ 7,267,913	$ 117,575,320	$ 401,635,695

NOTE 9
LEASES

(a) **Lessee**

The University leases equipment, land, as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2033 and provide for renewal options ranging from 1 year to 5 years.

Some leases require variable payments based on usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2023, the University made variable payments as required by lease agreements totaling $196,163.

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

Year Ending June 30	Principal	Interest	Total
2024	$ 998,575	$ 77,289	$ 1,075,864
2025	820,088	49,415	869,503
2026	271,052	29,615	300,667
2027	250,167	21,840	272,007
2028	203,875	14,825	218,700
2029-2033	273,786	11,251	285,037
Total minimum lease payments	$ 2,817,543	$ 204,235	$ 3,021,778

(b) **Lessor**

The University, acting as a lessor, leases building space and land under long-term, non-cancelable lease agreements. The leases expire at various dates through 2090 and provide for renewal options ranging from 1 to forty years. During the year ended June 30, 2023, the University recognized $481,945 and $141,704 in lease revenue and interest revenue, respectively, pursuant to these contracts.

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

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

Year Ending June 30	Principal	Interest	Total
2024	$ 403,494	$ 141,577	$ 545,071
2025	407,753	134,682	542,435
2026	418,064	124,859	542,923
2027	412,858	115,463	528,321
2028	418,022	106,004	524,026
2029 - 2033	1,742,922	404,535	2,147,457
2034 - 2038	1,284,623	221,971	1,506,594
2039 - 2043	428,030	133,200	561,230
2044 - 2048	349,749	84,123	433,872
2049 - 2053	44,168	61,981	106,149
Thereafter	518,534	254,151	772,685
Total minimum lease payments	$ 6,428,217	$ 1,782,546	$ 8,210,763

NOTE 10
SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

The University has software subscriptions from external parties for various terms under long-term, noncancelable arrangements. The subscriptions expire at various dates through 2028 and some provide for renewal options ranging from one year to three years. Subscription payments are made monthly and annually ranging from $1,400 to $299,000, with an estimated incremental borrowing rate of 3.25%. In accordance with GASB Statement No. 96, the University records right-to-use assets and subscription liabilities based on the present value of expected payments over the subscription term of the respective software.

Future commitments for software subscriptions having remaining terms in excess of one year as of June 20, 3023 are as follows:

Year Ending June 30	Subscription Obligations Payable	Interest	Total
2024	$ 2,476,333	$ 140,721	$ 2,617,054
2025	1,088,202	61,679	1,149,881
2026	473,865	25,883	499,748
2027	297,081	10,327	307,408
2028	21,098	696	21,794
Total remaining subscription commitments	$ 4,356,579	$ 239,306	$ 4,595,885

NOTE 11
OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS

Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships	Commodities	Depreciation	Other	Total
Instruction	$ 111,321,082	$ 31,544,094	$ 3,225,308	$ 15,043,412	$ 65,883	$ -	$ 6,594,055	$ -	$ -	$ 167,793,834
Research	47,174,770	13,698,274	2,110,737	7,757,642	27,335	-	7,539,393	-	-	78,308,151
Public Service	3,028,030	1,017,097	162,545	1,381,062	(150)	-	262,747	-	-	5,851,331
Academic Support	23,671,008	7,459,403	589,747	6,530,386	-	-	9,298,080	-	-	47,548,624
Student Services	12,054,543	3,962,795	388,838	4,363,588	14,731	-	2,986,000	-	-	23,770,495
Institutional Support	26,280,141	11,685,114	660,919	9,711,957	16,582	-	2,143,093	-	-	50,497,806
Operation of Plant	16,373,616	6,462,249	63,574	14,988,982	12,127,085	-	6,836,367	-	-	56,851,873
Student Aid	38,702	17,032	79,802	168,128	-	44,783,930	177,358	-	-	45,264,952
Auxiliary Enterprises	40,429,776	10,439,507	10,657,956	30,630,436	9,975,884	15,350,027	9,216,687	-	-	126,700,273
Depreciation & Amortization	-	-	-	-	-	-	-	40,255,361	-	40,255,361
Loan Fund Expenses	-	-	-	-	-	-	-	-	3,161,058	3,161,058
Total Operating Expenses	$ 280,371,668	$ 86,285,565	$ 17,939,426	$ 90,575,593	$ 22,227,350	$ 60,133,957	$ 45,053,780	$ 40,255,361	$ 3,161,058	$ 646,003,758

NOTE 12
CONSTRUCTION COMMITMENTS AND FINANCING

The University has contracted or made commitments for various construction projects as of June 30, 2023. Estimated costs to complete the various projects and the sources of anticipated funding are presented below:

	Estimated Costs	Funding Sources			
	To Complete	Federal	State	University	Other
Buildings					
Jim and Thomas Duff Center for Science and Technology Innovation	$ 51,148,000	$ -	$ -	$ 26,000,000	$ 25,148,000
Other					
Data Center	35,000,000	-	28,050,000	6,950,000	-
Mechanical & Power Plant Building	64,200,000	-	49,300,000	14,900,000	-
	$ 150,348,000	$ -	$ 77,350,000	$ 47,850,000	$ 25,148,000

NOTE 13
PENSION AND OTHER EMPLOYEE BENEFIT PLANS

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

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

The employees of the University are covered by one of the pension plans outlined above (collectively, the Plans). The Plans do not provide for measurements of assets and pension benefit obligations for individual entities. The measurement date of the Plans is June 30, 2022 for fiscal year 2023.

The funding methods and determination of benefits payable were established by the legislative acts creating such plans, as amended, and in general, provide that the funds are to be accumulated from employee contributions, participating entity contributions and income from the investment of accumulated funds. The plans are administered by separate boards of trustees.

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

A stand-alone audited financial report is issued for the Plans and is available at pers.ms.gov.

Disclosures under GASB Statement No. 68

The pension disclosures that follow for fiscal year 2023 include all disclosures for GASB Statement No. 68 using the latest valuation report available (June 30, 2021). For fiscal year 2023, the measurement date for the PERS defined benefit plan is June 30, 2022. The University is presenting net pension liability as of June 30, 2022 for the fiscal year 2023 financials.

(a) PERS Defined Benefit Plan

Plan Description

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

Membership and Benefits Provided

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

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

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

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

Contributions

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

Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. PERS members were required to contribute 9.00% of their annual pay. The institution's contractually required contribution rate for the year ended June 30, 2023 was 17.40% for each year of annual payroll. Contributions from the University are recognized when legally due based on statutory requirements.

Employer Contributions

The University's contributions to PERS for the year ended June 30, 2023, were $25.8 million. The University's proportionate share was calculated on the basis of historical contributions. Employer allocation percentages are based on the ratio of each employer's actual contribution to the Plan's total actual contributions.

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

Proportionate share of contributions	Allocation percentage of proportionate share of collective pension amount	Change in proportionate share of collective pension amount
$ 23,035,202	1.92%	0.03%

Net Pension Liability

The University's proportion of the net pension liability at June 30, 2023 is as follows:

Proportionate share of net pension liability	Proportion of net pension liability
$ 395,825,863	1.92%

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

Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. For the year ended June 30, 2023, the remaining service life was 3.73 years. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years. The first year of amortization is recognized as pension expense with the remaining years shown as a deferred outflow of resources. The deferred outflow of resources reported by an employer should include contributions made by the employer during its fiscal year that will be reflected in the net pension liability in the next measurement period.

The University's proportionate share of the collective pension expense for the year ended June 30, 2023 is equal to the collective pension expense multiplied by the employer's allocation percentage, or $35.6 million. Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows; if they will increase pension expense, they are labeled deferred outflows.

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

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
$ 5,604,619	13,690,096	1,671,103	25,581,184	20,790,703	67,337,705	-	-

Contributions subsequent to the measurement date of $25.6 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Deferred outflows of resources, Year Ended June 30

2024	2025	2026	2027	Total
$ 12,551,420	9,845,765	(2,119,258)	21,478,594	41,756,521

Actuarial Methods and Assumptions

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

The following table provides a summary of the actuarial methods and assumptions used to determine the contribution rate reported for PERS for the year ended June 30, 2023:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Asset valuation method	Market value
Actuarial assumptions:	
Inflation rate	2.40 %
Salary increases	2.65
Investment rate of return	7.55

Mortality

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic Equity	25.00 %	4.60 %
International equity	20.00	4.50
Global Equity	12.00	4.85
Debt Securities	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
	100.00	

Discount Rate

For the year ended June 30, 2023, the discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%) for the year ended June 30, 2023. 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 University's proportionate share of the net pension liability of the cost-sharing plan for 2023, calculated using the discount rate of 7.55%, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

Discount Rate Sensitivity		
1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
$ 516,593,174	395,825,863	296,259,355

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

The Optional Retirement Plan (ORP) was established by the Mississippi Legislature in 1990 to help attract qualified and talented institutions of higher learning teaching and administrative faculty in Mississippi. This alternative plan is structured to be portable and transferable to accommodate teaching and administrative faculty who move from one state to another throughout their careers. The membership of the ORP is composed of teachers and administrators appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. The ORP provides funds at retirement for employees, and in the event of death, the ORP provides funds for their beneficiaries through an arrangement by which contributions are made to this plan. The current contribution rate of both the employee and the University are identical to that of the PERS defined benefit plan. An employee is automatically a member of PERS unless the employee elects ORP within 30 days of initial employment in an ORP-eligible position. Once made, the decision is irrevocable. The ORP uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices. Employees immediately vest in plan contributions upon entering the plan. The University's contributions to the ORP for the year ended June 30, 2023 were $17 million, which equaled its required contribution for the period.

NOTE 14
POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan Description

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

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

Membership and Benefits Provided

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

Contributions

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

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

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

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

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

At June 30, 2022, the Plan provided health coverage to 325 employer units.

Disclosures under GASB Statement No. 75

The disclosures that follow for fiscal year 2023 include all disclosures for GASB Statement No. 75 using the latest valuation report available (June 30, 2022). For fiscal year 2023, the measurement date for the State and School Employees' Life and Health Insurance Plan is June 30, 2022. The University is presenting net OPEB liability as of June 30, 2022 for the fiscal year 2023 financials.

Proportionate Share Allocation Methodology

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

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

At June 30, 2023, the University reported a liability of $13.2 million for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2023, the NOL was measured as of June 30, 2022, 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, 2023, the University's proportion was 2.68%.

For the year ended June 30, 2023, the University recognized OPEB expense of ($1,800,665).

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

Differences between expected and actual experience	Net difference between projected and actual earnings on OPEB Plan investments	Changes of assumptions	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Implicit rate subsidy	Total deferred outflows of resources	Changes of assumptions	Differences between expected and actual experience	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Total deferred inflows of resources
$ 10,933	911	2,059,089	634,356	682,510	3,387,799	1,222,345	5,719,718	121,327	7,063,390

The $682,510 reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date (presented above as the implicit rate subsidy) will be recognized as a reduction of the NOL in the year ending June 30, 2024.

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, 2023 measurement period was 6.4 years. Employers are required to recognize pension expense based on their proportionate share of collective OPEB expense plus amortization of employer specific deferrals.

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

Deferred outflows (inflows) of resources year ended June 30						
2024	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**
$ (939,218)	(885,707)	(1,057,736)	(872,781)	(430,455)	(172,204)	(4,358,101)

Actuarial Methods and Assumptions

The following table provides a summary of the actuarial methods and assumptions used to determine the discount rate reported for OPEB for the year ended June 30, 2023:

Valuation date	June 30, 2022
Measurement date	June 30, 2022
Actuarial assumptions:	
Cost method	Entry age normal
Inflation rate	2.40 %
Long-term expected rate of return	4.50 %
Discount rate	3.37 %
Projected cash flows	N/A
Projected salary increases	2.65% - 17.90%
Healthcare cost trend rates	7.00% decreasing to 4.50% by 2029

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

Mortality

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

Discount Rate

For the year ended June 30, 2023, the discount rate used to measure the total OPEB liability was 3.37%. 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, 2023, the long-term expected rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following table presents the University's proportionate share of the NOL for 2023, calculated using the discount rate of 3.37%, as well as what the University's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Discount Rate Sensitivity		
1% Decrease (2.37%)	Current discount rate (3.37%)	1% Increase (4.37%)
$ 14,543,800	$ 13,202,158	$ 12,049,698

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

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

Health Care Cost Trend Rates Sensitivity		
1% Decrease	Current discount rate	1% Increase
$ 12,283,657	$ 13,202,158	$ 14,235,802

Non-cash Impact on Fringe Benefits Expense

For the year ended June 30, 2023, the non-cash impact of GASB Statement No. 68 on fringe benefits expense was an increase of $8.4 million. For the year ended June 30, 2023, the non-cash impact of GASB Statement No. 75 on fringe benefits expense was a reduction of $2.2 million.

Total fringe benefits expense	Non-cash change in net pension liability and related deferred inflows and outflows due to GASB 68	Non-cash change in net OPEB liability and related deferred inflows and outflows due to GASB 75	Fringe benefits expense excluding non-cash impact of GASB 68 and 75
$ 86,285,565	$ (8,355,535)	$ 2,188,005	$ 80,118,035

NOTE 15
DONOR-RESTRICTED ENDOWMENTS

The net appreciation on investments of donor-restricted endowments that is available for authorization for expenditure was $21,445,411 as of June 30, 2023. This amount is included in the accompanying Statement of Net Position as follows:

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.

Net Position - Expendable for Scholarships and Fellowships	$ 7,676,399
Net Position - Expendable for Other Purposes	13,769,012
	$ 21,445,411

NOTE 16
FEDERAL DIRECT LENDING AND FEDERAL FAMILY EDUCATION LOAN PROGRAMS

The University distributed $94,836,300 for the year ended June 30, 2023 for student loans through U.S. Department of Education lending programs. These distributions and their related funding sources are included as operating activities in the Statement of Cash Flows.

NOTE 17
RISK MANAGEMENT

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

The Workers' Compensation program provides a mechanism for the University to fund and budget for the costs of providing worker compensation benefits to eligible employees. The program does not pay benefits directly to employees. Funds are set aside in trust, and a third-party administrator is utilized to distribute the benefits to eligible employees. University payments to the Workers' Compensation fund for the fiscal year ended June 30, 2023 was $560,107.

The Unemployment Trust Fund operates in the same manner as the Workers' Compensation Fund. The fund does not pay benefits directly to former employees. The Fund reimburses the Mississippi Department of Employment Security (MDES) for benefits the MDES pays directly to former employees. University payments to the Unemployment Trust Fund for the fiscal year ended June 30, 2023 were $99,434.

The Tort Liability Fund was established in accordance with Section 11-46 of Mississippi State Law. The Mississippi Tort Claims Board authorized the IHL to establish a fund in order to self-insure a certain portion of its liability under the Mississippi Tort Claims Act. Effective July 1, 1993, Mississippi statute permitted tort claims to be filed against public universities. A maximum liability limit of $500,000 per occurrence is currently permissible. During the year ended June 30, 2003, the IHL Board authorized the Tort Fund and subsequently acquired an educator's legal liability policy with a deductible of $1,000,000. The IHL Board designated $1,000,000 of IHL Tort Fund net assets towards any future payment of this deductible. The Tort Claims Pool also purchases a fleet automobile policy. University payments to the Tort Liability Fund for the fiscal year ended June 30, 2023 were $951,665. The University's payments for the fleet automobile policy and a blanket public official bond for fiscal year 2023 were as follows:

Fleet Automobile Policy	$	173,027
Blanket Public Official Bond		4,550

NOTE 18
FOUNDATIONS AND AFFILIATED ENTITIES

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

In accordance with GASB Statement No. 61, the Educational Building Corporation is deemed to be a material component unit of the University of Mississippi and is reported as a blended component unit. Condensed financial information as of June 30, 2023 is listed in the following schedule:

University of Mississippi
Educational Building Corporation

Total Current Assets	$ 19,384,734
Total Non-current Assets	264,080,335
Total Assets	283,465,069
Total Current Liabilities	19,217,139
Total Non-current Liabilities	260,243,061
Total Liabilities	279,460,200
Deferred Amount of Refundings	3,484,185
Total Deferred Inflows of Resources	3,484,185
Total Net Position	520,684
Total Operating Revenues	-
Total Operating Expenses	-
Operating Income (Loss)	-
Total Non-operating Revenues	9,938,158
Total Non-operating Expenses	(9,417,474)
Change in Net Position	$ 520,684

NOTE 19
CONTINGENT LIABILITIES

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

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

NOTE 20
SUBSEQUENT EVENTS

The University of Mississippi has no subsequent events to report.

NOTE 21
SIGNIFICANT DISCLOSURES FOR THE DISCRETELY PRESENTED COMPONENT UNIT OF THE UNIVERSITY OF MISSISSIPPI- UNIVERSITY OF MISSISSIPPI FOUNDATION, INC.

(1) Nature of Organization

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

(2) Summary of Significant Accounting Policies

(a) Use of Estimates

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

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

(b) Donor-Imposed Restrictions

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

- **Net assets with donor restrictions** consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions where donors stipulate the resources be maintained in perpetuity, but permit the Foundation to use or expend part or all

of the income derived from the donated assets for either specified or unspecified purposes.

- **Net assets without donor restrictions** represent funds that are available for support of the operations of the Foundation and that are not subject to donor stipulation.

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

Board-designated net assets are net assets without donor restrictions that are used only for the specific purpose passed by Board resolution. Changes to designations require a subsequent Board resolution. The President/CEO and other staff of the Foundation may not change the purpose of any Board-designated funds without the consent of the Board. Board-designated net assets are $19,500,000 as of June 30, 2023. These net assets are designated for providing a general operating fund reserve and charitable gift annuity reserve.

(c) Revenue Recognition

The Foundation generally recognizes gifts as revenue when notified of an unconditional promise to give. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their future cash flows. The discounts on these amounts are computed using risk-free interest rates at the time of the pledge, which are applicable to the years in which the pledges are scheduled to be received. Accretion of the discounts is included in contribution revenue. An allowance for uncollectible pledges is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of the fundraising activity. A provision for uncollectible pledges of approximately $867,000 is included in the contributions, gifts and bequests caption within the statement of activities for the year ended June 30, 2023. See note 3 for further discussion of pledges receivable. Investments received by gift are recorded at fair value at the date of donation.

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

The Foundation earns a management fee on endowment funds held. Effective July 1, 2022, the Board approved a reduction of the management fee from 0.5% to 0.4% on endowed funds. Effective July 1, 2018, the Board approved a development fee of 0.4% on endowed funds to be utilized by the University's office of development to expand its staff and reach to increase the University's private support. For the year ended June 30, 2023, such fees totaled approximately $3,341,000.

(d) Cash and Cash Equivalents and Liquidity

The Foundation recognizes all demand deposit accounts as cash and cash equivalents. It is the policy of the Foundation to consider money market accounts with brokers as other short-term investments. The Foundation received marketable securities by gift, which were immediately converted to cash and are not reflected in cash flows from investing activities. For the year ended June 30, 2023, such gifts totaled approximately $16,896,000.

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

Cash and cash equivalents and other financial assets available within one year at June 30, 2023 are as follows:

Financial assets at year end:	
Cash and cash equivalents	$ 7,201,219
Pledges receivable, net	77,341,370
Investments	657,110,451
Other assets	1,572,427
Total financial assets at year end	743,225,467
Less those unavailable for general expenditures within one year due to:	
Restricted by donor with purpose restrictions	(211,337,451)
Subject to appropriation and satisfaction of donor restrictions	(512,969,483)
Total financial assets available to meet cash needs for general expenditures within one year	$ 18,918,533

(e) Investments

Investments are recorded at fair value. The fair values of all investments other than real estate and partnership and membership interests (which includes pooled investment funds) are based on quoted market prices and other observable inputs such as quoted prices for similar assets, quoted prices in inactive markets or inputs corroborated by observable market data. The Foundation’s partnership and member interests are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value of the Foundation’s interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2023, the Foundation had no plans or intentions to sell investments at amounts different from NAV. The Foundation’s real estate investments are initially recognized at fair value based on appraised values at the date of receipt and are subsequently carried at fair value. Realized and unrealized gains and losses, dividends and interest are classified in the accompanying statement of activities based on restrictions put in place by the donor.

(f) Tax Status

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

Open tax years are those that are open for exam by taxing authorities. Major jurisdictions for the Foundation include Federal and the State of Mississippi. As of June 30, 2023, open Federal and Mississippi tax years for the Foundation include tax years ended June 30, 2019, 2020 and 2021 (i.e. FYE 6/30/2020, 6/30/2021 and 6/30/2022). The Foundation has no examinations in progress. As of June 30, 2023, there were no material uncertain tax positions.

(g) Fair Value of Financial Instruments

The carrying amounts at June 30, 2023 for cash and cash equivalents, pledges receivable, beneficial interest in trusts, funds held for others, liabilities under remainder trusts and other liabilities approximate their fair values. See note 4 for fair value of investments.

(h) Split-Interest Agreements

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

(i) Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016 02, Financial Accounting for Leases, together with its subsequent related amendments in 2018 and 2019, collectively referred to as FASB ASC Topic 842, Leases (Topic 842). The Foundation adopted Topic 842 as of July 1, 2022 ("transition date") using the modified retrospective approach and as a result did not adjust the comparative period financial information or make the disclosures for periods before the transition date. The Foundation elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification, lease term and initial direct costs, as well as not to separate non-lease components from lease components and instead account for each as a single lease component for all classes of its assets.

As a result of adopting Topic 842, The Foundation recognized operating lease right-of-use (ROU) assets of approximately $29,000 and current and noncurrent operating lease liabilities of approximately $13,000 and $16,000, respectively. The adoption of Topic 842 resulted in no material impact to the Foundation's statements of activities or cash flows.

(j) Subsequent Events

In connection with the preparation of the financial statements and in accordance with FASB Accounting Standards Codification (ASC) Topic 855, Subsequent Events, the Foundation evaluated all events or transactions that occurred after June 30, 2023, through October 6, 2023, the date the financial statements were available to be issued. All subsequent events have been disclosed within the notes to the financial statements.

(k) Accounting Standards Issued but Not Currently Effective

In June 2016, the FASB issued ASU 2016 13, Measurement of Credit Losses on Financial Instruments, which significantly changes the way entities recognize impairment of many financial assets by requiring immediate recognition of estimated credit losses expected to occur over their remaining life. In May 2019, the FASB issued ASU 2019 05, Credit losses – Targeted Transition Relief, which provides entities with more flexibility in applying the fair value option on adoption of the credit impairment standard. In November 2019, the FASB issued ASU 2019 10, Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates, which defers the effective date for the credit losses standard for certain companies and ASU 2019 11, Codification improvements to Topic 326, Financial instruments – Credit losses, which includes several amendments to the credit losses standard (ASU 2016 13), including amendments to the reporting of expected recoveries. ASU 2016 13, ASU 2019 05 and ASU 2019 11 are effective for the Foundation beginning July 1, 2023, with early adoption permitted. The Foundation is evaluating the effect that ASU 2016 13, ASU 2019 05 and ASU 2019 11 may have on the Foundation's financial statements.

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(3) Pledges Receivable

The Foundation obtains pledges through fundraising projects in support of various activities. All pledges are classified as net assets with donor restrictions. A summary of pledges receivable as of June 30, 2023 is as follows:

Unconditional promises expected to be collected in:		
One year	$	15,861,646
Two to five years		37,512,398
Six to ten years		19,210,729
More than ten years		20,499,416
		93,084,189
Allowances for uncollectible pledges		(3,179,935)
Present value discounts (rates ranging from 0.73% to 3.75%)		(12,562,884)
	$	77,341,370

(4) Investments

The Foundation's investments, aggregated by investment strategy, consist of the following at June 30, 2023:

Investment strategy:	
Fixed income:	
U.S. government securities	$ 16,115,756
Corporate bonds	37,731,221
Other fixed income securities	26,875,188
Total fixed income	80,722,165
Equities:	
Common stocks	36,412,732
International common stock funds	688,484
Mutual funds	88,120,146
Total equities	125,221,362
Real estate owned	7,880,416
Other short-term investments	34,434,420
Pooled investment funds, at NAV:	
Diversifying strategies	17,848,369
Event driven	37,644
Fixed income	28,702,314
Global equity	115,679,926
Global equity-long only	28,415,492
Long/short equity fund	8,263,609
Natural resource private fund	8,534,590
Private credit	1,795,778
Relative value	18,555,649
Timber fund	-
Other	50,815
Venture capital and private equity	180,967,902
Total pooled investment funds, at NAV	408,852,088
Total investments	$ 657,110,451

(5) Beneficial Interest in Trusts

In fiscal 2013, the Foundation was notified that it had been named as the beneficiary of a perpetual trust created in that year upon the death of the donor. The interest is shared with an unrelated charitable organization, and the Foundation's interest equated to $910,000 based on the fair value of the assets placed in the trust. During fiscal 2017, the Foundation received an additional interest for this trust as a result of the death of the primary beneficiary. The Foundation's interest equated to $2,001,000 based on the fair value of the assets. Income is paid quarterly from the trust to the Foundation, which, in turn, distributes such funds to an account for the benefit of the University's School of Accountancy. The Foundation's interest in this trust totaled approximately $3,216,000 at June 30, 2023.

In fiscal 2016, the Foundation was notified that it had been named as the beneficiary of an externally managed remainder trust with assets of $11,000,000. This trust is recorded at the present value of the estimated future cash receipts from the assets of the trust. Upon the date of the gift, the Foundation recognized contribution revenue of $6,300,000. The discount rate utilized for the present value calculation was 3.6%. The Foundation's interest in this trust approximated $7,090,000 at June 30, 2023.

(6) Fair Value Measurement

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

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

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

The following table presents the financial assets carried at fair value by level within the valuation hierarchy as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investment strategy:				
Fixed income:				
U.S. government securities	$ -	16,115,756	-	16,115,756
Corporate bonds	-	37,731,221	-	37,731,221
Other fixed income securities	22,934,262	3,940,926	-	26,875,188
Total fixed income	22,934,262	57,787,903	-	80,722,165
Equities:				
Common stocks	36,412,732	-	-	36,412,732
International common stock funds	688,484	-	-	688,484
Mutual funds	88,120,146	-	-	88,120,146
Total equities	125,221,362	-	-	125,221,362
Real estate owned	-	-	7,880,416	7,880,416
Other short-term investments	34,434,420	-	-	34,434,420
	$ 182,590,044	57,787,903	7,880,416	248,258,363
Pooled investment funds, at NAV				408,852,088
Total investments				$ 657,110,451
Beneficial interest in trusts	$ 4,266,695	6,039,482	-	10,306,177

In fiscal year 2023, the Foundation received land valued at approximately $6,281,000 as part of the settlement of an estate. There were no other material level 3 investment transactions during the current year.

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

The table below represents a summary of the fair value, unfunded commitments, eligible redemption frequency and expected life of the respective investments as of June 30, 2023:

Investment	Fair value	Unfunded commitments	Redemption frequency (if eligible)	Redemption notice period	Expected life span of investment
Pooled investment funds, at NAV:					
Diversifying strategies	$ 17,848,369	-	Semiannually	60 days	Indefinite
Event driven	37,644	-	Quarterly	60 days	Indefinite
Fixed income	28,702,314	-	Daily	5 days	Indefinite
Global equity	115,679,926	-	Various	None	Indefinite
Global equity-long only	28,415,492	-	Quarterly	90 days	Indefinite
Long/short equity fund	8,263,609	-	Quarterly	60 days	Indefinite
Natural resource private fund	8,534,590	13,801	No redemption feature	None	10 years
Private credit	1,795,778	-	Quarterly	None	Indefinite
Relative value	18,555,649	-	Quarterly	65 days	Indefinite
Other	50,815	-	No redemption feature	None	Indefinite
Venture capital and private equity	180,967,902	69,617,895	No redemption feature	None	7 years to indefinite
	$ 408,852,088				
Real estate:					
Real estate owned	$ 7,880,416	-	No redemption feature	None	Indefinite

(7) Endowment Funds

The Foundation's endowment consists of approximately 1,700 donor restricted funds established for a variety of purposes to benefit the University community. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors that function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

The Foundation has established policies to achieve the overall, long term investment goal of achieving an annualized total return, through appreciation and income, greater than or equal to the rate of inflation plus any distribution needs, thus protecting the assets against inflation. The Foundation's Board and Joint Committee on Investments agree that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets are invested in equity or equity like securities. Fixed income securities are used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity market returns. Cash is not a strategic asset of the portfolio, but is a residual to the investment process and used to meet short term liquidity needs. The primary performance objective of the Foundation is to achieve a total return, net of investment management fees and expenses, equal to or in excess of inflation and the spending rate.

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

Endowment net asset composition by type of fund for the year ended June 30, 2023 were as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment funds:			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	$ -	327,437,718	327,437,718
Portion subject to appropriation	-	140,224,636	140,224,636
Board-designated quasi endowment	19,453,666	-	19,453,666
Total endowment funds, June 30, 2023	$ 19,453,666	467,662,354	487,116,020

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

		Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2022	$	17,963,593	424,984,721	442,948,314
Contributions and transfers to endowment		2,674	33,090,388	33,093,062
Appropriation of expenditures		(6,802)	(14,353,002)	(14,359,804)
Investment return:				
Investment income		611,675	9,792,979	10,404,654
Net appreciation		882,526	14,147,268	15,029,794
Endowment net assets, June 30, 2023	$	19,453,666	467,662,354	487,116,020

As a result of unfavorable volatility in the financial markets, the fair value of assets associated with an individual donor restricted endowment fund may fall below the total amount of the gifts made to the endowment by the donor. As of June 30, 2023, endowments with a fair value below the amount of the gifts made to the endowment totaled approximately $7,884,000. The donor gifts to these endowments total approximately $8,135,000 for an underwater amount of $251,000.

(8) Life Insurance Policies

The Foundation has been gifted life insurance policies for which it has been named owner and beneficiary. The face amounts of life insurance policies in excess of cash surrender values held by the Foundation are deferred and recognized as revenue only when collected. The cash surrender value amount of such policies as of June 30, 2023 was approximately $1,389,000 which is reflected within other assets in the accompanying statement of financial position.

(9) Charitable Trusts and Gift Annuities

The Foundation administers charitable remainder trusts with investments of approximately $4,566,000 as of June 30, 2023 which are reported as investments on the statement of financial position. Additionally, the cash contributed to purchase gift annuities is reported within investments on the statement of financial position. Pursuant to the trust agreements, specified amounts of income from the trust's assets must be distributed to the income beneficiaries each year. Liabilities under these trusts and gift annuities totaled approximately $4,076,806 as of June 30, 2023. The discount rates used in these measurements range from 2.45% to 6.20%. The remainder of the income and the assets will become the property of the Foundation at a time designated in the trust agreements, usually upon the death of the income beneficiary.

(10) Property and Equipment

Property and equipment consist of the following at June 30, 2023:

Land	$	300,000
Building and equipment		3,487,866
Furniture and fixtures		935,183
Total		4,723,049
Accumulated depreciation		(3,019,314)
Property and equipment, net	$	1,703,735

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

(11) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 were restricted for the following purposes:

Spendable:		
Academic and program support	$	226,587,420
Scholarship support		78,918,048
Faculty support		39,114,683
Library support		26,874,359
Total		371,494,510
Endowment:		
Academic and program support		80,356,981
Scholarship support		147,320,595
Faculty support		85,205,548
Library support		14,554,594
Total		327,437,718
Total net assets with donor restrictions	$	698,932,228

(12) Funds Held for Others

The Foundation administered funds for others of approximately $28,333,000 at June 30, 2023. These funds are commingled with the Foundation's investments and are accounted for at the fair value of the underlying investments. Earnings and losses from these investments, as well as funds received and distributed, are not included in the statement of activities of the Foundation.

The Foundation assists with fundraising activities of the University and processes the receipts for many University-affiliated organizations. During the year ended June 30, 2023, the Foundation received approximately $1,304,000 for the University of Mississippi Alumni Association and approximately $3,833,000 for the Ole Miss Athletics Foundation. Distributions to these organizations, all of which were made at the direction of the affiliated organization, for the year ended June 30, 2023 included approximately $1,592,000 to the University of Mississippi Alumni Association and approximately $3,883,000 to the Ole Miss Athletics Foundation. In addition to these affiliated organizations, the Foundation maintains funds for certain other third-party organizations. During the year ended June 30, 2023, the Foundation received approximately $3,010,000 from these organizations and made distributions to these organizations, at the organizations' direction, of approximately $677,000.

(13) Net Assets Released from Donor Restrictions

Net assets utilized in accordance with donor restrictions during the year ended June 30, 2023 are as follows:

Spendable:		
Academic and program support	$	26,219,862
Scholarship support		9,380,701
Faculty support		3,098,664
Library support		661,198
Total net assets released from restrictions	$	39,360,425

(14) Contributed Nonfinancial Assets

For the year ended June 30, 2023, contributed nonfinancial assets recognized within the statement of activities included:

Real estate	$	6,375,935
Software		2,110,371
Rental space		75,981
Artwork		58,428
Other		117,162
Total contributed nonfinancial assets	$	8,737,877

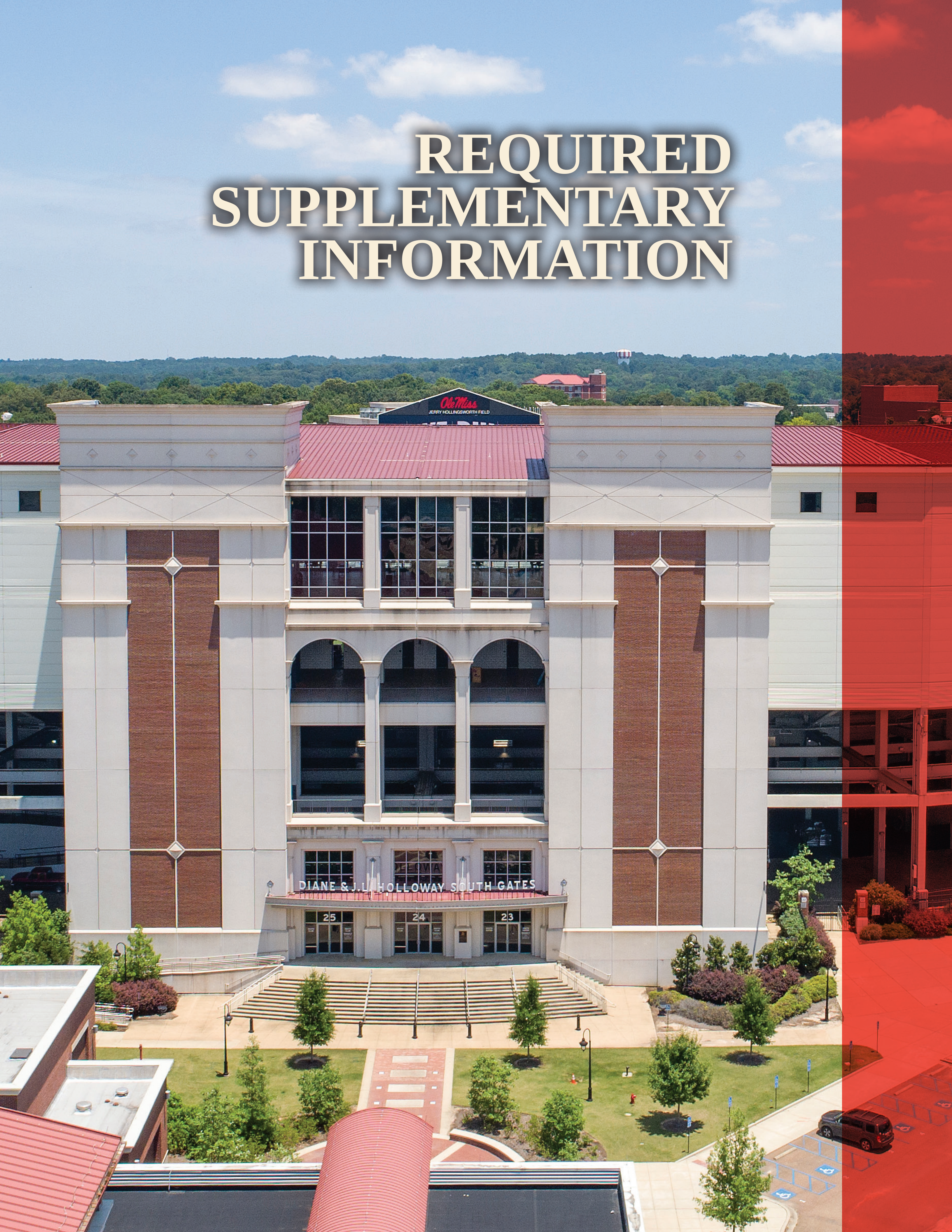
The Foundation valued real estate and artwork at the appraised value or retail market value of the item donated with the appropriate gain or loss recognized when assets are sold. As of June 30, 2023, the Foundation holds approximately $6,287,000 of contributed nonfinancial assets. Software, rental space, educational courses, materials and other were valued by the Foundation at the fair value of the donated item based on the retail market value of comparable items or an estimate of the value by an appropriate qualified appraiser. All software, rental space, educational courses, materials and other were utilized. All contributed nonfinancial assets have donor-imposed restrictions to be used for academic and programmatic support and library support for the University.

(15) Functional Expenses

Expenses by function and natural classification for the year ended June 30, 2023 are as follows:

	Programmatic activities				Supporting activities		
	Academic	Scholarship	Programmatic	UMMC	General and administrative	Fundraising	Total expenses
Faculty support	$ 4,039,565	-	-	-	-	-	4,039,565
Student aid support	-	10,744,264	-	1,306,302	-	-	12,050,566
Facilities	-	-	629,143	850,805	387,941	-	1,867,889
University support	1,539,197	-	10,798,511	444,997	-	102,905	12,885,610
Salaries	-	-	1,663,921	268,206	2,184,212	2,211,291	6,327,630
Library support	-	-	819,709	-	-	-	819,709
Donor relations	-	-	627,982	1,710,536	62,820	557,465	2,958,803
Accounting, legal and IT	-	-	-	-	322,783	-	322,783
Office expense and other	-	-	3,897,272	521,830	198,531	2,304	4,619,937
	$ 5,578,762	10,744,264	18,436,538	5,102,676	3,156,287	2,873,965	45,892,492

REQUIRED SUPPLEMENTARY INFORMATION



	Proportionate share of the net pension liability	Proportionate share of the net pension liability	Estimated Covered-employee payroll provided by PERS	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	PERS fiduciary net position as a percentage of the total pension liability
2015	1.85 %	$ 224,435,474	$ 112,983,803	199.00 %	67.00 %
2016	1.86	287,872,551	116,344,946	247.43	61.70
2017	1.87	333,566,560	119,462,908	279.22	57.47
2018	1.92	319,127,442	123,152,978	259.13	61.49
2019	1.96	325,309,886	124,897,390	260.46	62.54
2020	1.93	339,244,839	125,592,222	270.12	61.59
2021	1.91	370,390,153	127,401,184	290.73	58.97
2022	1.89	279,700,687	125,823,454	222.30	70.44
2023	1.92	395,825,863	132,386,218	298.99	59.93

Schedule of Proportionate Share of Contributions
GASB 67 Paragraph 32(c)
June 30, 2023

	Proportionate share of contributions	Required contributions	Contribution deficiency (excess)	Actual Covered-employee payroll	Contribution as a percentage of covered-employee payroll
2015	$ 18,189,943	$ 18,189,943	-	$ 115,491,702	15.75 %
2016	18,587,600	18,587,600	-	118,016,508	15.75
2017	18,719,288	18,719,288	-	118,852,622	15.75
2018	19,505,230	19,505,230	-	123,842,730	15.75
2019	19,541,619	19,541,619	-	124,073,771	15.75
2020	21,929,628	21,929,628	-	126,032,345	17.40
2021	21,641,091	21,641,091	-	124,374,086	17.40
2022	22,793,811	22,793,811	-	130,998,914	17.40
2023	25,581,184	25,581,184	-	147,018,299	17.40

Schedule of Proportionate Share of the Net OPEB Liability
GASB 74 Paragraph 36(a)
June 30, 2023

	Proportionate share of the net OPEB liability	Proportionate share of the net OPEB liability	Covered-employee payroll	Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	2.52 %	$ 19,806,214	$ 113,411,739	17.46 %	0.00 %
2019	2.62	20,248,697	118,393,742	17.10	0.00
2020	2.63	22,349,145	120,614,392	18.53	0.00
2021	2.67	20,806,654	128,853,307	16.15	0.00
2022	2.65	17,066,623	125,986,247	13.54	0.00
2023	2.68	13,202,158	131,694,021	10.03	0.00

Schedule of Proportionate Share of Employer Contributions
GASB 74 Paragraph 36(c)
June 30, 2023

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2018	$ 1,102,456	$ 779,315	$ 323,141	$ 113,411,739	0.69 %
2019	1,232,120	901,748	330,371	118,393,742	0.76
2020	1,222,546	895,819	326,727	120,614,392	0.74
2021	1,330,949	829,771	501,178	128,853,307	0.64
2022	1,560,585	685,396	875,189	125,986,247	0.54
2023	1,295,834	538,090	757,743	131,694,021	0.41

Notes to Required Supplementary Information

(1) Net pension liability

(a) Schedule of Proportionate Share of Net Pension Liability

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

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

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

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

Changes of assumptions:

2023

- There were no changes of assumptions.

2022

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

2021

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

2020

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
    - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119;

- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

2019

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

2018

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

2017

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

2016

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2016;
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2016;
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience;
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience; and

- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Change of benefit provisions:

2018 - 2023

- There were no changes 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 Benefit Terms (OPEB plan)

Changes of assumptions:

2023

- The SEIR was changed from 2.13% for the prior measurement date to 3.37% to the current measurement date.

2022

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

2021

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

2020

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

2019

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

Changes of benefit terms:

2023

- The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

2022

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

2021

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

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