MORGAN STATE UNIVERSITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

MORGAN STATE UNIVERSITY
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YEARS ENDED JUNE 30, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT

Board of Regents
Morgan State University
Baltimore, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Morgan State University (the University), a component unit of the State of Maryland, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2023 and 2022, and the respective changes in their financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Morgan State University Foundation, Inc., which represent 100% of the assets, net assets and revenues of the discretely presented component unit as of June 30, 2023 and 2022.Those statements were audited by other auditors whose report has been furnished to us, and our opinions insofar as it relates to the amounts included for the Morgan State University Foundation, Inc. are based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Morgan State University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Morgan State University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Morgan State University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Morgan State University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability, schedule of contributions for the pension plan, and schedule of contributions for other postemployment benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of basic financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
October 31, 2023

OVERVIEW OF THE UNIVERSITY

Morgan State University, founded in 1867, is a Carnegie-classified high research (R2) institution providing instruction to a multiethnic, multiracial, multinational student body and offering more than 140 academic programs leading to degrees from the baccalaureate to the doctorate. As Maryland's Preeminent Public Urban Research University, Morgan fulfills its mission to address the needs and challenges of the modern urban environment through intense community-level study and pioneering solutions.

Anchored in a charming residential area of northeast Baltimore, the breadth of Morgan's expansive campus encompasses more than 160 acres extending beyond its sprawling campus proper which features state-of-the-art facilities geared toward innovative teaching and learning in the 21st century. The only university to have its entire campus, designated as a National Treasure by the National Trust for Historic Preservation, offers an inviting learning environment with easy access to the best the city has to offer: culture, exhibits, dining, shopping, activities, sightseeing and employment. The off-campus opportunities also extend to community projects and civic engagement.

Morgan has graduated more than 57,000-degree candidates since its establishment producing a passionately devoted alumni who have found success in all areas of endeavor, in the U.S. and beyond. Among the nation's most diverse Historically Black Colleges and Universities, and the largest in Maryland, Morgan seeks to ensure that the doors of higher education are opened as wide as possible to as many as possible. https://www.morgan.edu/about.

Morgan has emerged from fiscal year 2023 with many historical firsts; record number of applications, largest incoming first-year students for the third consecutive year, and the largest-ever student enrollment for Fall 2023. This year was as prolific as the preceding years of historic milestones and achievements for Morgan in this unprecedented era of transformation from Morgan's highest ever student enrollment, to the historical financial investment in the University, to the expansive growth and capital investment on campus, to the consistently strong retention and graduation rates, to the inclusive campus community dedicated to embracing diversity with the utmost integrity and reverence. Morgan's 156-year history of leadership and excellence continues the commitment of investigative and innovative study across numerous academic disciplines with a vision forward to attain the highly coveted R1 ("very high research") designation by the Carnegie Classification of Institutions of Higher Education.

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The following discussion presents an overview of the financial position and financial performance of the University during the fiscal years ended June 30, 2023 and 2022, with comparative information for 2021. This discussion and analysis have been prepared by management along with the financial statements and related footnote disclosures. This discussion should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting change and currently known facts. The financial statements, footnotes and this discussion are the responsibility of management.

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS (CONTINUED)

The annual financial report includes three financial statements: The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flow. These financial statements are prepared in accordance with applicable generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB), which establishes financial reporting standards for public colleges and universities. A summary of significant accounting policies followed by the University are included in Note 1 to the financial statements.

These financial statements focus on the financial position, results of operations, and cash flows of the University as a whole.

The basic financial statements consist of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement (GASB) No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*.

Additionally, the University has adopted Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Universities Are Component Units*, an amendment of GASB Statement No. 14, and included the discrete financial information of the Morgan State University Foundation, Inc. (the Foundation) in its basic financial statements. However, this management's discussion and analysis focuses on the financial information of the University. The Foundation is a private nonprofit whose purposes includes, but are not restricted to, receiving and administering funds to enhance, improve, develop, and promote the University and to benefit the University, its students, and faculty. Complete financial statements for the Foundation can be obtained from Morgan State University Foundation, Truth Hall, Room 201, 1700 East Cold Spring Lane, Baltimore, MD 21251.

INSTITUTION FINANCIAL HIGHLIGHTS

There are three financial statements presented for each fiscal year: The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements include all assets, deferred outflows, deferred inflows, and liabilities using the accrual basis of accounting, which is similar to the accounting used by most institutions. Starting in 2015, these statements included the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions*. This accounting standard modified existing financial reporting requirements as well as established new ones for governmental entities-including public colleges and universities- that participate in defined benefit pension plans. GASB 68 dramatically changed the way that public colleges and universities account for their defined benefit plans. The primary consequence is that most institutions are reporting a much larger pension liability on their financial statements than in the past. The net pension liability as of June 30, 2023, was $91.8 million.

As of June 30, 2023, the University had $854.8 million in assets plus $31.1 million in deferred outflows of resources that totals $885.9 million. This compares to the June 30, 2022 and 2021 totals of $753.0 million and $743.2 million, respectively. The increase in total assets were driven by an increase capital assets.

As of June 30, 2023, the University had $237.4 million in liabilities plus $87.8 million in deferred inflows of resources which totals $325.2 million. This compares to the June 30, 2022 and 2021 totals of $213.5 million and $193.8 million, respectively. The changes in liabilities are primarily due to the issuance of debt.

INSTITUTION FINANCIAL HIGHLIGHTS (CONTINUED)

The University generated $447.8 million in total revenue for the year ended June 30, 2023. This was a 38.9% increase over the prior year and is primarily a result of increased revenues related to enrollment, State and Federal funding. Total operating expenses were $399.4 million in 2023, an increase of 21.9%, compared to prior operating expenses of $327.6 million and $263.7 in 2022 and 2021, respectively. For June 30, 2023, the University's net position was $560.6 million, an increase of 3.9% over prior year.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION

The Statement of Net Position presents the University's assets, deferred outflows, liabilities, deferred inflows, and net position as of the end of the fiscal year. The purpose of this statement is to present to the financial statement readers a snapshot of the University's financial position at year-end. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the University's operations. It also allows readers to determine how much the University owes vendors and creditors.

Net position is divided into three major categories. The first category, net investment in capital assets, depicts the University's equity in property, plant, and equipment owned by the University. The next category is restricted, which is divided into two categories in the financial statements, nonexpendable and expendable. Restricted nonexpendable net position consists solely of the University's permanent endowment funds and is only available for investment purposes. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on them. The final category is unrestricted net position which is available to the institution for any lawful purpose of the institution.

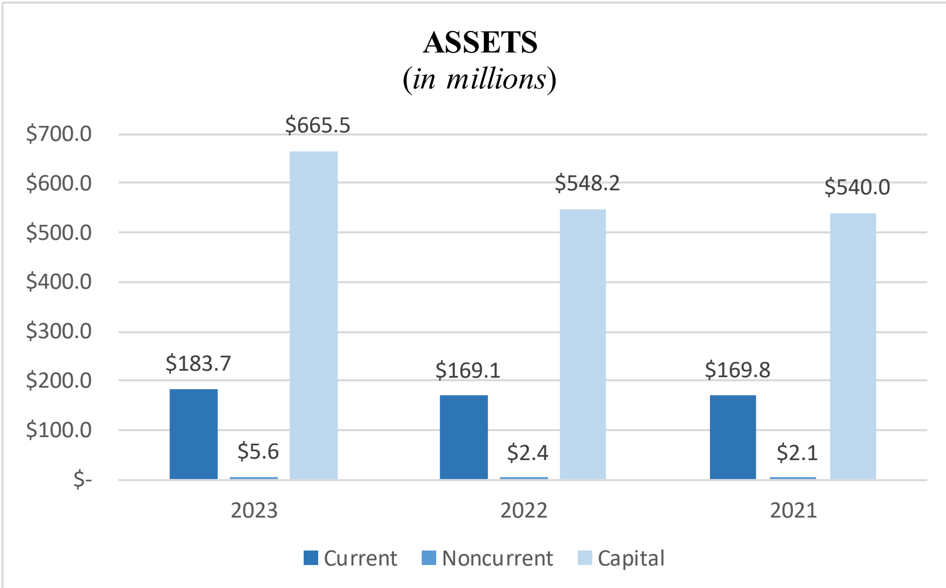
ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION (continued)

STATEMENT OF NET POSITION SUMMARY *(IN MILLIONS)*

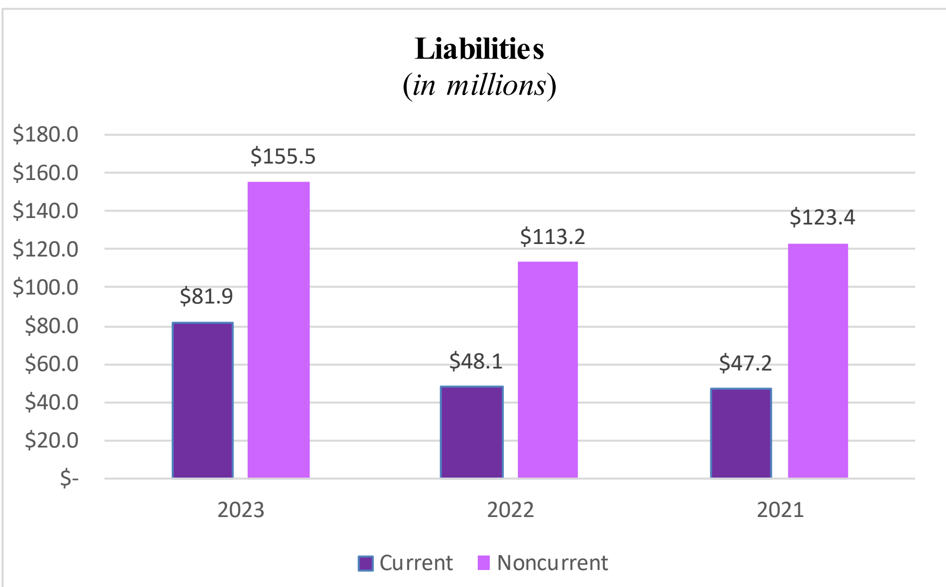
	As of June 30,		
	2023	2022	2021
ASSETS			
Current Assets	$ 183.7	$ 169.1	$ 169.8
Noncurrent Assets:			
Capital Assets, Net	665.5	548.2	540.0
Other Noncurrent Assets	5.6	2.4	2.1
Total Noncurrent Assets	671.1	550.6	542.1
Total Assets	854.8	719.7	711.8
Deferred Outflows of Resrources	31.1	33.3	31.4
Total Assets and Deferred Outflows	$ 885.9	$ 753.0	$ 743.2
LIABILITIES			
Current Liabilities	$ 81.9	$ 48.1	$ 47.2
Noncurrent Liabilities	155.5	113.2	123.4
Total Liabilities	237.4	161.3	170.6
Deferred Inflows of Resrources	87.8	52.2	23.2
Total Liabilities and Deferred Inflows	325.2	213.5	193.8
NET POSITION			
Net Investment in Capital Assets	505.8	500.1	489.3
Restricted	7.6	4.2	2.3
Unrestricted	47.2	35.2	57.8
Total Net Position	560.6	539.4	549.4
Total Liabilities, Deferred Inflows, and Net Position	$ 885.9	$ 753.0	$ 743.2

Assets included in the Statement of Net Position are classified as current and noncurrent. Current assets consist, primarily, of cash and cash equivalents, investments, and accounts receivable. Noncurrent assets consist primarily of plant and equipment known as capital assets. Current assets of $183.7 million represented an increase of $14.6 million, or 8.7 % compared to an decrease of $.7 million, or .4% from 2021 to 2022, primarily due to an increase in accounts receivable and restricted cash. Noncurrent and capital assets of $671.1 million increased $120.4 million and $24.2 million, or 21.9% and 4.7% from 2022 and 2021, respectively, primarily due to the increase in construction in progress for the Health and Human Services Building, Morgans; most costly new building to date.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION (continued)



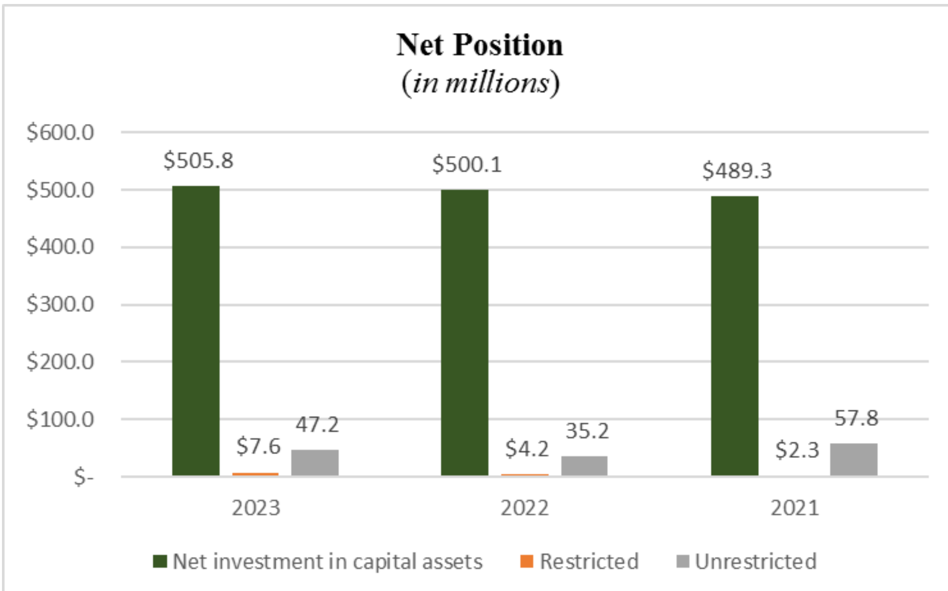
Noncurrent liabilities of $155.5 million (2023), $113.2 million (2022), and $123.4 million (2021) include the net pension liability and other long-term debt.



As of June 30, 2023, the University's net position was $560.6 million, compared to $539.4 million and $549.4 million as of June 30, 2022 and 2021, respectively. This represents an $21.2 million increase or 3.9% in net position from the June 30, 2022 net position primarily as the result of the issuance of additional tranches of the HBCU loan.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION (CONTINUED)

Net Investment in capital assets represents the University's capital assets ownership less any related obligations, while the $7.6 million in restricted net position consists of the Federal Perkins loan program, and funds invested for capital debt service and disbursements. The University's unrestricted net position is $47.2 million representing a $12.1 million increase from 2022.



Over the last three years the University's net position has been favorable increasing $11.2 million or 2.0% over the 2021 level of $549.4 million. This combined growth demonstrates the University's continued strengthening of its financial position.

SUMMARY OF REVENUES AND OPERATING AND NONOPERATING EXPENSES

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

Generally, operating revenues are received for providing educational learning services to students and other constituencies of the institution. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the University's mission. Payments to employees including salaries, fringe benefits, and pension for faculty and staff are the largest type of operating expense totaling $209.5 million or 52.4% of the total operating expenses of $399.4 million.

SUMMARY OF REVENUES AND OPERATING AND NONOPERATING EXPENSES (CONTINUED)

Nonoperating revenues are revenues received for which goods and services are not provided. For example, the University's state appropriations are nonoperating because they are provided by the Maryland State Legislature without the legislature directly receiving commensurate goods and services for those revenues. All of the current year's revenues and expenses are recorded on the accrual basis of accounting.

SUMMARY OF REVENUES *(IN MILLIONS)*

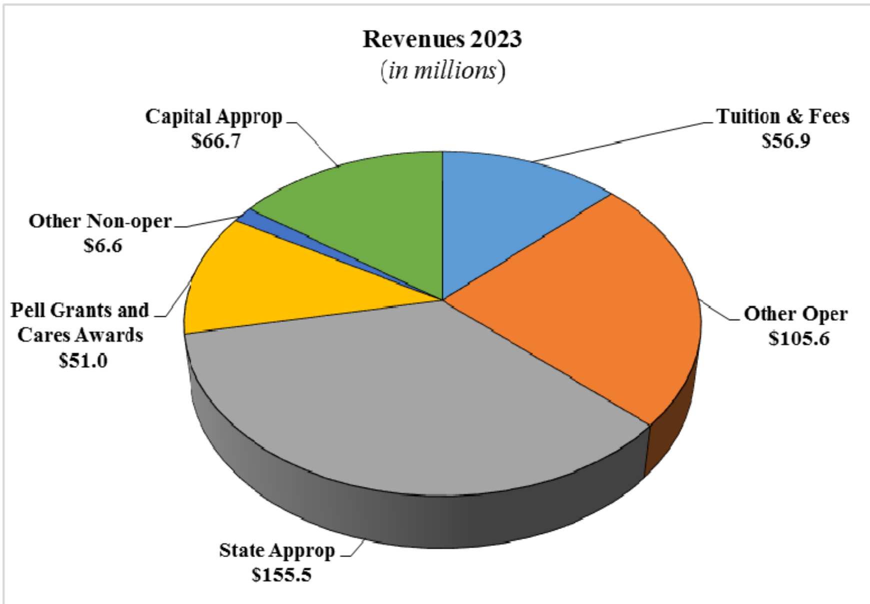
	As of June 30,		
	2023	2022	2021
OPERATING REVENUES			
Tuition and Fees, Net	$ 56.9	$ 55.2	$ 46.4
Other	106.9	88.5	50.5
Total Operating Revenues	163.8	143.7	96.8
NONOPERATING REVENUES			
State Appropriations	155.5	116.8	114.3
Pell Grants and Cares Award	51.0	46.9	72.8
Other Nonoperating Revenues	6.6	0.7	0.6
Total Nonoperating Revenues	213.1	164.5	187.7
OTHER REVENUES			
Debt Forgiveness	-	-	32.8
Other Gains	4.2	-	1.7
Capital Appropriations	66.7	13.4	16.9
Total Other Revenues	70.9	13.4	51.5
Total Revenues	$ 447.8	$ 321.5	$ 336.0

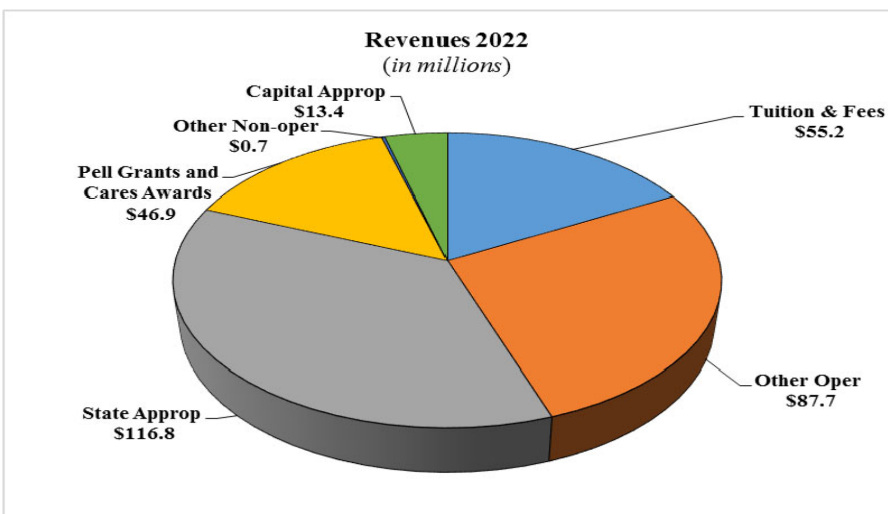
University revenues are comprised of three major categories, operating revenue, nonoperating and other revenue. For the year ended June 30, 2023, the University's total revenues were $447.8 million, an increase of $126.3 million or (39.3)% from prior year. For the year ended June 30, 2023, operating revenues of $163.8 million increased by $20.2 million from year ended June 30, 2022 primarily due to an increase in auxiliary fees revenue resulting from increased enrollment.

For the years ended June 30, 2023 and 2022, nonoperating revenues of $213.1 million and $164.5 million, increased $48.6 million and decreased $23.3 million, respectively, due to the increase in State support and due to decreases of funds related to the COVID-19 pandemic. The State of Maryland continues to provide strong support for the University affirming the positive return on investment that Morgan State University provides to the State. Other revenues of $70.9 million consist of capital appropriations. The capital appropriations were $66.7 million and $13.4 million for 2023 and 2022, respectively, primarily due to construction in progress for the Health and Human Services building. The University continues to receive strong capital appropriations to improve and enhance its physical plant and to support the University's long-term capital plan. The increased capital appropriations for 2023 is due primarily to the timing of the cash flow requirements for the majority of projects funded by the State of Maryland.

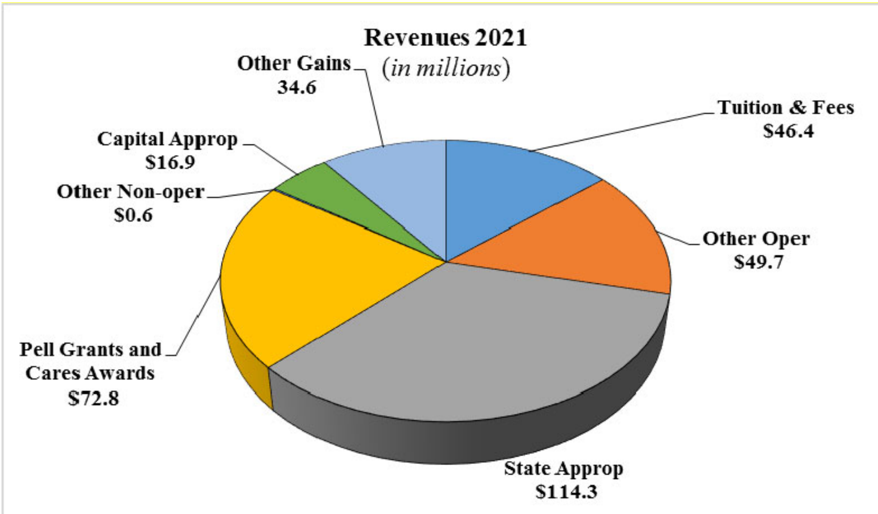
SUMMARY OF REVENUES AND OPERATING AND NONOPERATING EXPENSES (CONTINUED)

The graphs below show the University's revenue distribution by category for fiscal years 2023 and 2022. As evidenced by the graph the Universities' state appropriation and other non-operating have increased.





SUMMARY OF REVENUES AND OPERATING AND NONOPERATING EXPENSES (CONTINUED)



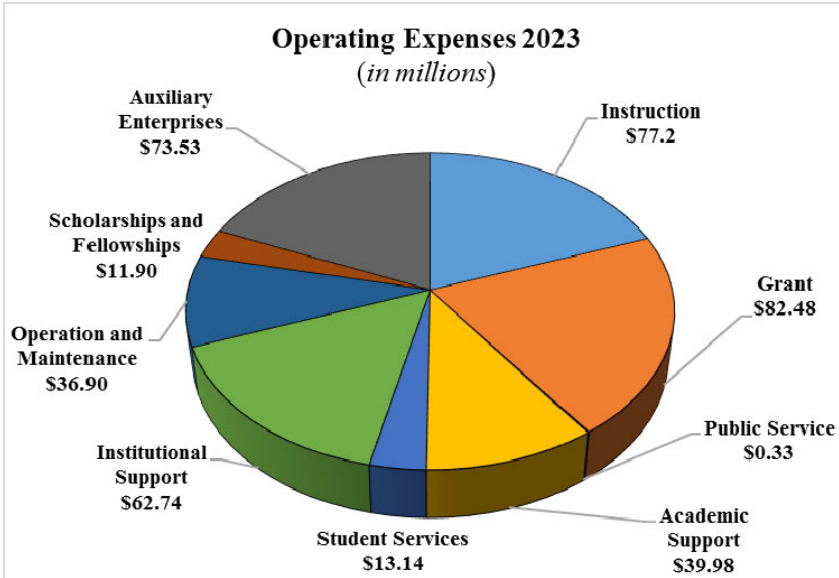
SUMMARY OF OPERATING AND NONOPERATING EXPENSES *(IN MILLIONS)*

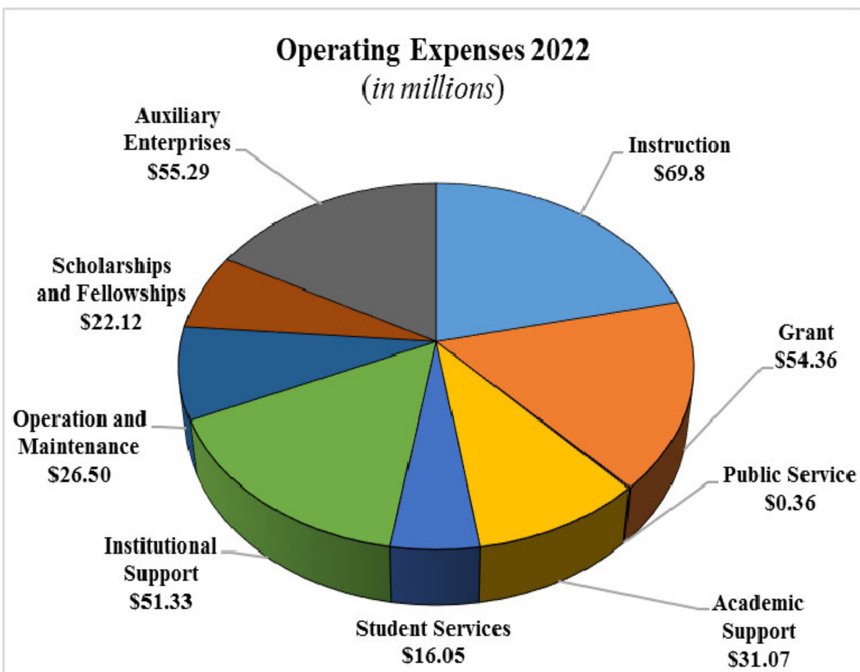
Total operating and nonoperating expenses for the year ended June 30, 2023, were $426.6 million, an increase of $93.9 million or 28.3%.

Total operating expenses increased over the previous year due mainly with the increase in student enrollment and the significant increase in grant activity and awards. The enrollment increase required the University to invest in more faculty and staff, financial aid and other administrative functions to service the University student population.

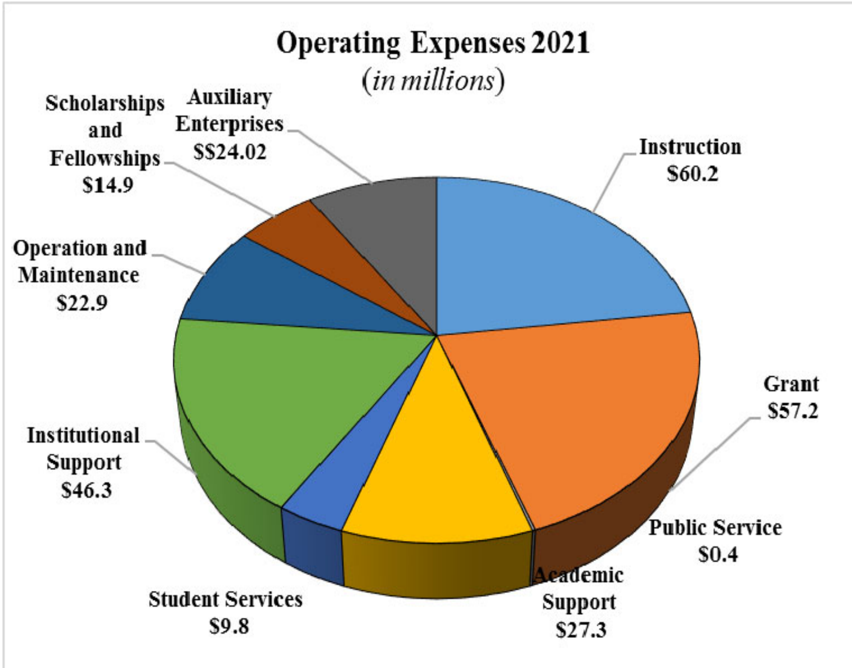
	As of June 30,		
	2023	2022	2021
OPERATING EXPENSES			
Instruction	$ 77.2	$ 69.8	$ 60.2
Grant	82.5	54.4	57.2
Public Service	0.3	0.4	0.4
Academic Support	40.0	31.1	27.3
Student Services	13.1	16.0	9.8
Institutional Support	62.7	51.3	46.3
Operation and Maintenance of Plant	36.9	26.5	22.9
Scholarships and Fellowships	11.9	22.1	14.9
Auxiliary Enterprises	74.8	56.0	24.7
Total Operating Expenses	399.4	327.6	263.7
NONOPERATING EXPENSES			
Interest in Indebtedness	2.0	1.2	1.8
Capital Expense	25.2	2.6	1.5
Other Expenses/ Transfers	-	-	3.1
Total Nonoperating Expenses	27.1	3.8	6.4
Total Expenses	$ 426.6	$ 331.5	$ 270.1

SUMMARY OF OPERATING AND NONOPERATING EXPENSES (IN MILLIONS) (CONTINUED)





SUMMARY OF OPERATING AND NONOPERATING EXPENSES *(IN MILLIONS)* (CONTINUED)



SUMMARY OF OPERATING RESULTS

The University realized an increase in its net position of $21.2 million or 3.9% during fiscal year 2023 primarily due to increased student enrollment and state appropriations. The long-term financial plan places an emphasis on growing the net position. The University's financial management team continues to guide the University to meeting its long-term financial goals.

	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021
Net Position - Beginning of Year	$ 539.4	$ 549.4	$ 483.4
Total Revenues	447.8	321.5	335.4
Total Expenses	(426.6)	(331.5)	(269.4)
Increase in Net Position	21.2	(10.0)	66.0
NET POSITION - END OF YEAR	$ 560.6	$ 539.4	$ 549.4

STATEMENTS OF CASH FLOWS SUMMARY

The Statement of Cash Flows provides relevant information that aids in the assessment of the University's ability to generate cash to meet present and future obligations and provides detailed information reflecting the University's sources and uses of cash during the fiscal year. The statement is divided into four sections. The first section deals with operating cash flows and reflects the sources and uses to support the essential mission of the University. The second section presents cash flows from noncapital financing activities and reflects nonoperating sources and uses of cash primarily to support operations. The third section represents cash flows from capital financing activities and details the activities related to the acquisition and construction of capital assets, including related debt payments. The fourth section deals with cash flows from investing activities and includes interest on investments and sale of investments.

SUMMARY OF CASH FLOWS *(IN MILLIONS)*

	As of June 30,		
	2023	2022	2021
Cash (Used) Provided By:			
Operating Activities	$ (177.5)	$ (129.0)	$ (175.1)
Noncapital Financing Activities	206.4	163.8	193.0
Capital and Related Financing Activities	(25.4)	(14.8)	(5.9)
Investing Activities	6.6	0.7	0.4
Net Increase in Cash and Cash Equivalents	10.1	20.7	12.4
Cash and Cash Equivalents - Beginning of Year	142.4	121.7	109.3
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 152.5	$ 142.4	$ 121.7

The primary cash receipts from operating activities consist of tuition and fees, and auxiliary enterprises. Cash disbursements from operations include salaries and wages, benefits, supplies, utilities, maintenance, and scholarships. State appropriations are the primary source of noncapital financing. Noncapital state appropriation receipts were $155.5 million in 2023 and $116.8 million in 2022, and $114.3 million in 2021.

CAPITAL INVESTMENT ACTIVITIES

The University continues to invest in capital assets to support the mission of the institution. With strong support from the State of Maryland, the legislature authorized $90 million for fiscal year 24, the University's preliminary five-year capital project budget request totaled $632 million for fiscal years 25-29. The preliminary plan includes the following projects:

1) Deferred maintenance of over $25 million.
2) Campus-wide utility upgrades and other renovations of key legacy buildings.
3) Construction of the new Science Center building - $332M.

In addition, a special request for the Osteopathic Medical School of $139 million for five years was submitted.

CAPITAL INVESTMENT ACTIVITIES

The University has a $62 Million deferred maintenance program underway. In addition, The University has a partnership with the Maryland Clean Energy Center to focus on energy conservation and stainability projects.

DEBT

As of June 30, 2023, the University had $66.5 million in outstanding long-term debt versus $45.8 and $32.4 million in 2022 and 2021, respectively. The table below summarizes these amounts in millions by type of debt instrument. The increase in the debt obligations is primarily due to the HBCU loan, leases and subscription liabilities.

	As of June 30,		
	2023	2022	2021
Loan and Note Payables	$ 44.4	$ 28.0	$ 9.0
Lease and Subscription Payable	22.2	17.9	23.4
Total	$ 66.5	$ 45.8	$ 32.4

SUMMARY AND ECONOMIC TRENDS

During fiscal year 2023, Morgan continued its unprecedented growth in enrollment, infrastructure, and positive international recognition. In August 2024, Morgan once again exceeded Fall 2023 enrollment with a record number of applicants, the largest incoming first- year students for the third consecutive year, and the new record breaking largest-ever student enrollment. The following provides a summary of significant events and Morgan's continued commitment to excellence and to being a leader across the higher education community.

Morgan was awarded $126M under the Higher Education Emergency Relief Funds from the Department of Education for pandemic relief. As of June 30, 2023, $126M of the grant funding have been used to restore lost revenue, acquire technology, expertise, and equipment, for remote learning, award student grants, award financial aid, subsidize student housing, enhance security and safety measures, and place health protocols including on-campus testing and becoming a state vaccination site. In addition, as part of the American Rescue Plan of the HEERF grants, a portion of Morgan's loans under the HBCU Capital Loan Program from the Department of Education was forgiven in the amount of $33.7M.

On November 2, 2022 the University issued Series A 2022-9, Future Advance Project Funding Bonds for $65,050,000. The proceeds from the Series 2022-9 series will be utilized for financing the Baldwin and Cummings Residential Halls, Murphy fine arts, Hurt building and deferred maintenance projects through the HBCU Capital Loan Program through the Department of Education. The funding will provide low-cost funding for capital improvements and deferred maintenance needs.

SUMMARY AND ECONOMIC TRENDS (CONTINUED)

In March 2021, the Maryland State Legislature passes the HBCU settlement bill providing a total of $577M over 10 years for Maryland's four HBCUs, therefore bringing an end to a 15-year lawsuit brought by the Coalition for Equity and Excellence in Maryland Higher Education on behalf of Maryland's HBCUs. The action taken by the legislature, with the passage of this bill, is the first significant step toward addressing the historic inequities within Maryland higher education. Morgan invested $15.1 million of the settlement proceeds in fiscal year 2023 with the first tranche of HBCU settlement funding. That included $5.8 million to hire approximately 40 tenure track faculty members. The faculty are focused on new academic degree programs, such as cloud computing, and the seven new research centers at Morgan State, including the Cybersecurity Assurance and Policy Center. Another notable investment, $1.5 million, is focused on students who have some college credits but no degree. Morgan State created a new college, the College of Interdisciplinary and Continuing Studies, in 2021 for students who are seeking to complete their degrees. The college has 18 new interdisciplinary degrees.

The new home for the $164M School of Community Health and Policy, School of Social Work, Medical Science, Counseling Center, Family and Consumer Science remains on schedule and budget, opening fall 2024. Construction is 50% complete. Specialty spaces will include virtual reality lab/simulation lab, a social work clinic for community outreach, simulation spaces and textile labs. In addition, Morgan has begun the demolition plans to make room for the new 250,000 square foot, $374M Sciences Building to be completed in 2029.

Morgan became even closer to opening the first new medical school affiliated with a historically Black college or university in nearly 50 years after winning state Board of Public Works approval to lease space for the school on its Baltimore campus. The Maryland College of Osteopathic Medicine at Morgan State has two primary goals, increase the number of primary-care doctors entering the profession and, in turn, increase Black Baltimore residents' access to physicians that look like them. Administrators at Morgan State University's Maryland College of Osteopathic Medicine — the first medical school to open at a historically Black college or university in nearly 50 years plan- will be housed in an approximately 130,000-square-foot facility located at the demolished Montebello Hospital Complex on Morgan's campus and welcome the first students in Fall 2024.

In addition, Morgan received significant grants, entered significant partnerships, and was named with numerous accolades. Here are just a few of those.

As the scientific world continues to address the complexities of climate change and its connection to humanity, the National Science Foundation (NSF) has awarded a nearly $3-million grant to Morgan to establish an NSF Research Traineeship (NRT) program in Artificial Intelligence for Climate Change and Environmental Sustainability (ACCESS). The program is designed to provide hands-on training for the next generation of scientists and engineers researching artificial intelligence and machine learning (AI/ML) solutions to wide-ranging climate change impacts. Funded over the next five years, the ACCESS program will train nearly 50 Ph.D. students including 25 trainees from diverse scientific fields including bioenvironmental science, mathematics education, engineering, and computer science.

SUMMARY AND ECONOMIC TRENDS (CONTINUED)

Morgan was awarded $399,747 research grant from the U.S. Department of Education's (ED) Institute for Education Studies (IES). The grant will be used to prepare minority-serving institution faculty members to conduct high-quality educational research that advances knowledge pertaining to the impact of trauma-informed teaching practices in online learning environments. The three-year grant is only the second of its kind to be awarded to a Historically Black College and University (HBCU) by the Department of Education.

Recognized for being one of the foremost universities producing innovative and experiential research in transportation, Morgan has been selected to collaborate in a national, multi-university consortium focused on ensuring that autonomous, networked, shared, and integrated transportation technologies and systems are developed and deployed with an emphasis on safety, equity, and sustainability. Led by Carnegie Mellon University, the consortium, collectively, will receive $20 million over the next five years from the U.S. Department of Transportation (USDOT) to establish Safety21, a new University Transportation Center (UTC). For its part, Morgan will receive $1.5 million to research where and how landslides may occur along the highways and roads using geomechanics analysis and artificial intelligence/machine learning methodologies.

Nestled within the quaint Baltimore City residential community of Madison Park at **1320 Eutaw Place** stands the Lillie Carroll Jackson Civil Rights Museum—the second of Morgan's two university-owned and operated museums. Noted for being the former home of a civil rights icon, the living museum stands as a testament to the courageous efforts of Lillie Carroll Jackson, a trailblazing civil rights leader and educator, who dedicated her life to advocating for racial equality, social justice, and civil rights advancements. As part of an effort to preserve this beacon of historical significance and education, the Lillie Carroll Jackson Civil Rights Museum has been officially added to the prestigious National Register of Historic Places. This esteemed recognition highlights the museum's important historical and cultural contributions to the civil rights movement and its enduring impact on American society.

Continuing its significant investment in, and long-established support of, Maryland's largest Historically Black College and University (HBCU) and State-designated Preeminent Public Urban Research University, the National Science Foundation's (NSF) Center of Research Excellence in Science and Technology (CREST) program announced a $5-million grant to establish a new research and education hub at Morgan. Operating within the School of Computer, Mathematical & Natural Sciences (SCMNS), the center will bring together neighboring institutions to perform bold and innovative studies in advanced magnets and semiconductors. Funded over the next five years, the CREST Center at Morgan will include new graduate programs, collaborative seminars, symposia, and educational outreach opportunities in the Science Technology Engineering and Math (STEM) disciplines to produce highly talented graduates and diversify the high-technology workforce.

Morgan was selected to the Wastewater Center of Excellence Program offered by Ceres Nanosciences (Ceres). Through its participation in the program, the University's Biology Department, housed within its School of Computer, Mathematical and Natural Science (SCMNS), will conduct wastewater-based epidemiology surveillance and testing to improve public health surveillance and resource allocation. Additionally, Morgan, the first Historically Black College or University (HBCU) to join the program, will receive advanced technology and training to establish an innovative wastewater-based surveillance platform, furthering its commitment to scientific innovation and community impact.

SUMMARY AND ECONOMIC TRENDS (CONTINUED)

Researchers from Morgan are contributing their expertise to a new multidisciplinary, multi-institutional effort supported by the U.S. National Science Foundation (NSF) to develop new artificial intelligence (AI) technologies designed to promote trust and mitigate risks, while simultaneously empowering and educating the public. Funded by a $20 million award from NSF, the new Institute for Trustworthy AI in Law and Society (TRAILS) fosters a collaboration between specialists in AI and machine learning with social scientists, legal scholars, educators and public policy experts, to transform AI development by integrating ethics, human rights, and input from marginalized communities.

Morgan has been awarded a $5-million grant from the U.S. Department of Energy (DOE) to establish an integrated field laboratory (IFL) to study climate impacts and adaptations in urban environments. The newly formed IFL, operating as the Baltimore Social-Environmental Collaborative (BSEC), is a collaborative effort among seven partner universities, government entities and nonprofit affiliates. The BSEC consortium will actively investigate the diverse effects of climate and weather events on Baltimore's infrastructure, with particular interest in gathering localized data and insights to help cities better address vulnerabilities, devise mitigation strategies and develop improved resiliencies. The funding comes as part of an overall five-year, $25-million initiative.

The Morgan State University National Center for Transportation Management, Research and Development (NTC) has further cemented its position as one of the nation's foremost transportation research authorities, with the recent receipt of a $15-million grant from the U.S. Department of Transportation (USDOT). The announced round of federal funding is part of an extensive Biden administration commitment to upscale transportation innovation and research, as well as invest in vital training for a diverse next generation of transportation leaders.

Morgan State University received nearly $7 million in state funds to launch two new research centers, moving the historically Black university closer to being designated with the highest classification for a research institution. One of the new centers will drive innovation in the design and manufacturing of semiconductors, while the other will focus on mitigating the challenges facing public schools.

BGE has announced the continuation of its partnership with Morgan and two other Maryland-based Historically Black Colleges and Universities (HBCUS) to award scholarships to full-time STEM majors from Maryland. Each school will receive a total of $1 million in grant funding over four years (2023-2026) from the BGE Scholars program. Morgan currently has 15 students participating in the program.
On October 3, 2023, Morgan experienced a traumatic violent event during Homecoming Events that involved a firearm and injuries to five people. While the investigation is currently ongoing, there has been a publicly announced arrest of a person of interest who is a non-Morgan community member. During a public community meeting, the President outlined campus safety and security measures in a well-designed, comprehensive strategy that could emerge as a blueprint for higher education institutions based in densely populated urban settings.

SUMMARY AND ECONOMIC TRENDS (CONTINUED)

Prior to the events on the evening of October 3rd taking place, Morgan initiated the following along with expanded wellness resources:

- The continuation of the barrier fencing around the perimeter of the campus. With each new construction project, the University has added new barriers (natural and fabricated) and fencing en route toward a goal of 90 percent enclosure. The most recently completed barrier fencing can be found around Martin D. Jenkins Hall (BSSC). <u>To-date, 60 percent of the perimeter has been enclosed</u>.
- Aggressive recruitment to hire 23 new sworn officers to bring the current Morgan State University Police Department (MSUPD) force to more than 60. Working alongside and under the supervision of MSUPD are 16 Morgan State University security officers and nearly 30 contracted security personnel from Allied Security.
- Deployment of more than 850 surveillance cameras campus-wide providing more than 2,500 views of the campus.
- Installation of safety screening devices at the entrances of all on campus residential facilities, manned by dedicated security personnel.
- Upgrading and increasing campus lighting.
- Enforcement of clear bag procedures at on campus sporting events. Safety screening devices were already being used at these events.
- Securing the services of a national safety consulting firm to assess campus security measures and recommend enhancements or adjustments as needed.

Since the incident took place, the Morgan has along with continued expansion of wellness support:

- Increased campus-wide patrols from the Baltimore Police Department and MSUPD.
- An armed MSU Police presence in front of the Thurgood Marshall Residence Hall 24/7 – near the location where the incident took place.
- Added more contracted security personnel, many of which have been stationed near the exteriors of all on-campus residence halls during the evening and nighttime hours. There are currently security personnel located within all on-campus residence halls.
- Enhanced police presence throughout the interior of the campus and around the campus exterior.
- Staffed security booths with security personnel throughout the campus and around the exteriors of the campus. The University is looking to add more security booths. One security booth has already been placed in the high traffic area in the vicinity of the Thurgood Marshall Dining Hall.

SUMMARY AND ECONOMIC TRENDS (CONTINUED)

Moving forward, the Morgan is exploring additional safety enhancements that include:

- More enhanced technology to enable campus law enforcement to detect and identify any individual on campus with a weapon.
- More strategically placing covert safety screening devices in the vicinity of high traffic areas.
- Completion of the security barriers and fencing to enclose more of the campus and work to eliminate unfettered access.
- The addition of more guard booths around campus, manned by the addition of more security personnel.
- Increasing the number of emergency blue lights throughout the campus, in addition to increasing the number security cameras throughout campus to eliminate any potential blind spots.
- The hiring of more sworn MSUPD officers.

Morgan is proposing the integration of these new targeted safety enhancements in a multi-phased approach, with the potential investment of the first phase of Campus Security Enhancement plan estimated at **$22.5 million**. The timeline for implementation of these enhancements is yet to be determined as execution will be dependent upon securing the requested funding. Other strategic security initiatives include enhancing campus safety personnel and technology as well as augmenting mental health and wellness. Funding for these additional strategic initiatives is estimated at a combined $14.3 million. Morgan is seeking state and federal support to implement these proposed additional enhancements.

Considering recent events that have taken place on our campus, Morgan has embraced a multifaceted approach to its longstanding commitment to maintaining a dynamic learning and living environment where safety is not only the overriding perception but also bolstered by the strategies put in place to advance Morgan's mission. The Morgan Family is resilient and will emerge from these events stronger and resolute in our determination to represent the change in the world we envision.

MORGAN STATE UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 147,969,005	$ 141,171,601
Accounts Receivable, Net of Allowance for Doubtful Accounts of $4,962,586 and $4,380,725, Respectively	33,934,856	25,914,787
Notes Receivable	21,361	11,986
Inventories	386,929	251,760
Prepaid Expenses	1,380,115	1,716,910
Total Current Assets	183,692,266	169,067,044
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	4,608,095	1,264,727
Lease Receivable	333,231	394,711
Notes Receivable (Net of Allowance for Doubtful Notes of $352,677 and $292,617 respectively)	654,588	747,654
Capital Assets, Net of Depreciation and Amortization	665,464,372	548,229,099
Total Noncurrent Assets	671,060,286	550,636,191
Total Assets	854,752,552	719,703,235
DEFERRED OUTFLOWS OF RESOURCES	31,102,310	33,269,033
Total Assets and Deferred Outflows	$ 885,854,862	$ 752,972,268
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 46,758,540	$ 23,083,123
Unearned Revenue	12,914,046	12,014,437
Funds Held for Other Organizations	21,758	16,258
Accrued Workers' Compensation, Current Portion	379,050	463,350
Accrued Vacation Costs, Current Portion	5,987,553	4,918,780
Loans and Note Payable, Current Portion	3,014,389	2,080,742
Lease and SBITA Payable	12,856,393	5,527,387
Total Current Liabilities	81,931,729	48,104,077
NONCURRENT LIABILITIES		
NONCURRENT LIABILITIES		
Accrued Workers' Compensation, Net of Current Portion	2,147,950	2,625,650
Accrued Vacation Costs, Net of Current Portion	10,646,614	9,062,852
Lease and SBITA Payable, Net of Current Portion	9,499,396	12,375,877
Loans and Note Payable	41,376,416	25,879,163
Net Pension Liability	91,807,432	63,300,372
Total Noncurrent Liabilities	155,477,808	113,243,914
Total Liabilities	237,409,537	161,347,991
DEFERRED INFLOWS OF RESOURCES	87,826,159	52,185,477
Total Liabilities and Deferred Financing Inflows	325,235,696	213,533,468
NET POSITION		
Net Investment in Capital Assets	505,809,458	500,093,095
Restricted:		
Expendable:		
Scholarships and Fellowships	2,123,326	2,057,689
Loans	858,360	858,360
Debt Service	4,608,095	1,264,727
Total Expendable Net Position	7,589,781	4,180,776
Unrestricted Net Position	47,219,927	35,164,929
Total Net Position	560,619,166	539,438,800
Total Liabilities, Deferred Inflows, and Net Position	$ 885,854,862	$ 752,972,268

See accompanying Notes to Financial Statements.

MORGAN STATE UNIVERSITY
STATEMENTS OR REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Tuition and Fees	$ 93,344,819	$ 82,860,350
Less: Scholarship Allowances	(36,405,851)	(27,654,580)
Total	56,938,968	55,205,770
Federal Grants and Contracts	54,124,541	46,160,795
State and Local Grants and Contracts	2,005,178	790,027
Private Gifts, Grants, and Contracts	4,117,508	2,139,279
Sales and Services Educational	3,214,042	3,145,892
Auxiliary Enterprises, Net	41,401,965	35,142,784
Other Revenues	2,025,231	1,074,306
Total Operating Revenues	163,827,433	143,658,853
OPERATING EXPENSES		
Instruction	77,211,887	69,849,774
Grant	82,477,499	54,357,926
Public Service	333,833	364,712
Academic Support	39,984,523	31,067,493
Student Services	13,140,127	16,045,553
Institutional Support	62,731,869	51,328,604
Operation and Maintenance of Plant	36,899,504	26,499,639
Scholarships and Fellowships	11,897,005	22,118,931
Auxiliary Enterprises	74,772,696	56,005,047
Total Operating Expenses	399,448,943	327,637,679
OPERATING LOSS	(235,621,510)	(183,978,826)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	155,483,081	116,846,437
Pell Grants	22,447,777	19,384,598
CARES and HEERF Grants	28,509,901	27,522,992
Investment Income	6,642,159	700,221
Interest on Indebtedness	(1,972,657)	(1,210,304)
Total Nonoperating Revenues, Net	211,110,261	163,243,944
LOSS BEFORE OTHER REVENUES, (EXPENSES), GAINS AND (LOSSES)	(24,511,249)	(20,734,882)
OTHER REVENUES, (EXPENSES), GAINS AND (LOSSES)		
Capital Appropriations	66,674,003	13,371,417
Capital Expenses	(25,170,454)	(2,625,532)
Other Gains	4,188,066	-
Total Other Revenues, (Expenses), Gains and (Losses)	45,691,615	10,745,885
INCREASE/(DECREASE) IN NET POSITION	21,180,366	(9,988,997)
Net Position - Beginning of Year	539,438,800	549,427,797
NET POSITION - END OF YEAR	$ 560,619,166	$ 539,438,800

See accompanying Notes to Financial Statements.

MORGAN STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 58,784,340	$ 51,913,138
Contracts and Grants	54,571,602	74,875,694
Payments to Employees	(202,171,000)	(168,729,201)
Payments to Suppliers and Contractors	(136,008,031)	(125,590,728)
Direct Lending proceeds	67,195,534	49,834,959
Direct Lending Disbursements	(67,195,534)	(49,834,959)
Collections of Loans from Students	-	631,409
Auxiliary Enterprises Charges:		
Residence Halls and Dining Facilities	41,401,966	35,142,785
Other Receipts	5,927,077	2,793,777
Net Cash Used by Operating Activities	(177,494,046)	(128,963,126)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	155,483,081	116,846,437
Pell Grants and Cares Award	50,957,678	46,907,590
Net Cash Provided by Noncapital Financing Activities	206,440,759	163,754,027
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Appropriations	66,674,003	13,371,417
Proceeds from Capital Debt	18,740,859	20,829,058
Capital Expenses	(25,170,454)	(2,625,531)
Purchases of Capital Assets	(72,206,959)	(37,697,234)
Principal Payments on Debt and Leases	(11,512,891)	(7,444,306)
Interest Paid on Debt and Leases	(1,972,657)	(1,210,304)
Net Cash Used by Financing Activities	(25,448,099)	(14,776,900)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	6,642,158	700,222
Net Cash Provided by Investing Activities	6,642,158	700,222
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,140,772	20,714,223
Cash and Cash Equivalents - Beginning of Year	142,436,328	121,722,105
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 152,577,100	$ 142,436,328

See accompanying Notes to Financial Statements.

MORGAN STATE UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (235,621,510)	$ (183,978,826)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Depreciation and Amortization Expense	39,872,516	29,514,936
Noncash adjustments related to service concession arrangements	(1,959,487)	(717,594)
EFFECT OF CHANGES IN NONCASH OPERATING ASSETS AND LIABILITIES		
Accounts Receivable, Net	(8,020,069)	21,607,402
Notes Receivable, Net	(135,169)	630,817
Inventories	83,691	1,773
Leases Receivables	61,480	97,661
Prepaid Expenses	336,795	(1,269,869)
Funds Held for Other Organizations	5,500	(690,426)
Accounts Payable and Accrued Liabilities	23,675,416	(2,833,916)
Unearned Revenue	899,609	2,156,265
Pension Costs, Net	1,216,647	5,245,169
Accrued Workers' Compensation	(562,000)	(72,000)
Accrued Vacation	2,652,535	1,345,482
NET CASH USED by OPERATING ACTIVITIES	$ (177,494,046)	$ (128,963,126)
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	$ 147,969,005	$ 141,171,601
Restricted Cash and Cash Equivalents	4,608,095	1,264,727
Total Cash and Cash Equivalents	$ 152,577,100	$ 142,436,328
NONCASH TRANSACTIONS		
Change in worker's compensation liability	$ 562,000	$ (72,000)
Capital expenditures included in accounts payable	$ 12,846,444	$ 2,272,835
Lease and Subscription Assets purchased with payables	$ 13,655,457	$ -
Asset Purchased financed with Service Concession Arrangements	$ 66,234,311	$ -

See accompanying Notes to Financial Statements.

MORGAN STATE UNIVERSITY
STATEMENTS OF FINANCIAL POSITION – MORGAN STATE UNIVERSITY FOUNDATION, INC.
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 35,732,511	$ 34,721,543
Investments	93,985,146	79,677,279
Pledges Receivable, Net of Discount of $313,295 and $355,241, Respectively and Allowance of $980,250 and $818,069, Respectively	26,021,673	26,452,625
Other Assets and Deposits	60,879	411,925
Total Assets	$ 155,800,209	$ 141,263,372
LIABILITIES AND NET ASSETS		
Accounts Payable and Accruals	$ 2,057,341	$ 464,964
Deferred Revenue	2,500	2,500
Total Liabilities	2,059,841	467,464
NET ASSETS		
Without Donor Restrictions	2,595,102	2,780,947
With Donor Restrictions	151,145,266	138,014,961
Total Net Assets	153,740,368	140,795,908
Total Liabilities and Net Assets	$ 155,800,209	$ 141,263,372

See accompanying Notes to Financial Statements.

MORGAN STATE UNIVERSITY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – MORGAN STATE UNIVERSITY FOUNDATION, INC.
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Contributions and Fund Raising	$ 829,962	$ 18,022,194	$ 18,852,156	$ 1,999,681	$ 27,932,596	$ 29,932,277
Interest and Dividend Income	-	1,768,713	1,768,713	-	302,614	302,614
Unrealized (loss)/Gain	-	9,965,048	9,965,048	-	(15,832,746)	(15,832,746)
Realized Gain	-	(2,256,949)	(2,256,949)	-	140,106	140,106
Total Revenues and Support	829,962	27,499,006	28,328,968	1,999,681	12,542,570	14,542,251
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	14,368,701	(14,368,701)	-	9,687,153	(9,687,153)	-
Total Revenues, Support, and Net Assets Released from Restrictions	15,198,663	13,130,305	28,328,968	11,686,834	2,855,417	14,542,251
EXPENSES						
Program Services	14,390,785	-	14,390,785	9,745,696	-	9,745,696
General and Administrative	904,085	-	904,085	805,039	-	805,039
Fundraising	89,638	-	89,638	74,807	-	74,807
Total Expenses	15,384,508	-	15,384,508	10,625,542	-	10,625,542
INCREASE/(DECREASE) IN NET ASSETS	(185,845)	13,130,305	12,944,460	1,061,292	2,855,417	3,916,709
Net Assets - Beginning of Year	2,780,947	138,014,961	140,795,908	1,719,655	135,159,544	136,879,199
NET ASSETS - END OF YEAR	$ 2,595,102	$ 151,145,266	$ 153,740,368	$ 2,780,947	$ 138,014,961	$ 140,795,908

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Morgan State University (the University) is a modern comprehensive research university that serves the state, national, and international communities by providing its students with academic instruction, by conducting research and other activities that advance fundamental knowledge, and by disseminating knowledge to the people of Maryland and throughout the world. The University awards bachelors, master, and doctoral degrees. The University has been designated as Maryland's Preeminent Public Urban Research University of the State by the state legislature.

The University is governed by the Board of Regents (the Board), a 15-member board, as established under Title 14 of the Education Article, Annotated Code of Maryland which is appointed for a six-year term by the Governor of Maryland, except for the student regent who is appointed for a one-year term. The University is considered a component unit of the State of Maryland for financial reporting purposes and is included in the financial statements of the State of Maryland.

As required by accounting principles generally accepted in the United States of America, these financial statements present the University and its component units. The Morgan State University Foundation, Inc. (the Foundation), was organized exclusively for charitable, religious, educational, and scientific purposes. The Foundation's purposes further include, but are not restricted to, receiving and administering funds to enhance, improve, develop, promote, and to benefit the University, its students, and its faculty. The Foundation qualifies as a component unit of the University under accounting standards generally accepted in the United States of America; therefore, the activities of the Foundation are shown in these financial statements as a discretely presented component unit.

During the years ended June 30, 2023 and 2022, the Foundation distributed $5,033,727 and $3,248,643, to the University. Complete financial statements for the Foundation can be obtained from Morgan State University Foundation, Truth Hall, Room 201, 1700 East Cold Spring Lane, Baltimore, MD 21251.

Measurement Focus and Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The statements of revenues, expenses, and changes in net position for special-purpose governments engaged in business-type activities require an operating/ nonoperating format to be used. The University has elected to report its operating expenses by functional classification. The statements of cash flows are presented using the direct method which depicts cash flows from operating activities and a reconciliation of operating cash flows to operating income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Nonoperating Components

Financial statement operating components include all transactions and other events that are not defined as capital and related financing, noncapital financing or investing activities. The University's principal ongoing operations determine operating activities. Operating revenues and expenses are generally associated with those activities that relate to the core activities of instruction, research and auxiliary services that form the essence of the University. Nonoperating revenues, expenses, and gains and losses represent amounts that occur regularly but are not included in operating revenues and expenses.

Current and Noncurrent

Current assets are defined as cash and other assets or resources commonly identified as those which are reasonably expected to be realized in cash or consumed during a normal operating cycle of business, usually one year or less, without interfering with the normal business operation. They can consist of cash, inventories, accounts receivable, notes receivable, marketable securities, and prepaid expenses which meet the conditions stated above. Current liabilities are defined as obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets, or the creation of other current liabilities. Other assets and liabilities which extend past the one-year period are classified as noncurrent.

Cash and Cash Equivalents

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

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 statements of revenues, expenses, and changes in net position.

Accounts Receivable

Accounts receivable consists of tuition and fees charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Maryland. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Notes Receivable

Notes receivable consist of notes initiated through the Federal Perkins loan program. Based on the criteria of the Perkins loan program, individuals are not required to initiate their repayments until leaving the University.

Inventories

Inventories are carried at cost, determined under the first-in, first-out (FIFO) basis, which is not in excess of realizable value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts and capital assets received in a service concession arrangement. Lease and subscription right to use assets are initially measured as the initial amount of the liability, adjusted for payments made at or before the lease commencement date, plus certain initial direct costs Depreciation of capitalized assets is computed using the straight-line method over the estimated useful lives of the assets, as listed below.

Asset	Capitalization Threshold	Useful Life
Furniture, Fixtures, and Equipment	$ 5,000	5 Years
Infrastructure (Roads Bridges, Tunnels, and Sidewalks)	100,000	40 Years
Buildings and Building Improvements	250,000	20 to 40 Years
Land Improvements	100,000	15 Years
Right to use assets	5,000	5 Years
Library Books	5,000	50 Years

Routine repairs, maintenance and items less than the minimum capitalization thresholds are charged to operating expense in the year in which the expense was incurred. All costs relating to the construction of capital assets owned by the University are capitalized.

The University maintains art collections, consisting primarily of donated African American art and are held for educational, research, and curatorial purposes. The collections which were acquired by contributions since the University's inception are not recognized as assets in the Balance Sheet. The art collections are not capitalized as allowed by criteria of generally accepted accounting principles of the United States of America. Each of the items are catalogued, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The University recognizes deferred outflows and inflows for changes in actuarial assumptions that are being amortized over a five-year period, the difference between projected and actual experience and earnings on pension plan investments, proportionate share of contributions, contributions made subsequent to the measurement date related to pensions, lease receivables and service concession arrangements. Deferred outflows for the year ended June 30, 2023 and 2022 were related to pensions. Deferred inflows were reported as follows:

	2023	2022
Related to Pensions	$ 7,428,293	$ 35,976,295
Related to Leases	335,990	422,132
Related to Service Concession Arrangements	80,061,876	15,787,050
	$ 87,826,159	$ 52,185,477

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenues

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

Accrued Vacation Costs

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statements of net position, and as a component of expenses in the statement of revenues, expenses, and changes in net position.

Leases and Subscription Liability

The University is a lessee for noncancellable leases of information technology arrangements, equipment and real estate. The University recognizes a lease or subscription liability and an intangible right-to-use lease asset (lease asset) in the Statement of Net Position. The University recognizes lease or subscription liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the University initially measures the lease or subscription liability at the present value of payments expected to be made during the lease term. Subsequently, the liability is reduced by the principal portion of payments made. The lease or subscription asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the lease commencement date, plus certain initial direct costs.

Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the University determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The University uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the University is reasonably certain to exercise.

The University monitors change in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease or subscription assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases-Lessor

The University is a lessor for noncancellable leases of cell towers. The University recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Maryland State Retirement and Pension System (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. 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.

Service Concession Agreements

Service concession agreements (SCA) are arrangements between the University (transferor) and a third party (operator) in which all of the following criteria are met:

(a) The University conveys to the operator the right and obligation to provide public services through the use and operation of a capital asset in exchange for significant consideration. Significant consideration could be in the form of up-front payments, installment payments, a new facility or improvements to existing facility.
(b) The operator collects and is compensated by fees from third parties.
(c) The University has the ability to modify or approve what services the operator is required to provide, to whom services are provided, and prices or rates that can be charged for those services.
(d) The institution is entitled to significant residual interest in the service utility of the asset at the end of the arrangement

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets – This represents the University's total investment in capital assets, net of accumulated depreciation, amortization and outstanding debt obligations related to those capital assets. To the extent, debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Restricted Net Position - Expendable – Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted Net Position - Nonexpendable – Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift investment, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted Net Position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Income Taxes – University

The University, as a political subdivision of the State of Maryland, is exempt from federal income taxes under Section 1 of the Internal Revenue Code, as amended.

Revenue Recognition

Revenue is recognized when earned and on an accrual basis with the establishment of corresponding accounts receivable. Tuition receivables are uncollateralized obligations of students resulting from course registration. The allowance method for accounts receivable is used to measure bad debts, which include account charge-offs. The allowance for doubtful accounts is determined based upon aging analysis and management's estimation of collectability of such accounts.

Scholarship Discounts and Allowances

Student tuition and fees revenues and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification

Certain amounts have been reclassified from the 2022 presentation to agree to the 2023 presentation.

Discretely Presented Component Unit of the University

The Foundation is a private nonprofit that reports under the standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features differ from GASB's revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

Basis of Accounting – Foundation

The financial statements of the Foundation are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Pledges Receivable– Foundation

Unconditional pledges to give represent promises from donors to contribute monies for the Foundation's programs and activities. Such pledges are recognized as support when the pledge is made. Unconditional pledges to give where payment is due in the next year are recognized at their net realizable amounts. Unconditional pledges to give where payment is due in subsequent years are recognized at the present value of their net realizable amounts, using a discount rate.

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises to give are received. Amortization of the discounts is included in contribution revenue. As of June 30, 2023 and 2022, the discount rate was 4.6% and 3.6%, respectively, and the amount amortized was $313,295 and $355,241 for the years ended June 30, 2023 and 2022, respectively.

Allowances for uncollectible promises to give are estimated based on the date of the promise, the term, and the payment history.

Included in promises to give are the following restricted promises as of June 30:

	2023	2022
Promises to Give Before Unamortized Discount and Allowance for Uncollectibles	$ 27,315,218	$ 27,625,935
Less: Unamortized Discount	313,295	355,241
Total	27,001,923	27,270,694
Less: Allowance for Uncollectibles	980,250	818,069
Net Promises to Give	$ 26,021,673	$ 26,452,625

The Foundation wrote off $86,288 and $13,069 in uncollectible pledges during the years ended June 30, 2023 and 2022, respectively.

As of June 30, the restricted promises to give are expected to be collected as follows:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2023	2022
Amounts Due In:		
One Year	$ 6,020,452	$ 6,020,452
Two Years	3,311,654	3,311,654
Three Years	2,839,772	2,839,772
Four Years	357,613	357,613
Five Years	504,351	504,351
Thereafter	14,281,376	14,592,093
Total	$ 27,315,218	$ 27,625,935

Income Taxes – Foundation

The Foundation is exempt from income taxes, except for taxes on unrelated business income, under Section 501(c)(3) of the Internal Revenue Code and related state statues, The Foundation did not have any unrelated business income for the years ended June 30, 2023 and 2022.

Accounting principles generally accepted in the United State of America require management of an organization to evaluate tax positions taken by the organization and recognize an income tax liability if the organization has taken a position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Foundation and concluded that as of June 30, 2023 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Revenue and Revenue Recognition – Foundation

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions – Foundation

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. The University has allowed the Foundation to utilize office space on its campus. The utilities, water, and the space provided at no cost to the Foundation are not deemed significant. There are no amounts for utilities, water and the space reflected in the financial statements. Contributed goods are recorded at fair value at the date of donation. The Foundation records donated professional services at the respective fair values of the services received.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets – Foundation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement defines a 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 of a SBITA; and requires note disclosures regarding a SBITA

The University adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the earliest comparative period presented. There was no impact on net position or change in net position as a result of the implementation.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* in March 2020. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for periods beginning after June 15, 2022. The University has two service concession arrangements that are covered by GASB 94 that are disclosed in footnote 11. There was no impact on net position or change in net position as a result of the implementation.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits in State of Maryland Cash Pool

As of June 30, 2023 and 2022, the University's carrying value was $147,825,411 and $141,047,072 as compared to the amount held in the internal pooled cash account with the Maryland State Treasurer (Treasurer) in the amount of $147,990,411 and $141,021,333, respectively. The Treasurer has statutory responsibility for the State's cash management activities. The Treasurer maintains these and other State agency funds on a pooled basis in accordance with State statutes. The carrying amount of the University's demand and time deposits was $143,594 and $124,529 as compared to bank balances of $131,126 and $136,918, as of June 30, 2023 and 2022, respectively. These time deposits were fully insured as of June 30, 2023 and 2022.

Investments and Restricted Cash and Cash Equivalents

The University categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses, and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis.

The University has restricted cash and cash equivalents of $4,608,095 and $1,264,727, respectively, as of June 30, 2023 and 2022. The June 30, 2023 and 2022, restricted cash and cash equivalents were held by the Bond Trustees, the Bank of New York Mellon and Regions Bank. As of June 30, the risk disclosures of investments were classified as follows:

	2023		2022	
	Market Value	Rating	Market Value	Rating
Fidelity Treasury-Regions Bank	$ 4,608,095	AAA	$ 1,264,727	AAA

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments and Investment Income

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Foundation had the following recurring fair value measurements as of June 30, 2023 and 2022:

	June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Money Market Fund	$ -	$ -	$ -	$ -
Mutual Funds	17,122,195	17,122,195	-	-
Certificate of Deposits	2,085,049	2,085,049	-	-
U.S. Treasury Obligations	3,412,799	3,412,799	-	-
U.S. Government Securities	1,016,409	1,016,409	-	-
Municipal Obligations	1,458,180	1,458,180	-	-
Corporate & Foreign Bonds	3,086,681	-	3,086,681	-
Equity Funds	65,803,833	-	65,803,833	-
Total Equity Securities	$ 93,985,146	$ 25,094,632	$ 68,890,514	$ -

	June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Money Market Fund			$ -	$ -
Mutual Funds	12,680,754	12,680,754	-	-
Certificate of Deposits	1,112,061	1,112,061	-	-
U.S. Treasury Obligations	3,262,411	3,262,411	-	-
U.S. Government Securities	707,421	707,421	-	-
Municipal Obligations	1,573,988	1,573,988	-	-
Corporate & Foreign Bonds	3,677,740	-	3,677,740	-
Equity Funds	56,662,904	-	56,662,904	-
Total Equity Securities	$ 79,677,279	$ 19,336,635	$ 60,340,644	$ -

Money market, certificates of deposits, common stocks, and U.S. Government obligations and securities are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those investments.

Mutual and Equity funds are valued at the last quoted sales price, except securities traded on the Nasdaq Stock Market, Inc. (NASDAQ), which are value in accordance with the NASDAQ official closing price. Over the counter securities are valued at the mean between the latest bid and asked prices as furnished by dealers who make markets in such securities. Mutual funds are classified in Level 1 while equity funds are valued in Level 2.

Corporate and foreign bonds are valued based upon quotes for similar securities; therefore, these investments are classified in Level 2.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University adheres to the State Treasurer's policy for managing its exposure to fair value loss arising from increasing interest rates.

The State Treasurer's investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the State Treasurer will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for reducing its exposure to credit risk is to comply with the State Treasurer's policy, which requires that the State Treasurer's investment in repurchase agreements be collateralized by U.S. Treasury and agency obligations. In addition, investments may be made directly in U.S. Treasuries or agency obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's policy for reducing this risk of loss is to comply with the State Treasurer's policy, which limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio. Otherwise, there is no limit on the amount that may invested in any one issuer. The University held no investment in a single issuer greater than 5% as of June 30, 2023 and 2022.

Custodial Credit Risks-Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the University's deposits may not be returned. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by pledging financial institutions' trust department or agent but not in the University's name. The University does not have a formal deposit policy for custodial credit risk but follows the State Treasurer's policy which states that the State Treasurer may deposit in a financial institution in the State, any unexpended or surplus money in which the State Treasurer has custody. As of June 30, 2023, and 2022, 99% of the University's cash was deposited with the State Treasury and this was not subject to custodial risk.

NOTE 3 ACCOUNTS RECEIVABLE, LEASE RECEIVABLE, ACCOUNTS PAYABLE, AND ACCRUED LIABILITIES

Accounts receivable, accounts payable, and accrued liabilities consisted of the following as of June 30, 2023 and 2022:

NOTE 3 ACCOUNTS RECEIVABLE, LEASE RECEIVABLE ACCOUNTS PAYABLE, AND ACCRUED LIABILITIES (CONTINUED)

June 30, 2023	Accounts Receivable	Accounts Payable and Accrued Liabilities
Student	$ 7,368,913	$ 2,229,034
Federal Grants	22,489,606	-
Other Grants (Primarily State Grants)	5,520,127	-
Vendor	-	31,333,997
Employee	-	13,136,177
Other	3,518,796	59,332
Total	38,897,442	46,758,540
Less Allowance for Doubtful Accounts	4,962,586	-
Total	$ 33,934,856	$ 46,758,540

June 30, 2022	Accounts Receivable	Accounts Payable and Accrued Liabilities
Student	$ 8,262,704	$ 1,657,918
Federal Grants	15,683,832	-
Other Grants (Primarily State Grants)	3,834,830	-
Vendor	-	11,296,626
Employee	-	9,984,900
Other	2,514,146	143,679
Total	30,295,512	23,083,123
Less Allowance for Doubtful Accounts	4,380,725	-
Total	$ 25,914,787	$ 23,083,123

Lease Receivables

The University, acting as lessor, leases cell towers under long-term, nonconcealable lease arrangement. These leases expire at various dates through 2030 and provide for renewal options. During the years ended June 30, 2022, the University recognized $140,830 and $17,208 in lease revenue and interest revenue, respectively.

Future minimum lease payments under the lease were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Payments
2024	$ 63,858	$ 11,783	$ 75,641
2025	67,670	9,149	76,819
2026	34,642	7,092	41,734
2027	37,339	5,646	42,985
2028	40,185	4,091	44,276
2029	43,186	2,418	45,604
2030	46,351	621	46,972
Total	$ 333,231	$ 40,800	$ 374,031

Deferred Inflows related to lease receivables were $335,992 and $394,711 as of June 30, 2023 and 2022, respectively.

NOTE 4 CAPITAL ASSETS

The following were the changes in capital assets for the years ended June 30, 2023 and 2022:

	June 30, 2022	Additions	Reductions/ Transfers	June 30, 2023
Capital Assets, Not Being Depreciated:				
Land	$ 10,551,343	$ 4,300,000	$ -	$ 14,851,343
Construction In-Progress	62,462,008	71,796,821	(42,161,782)	92,097,047
Total Capital Assets, Not Being Depreciated	73,013,351	76,096,821	(42,161,782)	106,948,390
Capital Assets, Being Depreciated:				
Infrastructure Networks	80,918,299	-	-	80,918,299
Land Improvements	23,342,950	-	-	23,342,950
Buildings	672,631,170	42,161,782	(5,077,297)	709,715,655
Buildings (Morganview SCA)	28,703,729	-	-	28,703,729
Buildings (Thurgood Marshall SCA)	-	66,234,311	-	66,234,311
Furniture, Fixtures and Equipment	56,002,974	1,121,200	(107,653)	57,016,521
Library Materials	2,917,625	-	-	2,917,625
Total Capital Assets, Being Depreciated	864,516,747	109,517,293	(5,184,950)	968,849,090
Right-to-use Assets:				
Real Estate	26,637,926	13,381,298	(822,995)	39,196,229
Equipment	2,109,064	-	-	2,109,064
Subscription	-	274,159	-	274,159
Total Right-to-use Assets	28,746,990	13,655,457	(822,995)	41,579,452
Total Capital Assets	966,277,088	199,269,571	(48,169,727)	1,117,376,932
Less Accumulated Depreciation:				
Infrastructure Networks	(31,523,603)	(4,376,466)	-	(35,900,069)
Land Improvements	(17,996,746)	(1,037,643)	-	(19,034,389)
Buildings	(289,329,642)	(17,587,167)	5,077,297	(301,839,512)
Buildings (Morganview SCA)	(12,916,679)	(717,593)	-	(13,634,272)
Buildings (Thurgood Marshall SCA)	-	(1,241,893)	-	(1,241,893)
Furniture, Fixtures and Equipment	(52,622,252)	(1,288,186)	107,653	(53,802,785)
Library Materials	(1,759,424)	(58,353)	-	(1,817,777)
Total Accumulated Depreciation	(406,148,346)	(26,307,301)	5,184,950	(427,270,697)
Less Accumulated Amortization:				
Real Estate	(10,948,712)	(12,970,924)	822,995	(23,096,641)
Equipment	(950,931)	(475,465)	-	(1,426,396)
Subscription	-	(118,826)	-	(118,826)
Total Accumulated Amortization	(11,899,643)	(13,565,215)	822,995	(24,641,863)
Total Accumulated Depreciation and Amortization	(418,047,989)	(39,872,516)	6,007,945	(451,912,560)
Capital Assets, Net	$ 548,229,099	$ 159,397,055	$ (42,161,782)	$ 665,464,372

NOTE 4 CAPITAL ASSETS (CONTINUED)

	June 30, 2021	Additions	Reductions/ Transfers	June 30, 2022
Capital Assets, Not Being Depreciated:				
Land	$ 10,551,343	$ -	$ -	$ 10,551,343
Construction In-Progress	26,089,994	37,387,181	(1,015,167)	62,462,008
Total Capital Assets, Not Being Depreciated	36,641,337	37,387,181	(1,015,167)	73,013,351
Capital Assets, Being Depreciated:				
Infrastructure Networks	80,918,299	-	-	80,918,299
Land Improvements	23,342,950	-	-	23,342,950
Buildings	672,631,170	-	-	672,631,170
Buildings (Morganview SCA)	28,703,729	-	-	28,703,729
Furniture, Fixtures and Equipment	55,094,626	670,237	238,111	56,002,974
Library Materials	2,917,625	-	-	2,917,625
Total Capital Assets, Being Depreciated	863,608,399	670,237	238,111	864,516,747
Right-to-use:				
Real Estate	26,637,926	-	-	26,637,926
Equipment	2,109,064	-	-	2,109,064
Total Lease Assets	28,746,990	-	-	28,746,990
Total Capital Assets	928,996,726	38,057,418	(777,056)	966,277,088
Less Accumulated Depreciation for:				
Infrastructure Networks	(28,058,756)	(3,464,847)	-	(31,523,603)
Land Improvements	(16,967,122)	(1,029,624)	-	(17,996,746)
Buildings	(272,351,666)	(16,977,976)	-	(289,329,642)
Buildings (Morganview SCA)	(12,199,085)	(717,594)		(12,916,679)
Furniture, Fixtures and Equipment	(51,722,404)	(1,316,721)	416,873	(52,622,252)
Library Materials	(1,701,071)	(58,353)	-	(1,759,424)
Total Accumulated Depreciation	(383,000,104)	(23,565,115)	416,873	(406,148,346)
Less Accumulated Amortization:				
Real Estate	(5,474,356)	(5,474,356)	-	(10,948,712)
Equipment	(475,465)	(475,466)	-	(950,931)
Total Accumulated Amortization	(5,949,821)	(5,949,822)	-	(11,899,643)
Total Accumulated Depreciation and Amortization	(388,949,925)	(29,514,937)	416,873	(418,047,989)
Capital Assets, Net	$ 540,046,801	$ 8,542,481	$ (360,183)	$ 548,229,099

NOTE 5 LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2023 and 2022 were as follows:

	June 30, 2022	Additions	Reductions/ Transfers	June 30, 2023	Amounts Due Within One Year
HBCU Loan Payable	$ 20,829,058	$ 18,740,859	$ (346,594)	$ 39,223,323	$ 992,679
Note Payable	7,130,847	-	(1,963,365)	5,167,482	2,021,710
Lease Liability	17,903,264	13,381,298	(9,079,366)	22,205,196	12,725,594
Subscription Liability	-	274,159	(123,566)	150,593	130,799
Accrued Workers' Compensation	3,089,000	-	(562,000)	2,527,000	379,050
Accrued Vacation	13,981,632	2,652,535	-	16,634,167	5,987,553
Net Pension Liability	63,300,372	28,507,060	-	91,807,432	-
Total Long-Term Liabilities	$ 126,234,173	$ 63,555,911	$ (12,074,891)	$ 177,715,193	$ 22,237,385

	June 30, 2021	Additions	Reductions/ Transfers	June 30, 2022	Amounts Due Within One Year
HBCU Loan Payable	$ -	$ 20,829,058	$ -	$ 20,829,058	$ 117,378
Note Payable	9,037,549	-	(1,906,702)	7,130,847	1,963,364
Lease Liability	23,440,867	-	(5,537,603)	17,903,264	5,527,387
Accrued Workers' Compensation	3,161,000	-	(72,000)	3,089,000	463,350
Accrued Vacation	12,276,149	1,705,483	-	13,981,632	4,918,780
Net Pension Liability	85,852,242	-	(22,551,870)	63,300,372	-
Total Long-Term Liabilities	$ 133,767,807	$ 22,534,541	$ (30,068,175)	$ 126,234,173	$ 12,990,259

Additional information regarding Lease and Subscription Liabilities are included at Note 7.

NOTE 6 LOANS AND NOTE PAYABLE

Historically Black Colleges and Universities (HBCU) Loan Payable

In fiscal year 2019, Morgan State University initiated $25,000,000 Future Advance Project Funding Bonds, Series A 2018-5 HBCU Loan for University Projects. The Loan Agreement was dated November 14, 2018.

When the Trustee disburses funds from this loan Account to the University, the Trustee reimburses the University for incurred expenses paid by the University for construction and/or renovation projects. Interest is only incurred after disbursement funds are sent to the University by the Trustee. Each installment disbursement has its own Debt Service Payment Schedule. The draws are interest only until January 2023, at which time principal and interest payments are due. The outstanding balance on the loan was $7,518,965 as of June 30, 2020. In October 2020, the outstanding loan balance of $8,380,157 was forgiven by the Lender pursual to the Consolidated Appropriations Act, 2021 (Pub. L. 116-260).

NOTE 6 LOANS AND NOTE PAYABLE (CONTINUED)

In October 2020, the University issued Series A 2020-5, 2020-6 and 2020-7 Future Advance Project Funding Bonds for $21,250,000, $16,500,000 and $32,000,000, respectively. The 2020-5 Series was utilized to advance refund the 2012 Revenue bonds. As a result of the refunding, the University decreased its total debt service requirements by $23,970,750 which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $3,075,833. The proceeds from the Series 2020-6 and 2020-7 series was issued for financing various construction and deferred maintenance projects. As of March 2020, the outstanding balance as of $25,314,928 ($20,894,917, $168,168, and $4,251,843 on the Series A 2020-5, 2020-6 and 2020-7, respectively) were forgiven by the Lender pursual to the Consolidated Appropriations Act, 2021 (Pub. L. 116-260).

As of June 30,2023, the outstanding balance was $39,223,323 ($14,291,980 and $24,089,764 on the Series A 2020-6 and 2020-7, respectively).

On November 2, 2022 the University issued Series A 2022-9, Future Advance Project Funding Bonds for $65,050,000. The proceeds from the Series 2022-9 series will be utilized for financing the Baldwin and Cummings Residential Halls, Murphy fine arts, Hurt building and deferred maintenance projects. As of June 30, 2023, the outstanding balance was $841,579.

The interest rate on the loans is equal to the 30 year Federal Financing Bank Rate + 22.5 basis points at the time of issuance, the rates were 2.158% to 3.73% at June 30, 2023.

Future minimum payments under the loans for the years ending June 30, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Payments
2024	$ 992,679	$ 614,502	$ 1,607,181
2025	962,170	1,206,910	2,169,080
2026	995,376	1,173,434	2,168,810
2027	1,039,222	1,147,935	2,187,157
2028	1,081,208	1,105,972	2,187,180
2029-2033	5,915,270	5,020,633	10,935,903
2034-2038	6,913,035	4,022,869	10,935,904
2039-2043	8,092,014	2,843,889	10,935,903
2044-2048	9,471,529	1,464,374	10,935,903
2049-2052	3,760,820	180,728	3,941,548
Total	$ 39,223,323	$ 18,781,246	$ 58,004,569

NOTE 6 LOANS AND NOTE PAYABLE (CONTINUED)

Note Payable

Morgan State University entered into a Purchase Agreement, dated January 22, 2016, by and between Grant Capital Management, Inc. (GCM). The Agreement states that the University will deposit with Escrow Agent-BOK FINANCIAL cash in the amount of $18,703,145. The "Escrow Fund" is to be applied from time to time to (i) pay the Vendor(s) or Manufacturer(s) of the Equipment its invoice cost and (ii) reimburse the Lessee (a portion of which may if required, be paid prior to final acceptance of the Equipment by the University). The Equipment Purchase Agreement Contract provides Next Generation Network Upgrade, data network equipment and integrated network admissions management solution to satisfy and replaces the existing University data network infrastructure. The Agreement includes hardware, software, maintenance, and service for a complete turnkey solution which are pledged as collateral. The term of the agreement is for ten years. The agreement requires the University to make twenty semi-annual payments to Capital One Public Funding, LLC, as assigned by Grant Capital Management.

The direct borrowing contains a provision that in an event of default, outstanding amounts become immediately due if the Government is unable to make payment.

A summary of the terms of the agreement is listed below:

Type	Annual Installments	Interest Rates	Due Dates
Information Technology Equipment Purchase	$1,079,675	1.01 - 4.07%	10/1/2025

Future minimum payments under the purchase agreement for the years ending June 30, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Payments
2024	$ 2,021,710	$ 137,640	$ 2,159,350
2025	2,081,791	77,559	2,159,350
2026	1,063,981	15,964	1,079,945
Total	$ 5,167,482	$ 231,163	$ 5,398,645

NOTE 7 LEASE LIABILITY

The University leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. See note 4 for the related assets and amortization for right to use assets. A summary of the lease are listed below:

Type	Annual Installments	Interest Rates	Due Dates
Equipment Leases	$4,108 - $39,054	4.00%	4/1/2024-12/1/2024
Real Estate leases	$1,157 - $491,079	4.00%	7/1/2022-7/1/2025

NOTE 7 LEASE LIABILITY (CONTINUED)

Future minimum lease payments under the lease agreements for the year ending June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Payments
2024	$ 12,725,594	$ 616,871	$ 13,342,465
2025	8,793,331	179,556	8,972,887
2026	686,271	-	686,271
Total	$ 22,205,196	$ 796,427	$ 23,001,623

NOTE 8 SUBSCRIPTION LIABILITY

The University has agreements for subscription-based information technology arrangements (SBITA) with vendors for educational software under long-term, noncancelable agreements. See note 4 for the related assets and amortization for right to use subscription assets. A summary of the terms are listed below:

Type	Annual Installments	Interest Rates	Due Dates
Software Subcriptions	$18,471 - $112,840	3.73%	10/1/2022 - 9/30/202

Future minimum subscription payments under the agreements for the year ending June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Payments
2024	$ 130,799	$ 1,251	$ 132,050
2025	19,794	185	19,979
Total	$ 150,593	$ 1,436	$ 152,029

NOTE 9 COMMITMENTS AND CONTINGENCIES

Contingencies

In the normal course of operations, certain claims have been brought against the University, which are in various stages of resolution. In the opinion of management, based on the advice of the State's Attorney General, the claims asserted are not expected to have a material effect on the University's financial position as of June 30, 2023.

The University receives funds from various Federal and State Agencies to fund specific programs. Final determination of various amounts is subject to audit under the Federal Single Audit Act Amendments of 1996 and by the responsible agencies. University officials believe that any audit adjustments resulting from final settlements will be immaterial in relation to the University's financial resources.

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments

As of June 30, 2023, the University had commitments of approximately $97 million for various capital improvement projects. These include:

(a) complete equipping the new Student Services building
(b) the new Health and Human Services building in the initial planning stages
(c) residual vendor payments on facilities (Behavioral Sciences Building and School of Business complex)
(d) continuation of campus wide utility upgrades,
(e) facilities maintenance and site improvement, and
(f) campus-wide site improvements and ADA accessibility projects continue to be phased in over the entire campus

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS

General Information about the Pension Plan

Plan Description: Teachers employed by the University are provided with pensions through the Teacher's Pension System of the State of Maryland (TPS) – a cost-sharing multiple-employer defined benefit pension plan administered by the Maryland State Retirement and Pension System (MSRPS). Certain employees of the University are provided with pensions through the Employees Retirement System of the State of Maryland (ERS) – a cost-sharing multiple- employer defined benefit pension plan administered by the Maryland State Retirement and Pension System (MSRPS). Police employees or any cadet of the Maryland State Police may participate in the State Police Retirement System (PRS) – a cost-sharing multiple- employer defined benefit pension plan administered by the MSRPS.

The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of TPS and ERS to MSRPS Board of Trustees. MSRPS issues a publicly available financial report that can be obtained at www.sra.state.md.us/Agency/Downloads/ CAFR/.

Benefits Provided: A member of either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's AFC (average final compensation) multiplied by the number of years of accumulated creditable service.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible of full retirement benefits upon the earlier of attaining the age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligible service.

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

General Information about the Pension Plan (Continued)

An individual who is a member of the State Police Retirement System is eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 22-25 years of eligibility service regardless of age. The annual retirement allowance equals 2.55% of the member's AFC multiplied by the number of years of accumulated creditable service and may not exceed 71.4% of the member's AFC.

For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employees' Pension System.

Exceptions to these benefit formulas apply to members of the Employees' Pension System who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members' equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

Early Service Retirement

A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years or creditable service, whichever is less. The maximum reduction for members of the Teachers' or Employee's Retirement System is 30%.

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

General Information about the Pension Plan (Continued)

Early Service Retirement (Continued)

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July1, 2011 may retire with reduced benefits upon attaining the age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

Members of the State Police Systems are not eligible for early service benefits.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Contributions

Contributions: (ERS) The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 6% of their annual pay.

Contributions: (TPS) The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The State of Maryland is responsible for the net pension liability of TPS. The University's required contribution is for the normal cost and does not include any contribution for past service cost. As such, the State of Maryland is responsible for 100% of the net pension liability related to TPS and qualifies for as special funding situation. The State of Maryland did not make contributions on behalf of the University for the years ended June 30, 2023 and 2022.

Contributions: (PRS) The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 8% of their annual pay.

The University's contractually required contribution rate for the years ended June 30, 2023 and 2022, $13,914,910 and $10,724,829, respectively, actuarially determined as an amount that, when combined with the State of Maryland and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (State only).

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

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

As of June 30, 2023 and 2022, the University reported a liability of $91,807,432 and $63,300,372, respectively, for its proportionate share of the net pension liability. The liability is inclusive of the University's share of the net pension liability for the ERS, TPS and PRS Plans. The net pension liability was measured as of June 30, 2022 for June 30, 2023 and as of June 30, 2021 for June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. As of June 30, 2023 and 2022, the University's proportion for the net pension liability was .459% and 0.422%, respectively.

For the years ended June 30, 2023 and 2022, the University recognized pension expense of $2,125,780 and $5,363,119, respectively. As of June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to the net pension liability of the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	$ 9,316,235	$ 767,438
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,267,445	-
Differences between Expected and Actual Experience	-	5,907,156
Change in Proportionate Share	2,277,984	58,272
Change in Proportion	4,325,736	695,427
Contributions Made Subsequent to the Measurement Date	13,914,910	-
Total	$ 31,102,310	$ 7,428,293

Deferred outflows of resources of $13,914,910 related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows			
Year Ending June 30,	Difference Between Projected and Actual Earnings	Change in Proportionate Share	Changes in Assumptions	Change in Proportion
2024	$ (768,150)	$ 2,277,984	$ 2,666,040	$ 1,691,428
2025	(1,171,582)	-	2,666,069	1,691,428
2026	(2,752,301)	-	2,666,069	875,723
2027	5,959,478	-	1,318,057	44,985
2028	-	-	-	22,172
Total	$ 1,267,445	$ 2,277,984	$ 9,316,235	$ 4,325,736

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

	Deferred Inflows				
Year Ending June 30,	Difference Between Projected and Actual Experience	Changes in Assumptions	Change in Proportionate Share	Change in Proportion	Difference Between Projected and Actual Earnings
2024	$ 1,565,359	$ 456,265	$ 41,568	$ 490,348	$ -
2025	1,511,774	311,173	16,704	82,216	-
2026	1,381,253	-	-	82,216	-
2027	1,066,976	-	-	40,647	-
2028	381,794	-	-	-	-
Total	$ 5,907,156	$ 767,438	$ 58,272	$ 695,427	$ -

As of June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to the net pension liability of the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	$ 12,108,285	$ 1,223,703
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	29,507,256
Differences between Expected and Actual Experience	-	3,765,473
Change in Proportionate Share	4,665,852	103,786
Change in Proportion	5,770,067	1,376,077
Contributions Made Subsequent to the Measurement Date	10,724,829	-
Total	$ 33,269,033	$ 35,976,295

	Deferred Outflows			
Year Ending June 30,	Difference Between Projected and Actual Earnings	Change in Proportionate Assummptins	Changes in Assumptions	Change in Proportion
2023	$ -	$ 2,387,868	$ 2,792,021	$ 1,646,443
2024	-	2,277,984	$ 2,666,069	1,646,443
2025	-	-	2,666,069	1,646,443
2026	-	-	2,666,069	830,738
2027	-	-	1,318,057	-
Total	$ -	$ 4,665,852	$ 12,108,285	$ 5,770,067

	Deferred Inflows			
Year Ending June 30,	Difference Between Projected and Actual Experience	Changes in Assumptions	Change in Proportionate Share	Change in Proportion
2023	$ 1,338,501	$ 456,265	$ 45,514	$ 680,650
2024	790,761	456,265	41,568	490,348
2025	737,176	311,173	16,704	82,216
2026	606,656	-	-	82,216
2027	292,379	-	-	40,647
Total	$ 3,765,473	$ 1,223,703	$ 103,786	$ 1,376,077

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2022	2021
Valuation Date	June 30, 2022	June 30, 2021
Inflation - General	2.25%	2.25%
Inflation - Wage	2.75%	2.75%
Salary Increases	2.75% to 11.25%, Including Inflation	3.1% to 11.6%, Including Inflation
Investment Rate of Return	6.80%	6.80%
Mortality Rates	Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale	Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale

The economic and demographic actuarial assumptions used in the June 30, 2022 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, after completion of the June 30, 2018 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2019. As a result, an investment return assumption of 6.80% and an inflation assumption of 2.25% were used in the June 30, 2022 valuation.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following tables:

	2022	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34.0 %	6.00 %
Private Equity	16.0	8.40
Rate Sensitive	21.0	1.20
Credit Opportunity	8.0	4.90
Real Assets	15.0	5.20
Absolute Return	6.0	3.50
Total	100.0 %	

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

	2021	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37.0 %	4.70 %
Private Equity	13.0	6.50
Rate Sensitive	19.0	(0.40)
Credit Opportunity	9.0	2.60
Real Assets	14.0	4.20
Absolute Return	8.0	2.00
Total	100.0 %	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2022.

For the years ended June 30, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was (-2.97%) and 26.69%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The single discount rate used to measure the total pension liability was 6.8% as of June 30, 2022 and 2021, respectively. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% as of June 30, 2022 and 2021, respectively. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these 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 the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the University's net pension liability, calculated using a single discount rate that is 1-percentage-point lower and 1- percentage-point higher as of June 30, 2023 and 2022:

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

	2023		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
University's Proportionate Share	$ 140,861,815	$ 91,807,432	$ 51,103,665

	2022		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
University's Proportionate Share	$ 107,809,405	$ 63,300,372	$ 26,380,423

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued System’s financial report available at www.sra.state.md.us/Agency/Downloads/CAFR/.

Optional Retirement Plans

In addition to retirement and pension plans, the University offers optional defined contribution retirement programs for certain faculty and professional staff. The University contributes 4% to 7% of the annual salary to these plans. The amount contributed by the University for these Plans for the fiscal years ended June 30, 2023 and 2022, were $4,192,862 and $3,319,089, respectively.

Other Postemployment Benefits

Members of the State Retirement and Pension System of Maryland (the State System) and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (the Plan), which is administered by the Department of Budget and Management. The Plan is a single employer defined benefit healthcare plan established by the State Personnel and Pensions Article, Section 2-501 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees, and their dependents. The Secretary of the Department of Budget and Management has the authority to establish/amend benefit terms. The State does not distinguish employees by employer/ State agency. Instead, the State allocates the postemployment healthcare costs to all participating employers. As such, the State has elected to maintain the entire net postemployment benefit liability as a liability of the general fund of the State and has not allocated any liability to State entities, including the University, and as a result, did not require a contribution.

Financial information for the Plan is included in the State of Maryland Comprehensive annual Financial Report, which can be obtained from the Office of the Comptroller, Louis L. Goldstein Treasury Building, Annapolis, MD 21401 or https://finances.marylandtaxes.gov/Where_the_Money_Comes_From/General_Revenue_Reports/default.shtml.

NOTE 10 PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS (CONTINUED)

A separate actuarial valuation is not performed for the University. The statutorily required employer contribution for the years ended June 30, 2023, 2022, and 2021 was $7,397,161, $5,460,186, and $4,574,806, respectively.

The contribution recognized by the OPEB plan in relation to statutorily required employer contribution for the years ended June 30, 2023, 2022, and 2021 was $7,397,161, $5,460,186 and $4,574,806, respectively.

Payroll for employees covered in OPEB for the years ended June 30, 2023, 2022, and 2021 was $127,842,912, $100,469,194, and $97,577,437, respectively. The percentage amount of contributions recognized by the OPEB plan as related to the statutorily required employer contribution of covered-employee payroll is 5.78%, 5.43%, and 4.69%, respectively (See Schedule of Other Postemployment Benefits (OPEB) in the “Required Supplementary Information” section).

Morgan State University Section 457(f) Contingent Deferred Compensation Plan

The University maintains an Internal Revenue Code (IRC) Section 457 plan (457 Plan), a defined contribution plan, for eligible employees as designated by the Board. Section 457 requires that the assets and income of the plans be held in trust for the exclusive benefit of participants and their beneficiaries. Employer contributions for the year ended June 30, 2022 were $90,000.

NOTE 11 RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters. The University participates in the State’s various self-insurance programs. The State is self-insured for general liability, property and casualty, workers’ compensation, environmental and anti-trust liabilities, and certain employee health benefits.

The State allocates the cost of providing claims servicing and claims payment by charging a “premium” to the University based on a percentage of the University’s estimated current-year payroll or based on the average loss experienced by the University. This charge considers recent trends in actual claims experience of the State as a whole and makes provisions for catastrophic losses.

NOTE 11 RISK MANAGEMENT (CONTINUED)

The University records a liability when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred workers' compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate. The provision for workers' compensation is based upon a separately determined actuarial valuation for the fiscal year ended June 30, 2022. Settlement amounts have not exceeded insurance coverage levels for the years ended June 30, 2023, 2022, or 2021.

As of 2023 and 2022, the University recorded $2,526,500 and $3,089,000, respectively, in accrued expense liabilities associated with workers' compensation. The recorded amounts represent the actuary's allocation of the University's share of the State's overall liability under the workers' compensation program to the University.

NOTE 12 SERVICE CONCESSION ARRANGEMENTS

Morgan State University entered into a Lease Agreement with the Maryland Economic Development Corporation (MEDCO), a public instrumentality of the State of Maryland and a development company, on March 27, 2002, for the construction of a privatized apartment complex less than one-quarter mile from the center of campus. The $38 million of tax-exempt bonds issued by MEDCO on May 1, 2002 that will mature by 2034, provides apartment-style living for approximately 780 students on a 10-acre parcel of property to address the shortage of student housing. MEDCO, subject to certain review and approval rights of the University, constructed and manages this property through contractual arrangements. The University will receive the net revenues of the project after the developer is repaid for approximately one million dollars of subordinated bonds and after permitted expenses are paid each year as outlined by the associated Bond Indenture. Once the Bonds are paid in full by the project revenue, the buildings and land improvements shall become the property of Morgan State University. The University is not liable for the repayment of the bonds or any costs related to the operation and maintenance of this project. The University reports capital assets and deferred inflows of resources pursuant to the service concession agreement as follows.

	2023	2022
Buildings (Morganview SCA), net of depreciation	$ 15,069,458	$ 15,787,050
Deferred inflow,net of amortization	$ 15,069,458	$ 15,787,050

The deferred inflow is recognized as revenue ratably over the forty-year term of the agreement.

On December 1, 2020, the University amended its Lease Agreement with the Maryland Economic Development Corporation (MEDCO), for the construction of a complex to include a privatized apartment and a dining hall facility. The project, currently under construction on the University's main campus, includes 670 beds of replacement housing (the "Student Housing Facility") to be owned by MEDCO until the related bonds are paid in full.

NOTE 12 SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Also, the project includes an approximately 30,000 square foot replacement dining and retail facility to be owned by the University (the "Dining Facility"). Collectively, the complex will be known as the "Thurgood Marshall Project".

The $96 million Thurgood Marshall Project is financed with a combination of tax-exempt bonds issued by MEDCO on December 2, 2020 that will mature fully by 2056, for the Student Housing Facility and a loan by the university under the HBCU Capital Finance Loan Program for the Dining Facility. MEDCO, subject to certain review and approval rights of the University, is constructing and will manage this property through contractual arrangements. The University will receive annual rent equal to net available cash flow beginning for the lease year ending June 30, 2023 paid from the surplus fund after permitted expenses are paid each year as outlined by the associated Bond Indenture. Once the Bonds are paid in full by the project revenue, the buildings and land improvements shall become the property of Morgan State University. The University is not liable for the repayment of the bonds or any costs related to the operation and maintenance of this project. The University reports capital assets and deferred inflows of resources pursuant to the service concession agreement as follows.

The University reports capital assets and deferred inflows of resources pursuant to the service concession agreement as follows.

	2023
Buildings (Thurgood Marshall SCA), net of depreciation	$ 64,992,418
Deferred inflow,net of amortization	$ 64,992,418

As of June 30, 2023 and 2022, the University had receivables of $2,426,385 and $1,376,865 outstanding from MEDCO, respectively.

NOTE 13 AUXILIARY ENTERPRISES

Auxiliary enterprises revenues for the years ended June 30, 2023 and 2022, were as follows:

2023

Auxiliary Enterprises Revenue Category	Gross Amount	Scholarship Allowances	Net Balance
Residential Facilities	$ 39,487,856	$ 8,927,246	$ 30,560,610
Intercollegiate Athletics	10,663,583	3,732,127	6,931,456
Student Center	4,554,868	1,736,670	2,818,198
Parking Facilities	1,093,982	356,910	737,072
Bookstore	354,629	-	354,629
Total	$ 56,154,918	$ 14,752,953	$ 41,401,965

2022

Auxiliary Enterprises Revenue Category	Gross Amount	Scholarship Allowances	Net Balance
Residential Facilities	$ 35,645,826	$ 11,340,600	$ 24,305,226
Intercollegiate Athletics	9,619,789	2,945,811	6,673,978
Student Center	3,859,268	1,307,430	2,551,838
Parking Facilities	967,321	268,296	699,025
Bookstore	912,717	-	912,717
Total	$ 51,004,921	$ 15,862,137	$ 35,142,784

NOTE 14 NATURAL CLASSIFACTIONS WITH FUNCTIONAL CLASSIFICATIONS

The financial statements show expenses by functional expense classification for the University. The following table reflects expenses for the years ended June 30, 2023 and 2022 by natural classification:

	2023			
	Natural Classification			
Functional Classification	Payments to Employees	Payments to Suppliers and Contractors	Depreciation/ Amortization	Total
Instruction	$ 66,012,174	$ 2,457,741	$ 8,741,972	$ 77,211,887
Grant	33,014,037	48,274,736	1,188,726	82,477,499
Public Service	136,386	47,297	150,150	333,833
Academic Support	27,423,899	6,621,092	5,939,532	39,984,523
Student Service	8,445,038	4,695,089	-	13,140,127
Institutional Support	41,433,880	18,410,466	2,887,523	62,731,869
Operation and Maintenance of Plant	15,344,074	18,144,294	3,411,136	36,899,504
Scholarships and Fellowships	315,146	11,581,859	-	11,897,005
Auxiliary Enterprises	17,413,957	39,805,262	17,553,477	74,772,696
Total Expenses	$ 209,538,591	$ 150,037,836	$ 39,872,516	$ 399,448,943

	2022			
	Natural Classification			
Functional Classification	Payments to Employees	Payments to Suppliers and Contractors	Depreciation/ Amortization	Total
Instruction	$ 56,501,894	$ 4,686,621	$ 8,661,259	$ 69,849,774
Grant	27,410,157	25,893,155	1,054,614	54,357,926
Public Service	170,522	44,040	150,150	364,712
Academic Support	23,058,719	2,979,327	5,029,447	31,067,493
Student Service	7,548,493	8,497,060	-	16,045,553
Institutional Support	35,661,994	13,509,245	2,157,365	51,328,604
Operation and Maintenance of Plant	12,646,757	11,312,972	2,539,910	26,499,639
Scholarships and Fellowships	389,081	21,729,850	-	22,118,931
Auxiliary Enterprises	13,109,252	32,973,603	9,922,192	56,005,047
Total Expenses	$ 176,496,869	$ 121,625,873	$ 29,514,937	$ 327,637,679

Depreciation is allocated to the functional classifications based on the composition of the University's equipment purchases. For example, if a piece of equipment was purchased using instructional funds on a budgetary basis, the depreciation for that piece of equipment is allocated to the functional classification "Instruction."

REQUIRED SUPPLEMENTARY INFORMATION

MORGAN STATE UNIVERSITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE MARYLAND STATE RETIREMENT AND PENSION SYSTEM
JUNE 30, 2023
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
The University's Proportion of the System's Net Pension Liability	0.459%	0.422%	0.426%	0.382%	0.422%	0.352%	0.349%	0.347%	0.297%
The University's Proportionate Share of the System's Net Pension Liability	$ 91,807,432	$ 63,300,372	$ 85,852,242	$ 78,493,621	$ 83,001,543	$ 71,857,509	$ 77,422,295	$ 67,805,629	$ 49,822,391
State and Other Agencies Proportionate Share of the System's Net Pension Liability	18,559,986,013	13,871,527,695	21,006,672,769	19,206,756,940	19,591,032,654	20,318,346,203	22,096,034,108	19,468,527,051	16,733,256,657
Total State Net Pension Liability	$ 18,651,793,445	$ 13,934,828,067	$ 21,092,525,011	$ 19,285,250,561	$ 19,674,034,197	$ 20,390,203,712	$ 22,173,456,403	$ 19,536,332,680	$ 16,783,079,048
The University's Covered Payroll	$ 51,517,049	$ 47,856,262	$ 44,936,035	$ 40,215,363	$ 40,081,182	$ 40,185,137	$ 39,007,196	$ 38,992,278	$ 38,992,278
The University's Proportionate Share of the System's Net Pension Liability as a Percentage of its Covered Payroll	178.21%	132.27%	191.05%	195.18%	207.08%	178.82%	198.48%	173.90%	127.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.75%	76.76%	66.29%	67.98%	68.36%	66.71%	62.97%	66.26%	69.53%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2014 is not available.

See accompanying Notes to Required Supplementary Information.

MORGAN STATE UNIVERSITY
SCHEDULE OF CONTRIBUTIONS FOR THE PENSION PLAN
JUNE 30, 2023
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 13,914,910	$ 10,724,829	$ 10,080,992	$ 9,123,226	$ 7,849,256	$ 7,803,727	$ 8,097,317	$ 6,916,260	$ 6,877,006
Contributions in Relation to the Contractually Required Contribution	(13,914,910)	(10,724,829)	(10,080,992)	(9,123,226)	(7,849,256)	(7,803,727)	(8,097,317)	(6,916,260)	(6,877,006)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's Covered Payroll	$ 67,108,417	$ 51,517,049	$ 47,856,262	$ 44,936,035	$ 40,215,363	$ 40,081,182	$ 40,185,137	$ 39,007,196	$ 38,992,278
Contributions as a Percentage of Covered Payroll	20.73%	20.82%	21.07%	20.30%	19.52%	19.47%	20.15%	17.73%	17.64%

The schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

See accompanying Notes to Required Supplementary Information.

MORGAN STATE UNIVERSITY
SCHEDULE OF CONTRIBUTIONS FOR THE OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2023
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017
Statutory Required Contributions	$ 7,397,161	$ 5,460,186	$ 4,574,807	$ 4,315,836	$ 4,555,492	$ 3,584,599	$ 4,773,228
Contributions in Relations to Statutorily Required Contributions	(7,397,161)	(5,460,186)	(4,574,807)	(4,315,836)	(4,555,492)	(3,584,599)	(4,773,228)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's Covered-Employee Payroll	$ 127,842,912	$ 100,469,194	$ 97,577,437	$ 87,923,660	$ 83,052,243	$ 80,633,680	$ 79,315,339
Contributions as a Percentage of Covered-Employee Payroll	5.786%	5.435%	4.688%	4.909%	5.485%	4.446%	6.018%

The schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2017 is not available.

See accompanying Notes to Required Supplementary Information.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

NOTE 1 CHANGES IN BENEFIT TERMS

There were no benefit changes during the years 2015 through 2022.

NOTE 2 CHANGES IN ASSUMPTIONS

Inflation assumptions were as follows:

- 6/30/2022 2.25%
- 6/30/2021 2.25%
- 6/30/2020 2.60%
- 6/30/2019 2.60%
- 6/30/2018 2.60%
- 6/30/2017 2.65%
- 6/30/2016 2.70%
- 6/30/2015 2.70%

Investment return assumption changed as follows:

- 6/30/2022 6.80%
- 6/30/2021 6.80%
- 6/30/2020 7.40%
- 6/30/2019 7.40%
- 6/30/2018 7.50%
- 6/30/2017 7.50%
- 6/30/2016 7.55%
- 6/30/2015 7.65%