CONSOLIDATED FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis (MD&A) is provided to allow an overview of Mississippi State University's financial position and performance. The discussion focuses on the reasons for material change as they relate to specific categories in the statements and is intended to be read in conjunction with the financial statements and accompanying note disclosures. This MD&A presents financial information for the fiscal year ended June 30, 2023, and comparative data for the fiscal year ended June 30, 2022, to aid in the analysis of the financial performance for the institution. The financial statements, the accompanying notes and this discussion are the responsibility of management.

OVERVIEW OF THE INSTITUTION

Mississippi State University (the "University") is designated by the Carnegie Commission on Higher Education as a doctoral university with very high research activity. The University began as The Agricultural and Mechanical College of the State of Mississippi, one of the national Land Grant Colleges established after Congress passed the Morrill Act in 1862. It was created by the Mississippi Legislature on February 28, 1878, to fulfill the mission of offering training in "agriculture, horticulture and the mechanical arts…without excluding other scientific and classical studies, including military tactics". In 1887 Congress passed the Hatch Act, which provided for the establishment of the Agricultural Experiment Station in 1888. Two other pieces of federal legislation provided funds for extending the mission of the College: in 1914, the Smith Lever Act called for "instruction in practical agriculture and home economics to persons not attendant or resident," thus creating the state wide effort which led to Extension offices in every county of the State; and, in 1917, the Smith Hughes Act which provided for the training of teachers in vocational education.

The University now comprises the following academic units: the College of Agriculture and Life Sciences including the School of Human Sciences; the College of Architecture, Art and Design; the College of Arts and Sciences; the College of Business, including the Adkerson School of Accountancy; the College of Education; the Bagley College of Engineering, including the Swalm School of Chemical Engineering; the College of Forest Resources; the Shackouls Honors College; the Office of the Graduate School; and the College of Veterinary Medicine. In addition, the Mississippi Agricultural and Forestry Experiment Station operates 12 branch stations and 4 research and extension centers throughout the State of Mississippi, conducts research in a variety of areas and assists in the University's teaching and service functions. Finally, the Mississippi State University Extension Service offers programs and services to the people of the State of Mississippi through campus and county offices and personnel.

Mississippi State University operates an off campus degree granting center in Meridian, where both undergraduate and graduate programs are offered, and a program center at the Stennis Space Center. In cooperation with the U.S. Army Engineer Waterways Experiment Station, the College of Engineering offers the Master of Science degree to qualified students in Vicksburg.

Mississippi State University has 32 degree programs across 132 majors for a total of 196 degree/major combinations in fiscal year 2023. The combinations included 90 bachelor's programs, 69 master's programs, 1 specialist program, and 38 doctoral programs. The University had an enrollment of 22,649 students as of the fall of 2022 and employs 6,174 employees including 1,249 full time faculty and 235 part time faculty.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the University at the end of the fiscal year. This statement reflects the assets, deferred outflows, liabilities, deferred inflows and net position of the University as of the fiscal year ended June 30, 2023 and is

CONDENSED STATEMENT OF NET POSITION

	FY 2023	FY 2022	Difference	Percentage
Assets and Deferred Outflows				
Current Assets	$394,725,247	$411,990,889	($17,265,642)	-4%
Capital assets, net	1,250,156,441	1,174,426,368	75,730,073	6%
Other noncurrent assets	164,215,439	158,168,871	6,046,568	4%
Total Assets	**$1,809,097,127**	**$1,744,586,128**	**$64,510,999**	4%
Deferred Outflows of Resources	**$131,931,958**	**$116,419,651**	**$15,512,307**	13%
Liabilities and Deferred Inflows				
Current Liabilities	102,180,954	93,854,824	8,326,130	9%
Noncurrent Liabilities	1,006,088,793	832,790,537	173,298,256	21%
Total liabilities	**$1,108,269,747**	**$926,645,361**	**$181,624,386**	20%
Deferred inflows of resources	**$28,957,732**	**$169,514,035**	**($140,556,303)**	-83%
Net Position				
Net Invested in Capital Assets	$959,206,369	$878,977,470	$80,228,899	9%
Restricted:				
Nonexpendable	14,903,751	14,487,013	416,738	3%
Expendable	57,277,958	52,915,292	4,362,666	8%
Unrestricted	(227,586,472)	(181,533,392)	(46,053,080)	25%
Total Net Position	**$803,801,606**	**$764,846,383**	**$38,955,223**	5%

prepared under the accrual basis of accounting. Revenues and assets are recognized when goods and services are provided, and expenses and liabilities are recognized when goods and services are received, regardless of when cash is exchanged. It is also important to note both assets and liabilities are presented as current and noncurrent. This distinction allows readers to determine the availability of assets to continue current operations and also provides a long term perspective. Likewise, the reader is also able to determine from the presentation of liabilities the current obligations due within one year, as well as future obligations due more than one year from the date of the statement. Deferred Outflows of Resources represent items that will lead to the consumption of net assets in a future year. Conversely, Deferred Inflows of Resources delineate acquisitions of net assets that are applicable to future years. Net position is broken down into three categories: (1) net invested in capital assets represents the historical cost of property and equipment reduced by the balance of related debt outstanding and depreciation expense charged over the years; (2) the restricted component of net position relates to assets with constraints imposed by third parties; (3) and the unrestricted component of net position can be used at the discretion of University administration within the bounds of state law. Additionally, assets within the restricted component are either nonexpendable, as in the case of endowment gifts to be held in perpetuity, or expendable, as in the case of funds for scholarships, research, or other purposes.

The University's net position increased by $39.0 million in fiscal year 2023. This growth was largely due to increases in Net Invested in Capital Assets and Deferred Outflows coupled with a material decrease in Deferred Inflows.

Total assets grew by $64.5 million due almost entirely to growth in Net Capital Assets of $75.7 million. Additions included large expenditures for an on-going project to upgrade Humphrey Coliseum, final touches to the new Music Building and initial expenses towards the Duff Center, which will house programs for Kinesiology and Autism, along with a host of other renovation projects across campus.

Current Assets dwindled overall as Cash and Cash Equivalents decreased $31.9 million accompanied by a $20.1 million increase in Accounts Receivable. The negative change in Cash and Cash Equivalents was due to a concerted effort to put cash reserves to use in both spending and investment strategies. The upturn in Accounts Receivable was related to an almost $12 million surge in Accounts Receivable for Sponsored Projects along with a new receivable recorded to recognize a Public Private Partnership asset in the amount of $4.6 million. This was done in response to guidance in Governmental Accounting Standards Board Pronouncement No. 94 which was effective in fiscal year 2023. Noncurrent Assets remained essentially the same with the exception of Capital Assets.

A $15.5 million increase in Deferred Outflows related to pensions is mostly attributable to a $35.3 million rise in the difference in projected and actual earnings while a change is assumptions netted a $14.1 million reduction.

Total liabilities grew by $181.6 million in fiscal year 2023, which was entirely related to the substantial growth in pension liability of $187.0 million. Likewise, the notable decline in deferred inflows of $140.6 million was also related to pensions, with the deferred inflow for the difference between actual and projected earnings falling by $145.8 million.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position represents the revenues earned and the expenses incurred during the year, regardless of when cash is received or disbursed. Activities in this statement are presented as either operating or non-operating. Operating revenues are recorded in exchange for providing goods and services. Operating expenses are incurred as a result of normal operations of the University but also include depreciation on capital assets. The University relies on state appropriations, gifts and investment income to support day-to-day operations. However, those revenue categories are required by the Government Accounting Standards Board to be classified as non-operating revenues. Non-operating expenses include capital financing costs and loan cancellation expenses.

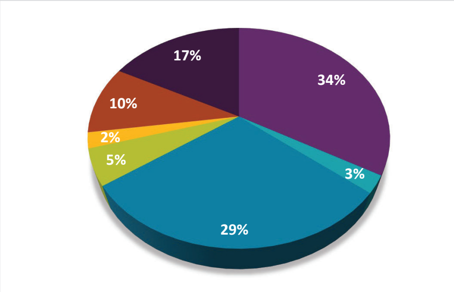
Operating revenues were up by approximately $17.8 million for fiscal year 2023. Tuition and fees revenue remained constant while federal grants and contracts increased by $17.8 million with growth in funding from the Department of Agriculture, the Department of Health and Human Services and the National Science Foundation. Sales and services of educational departments also had a marginal gain of $3.5 million due mainly to a rise in registration fees and fees for animal health care services through the School of Veterinary Medicine.

Total operating expenses were $90.0

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

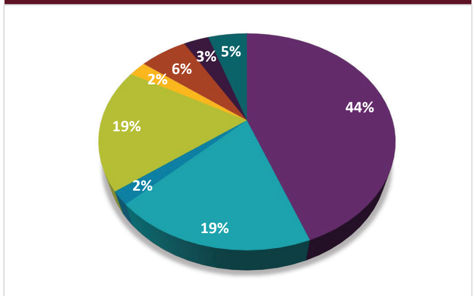
	FY 2023	FY 2022	Difference	Percentage
Total Operating Revenues	$637,582,367	$619,821,201	$17,761,166	3%
Total Operating Expenses	916,193,029	826,176,316	90,016,713	11%
Operating Income (Loss)	**($278,610,662)**	**($206,355,115)**	**($72,255,547)**	35%
Total Nonoperating Revenues (Expenses), Net	303,628,687	274,674,735	28,953,952	11%
Income (Loss) Before Other Revenues, Expenses, Gains and Losses	**$25,018,025**	**$68,319,620**	**($43,301,595)**	-63%
Other Revenues, Expenses, Gains and Losses:	13,937,198	15,206,616	(1,269,418)	-8%
Change in Net Position	**$38,955,223**	**$83,526,236**	**(44,571,013)**	-53%
Net Position - Beginning of Year	**764,846,383**	**681,320,147**	**83,526,236**	12%
Net Position - End of Year	**$803,801,606**	**$764,846,383**	**$38,955,223**	5%

OPERATING REVENUES, FY 2023



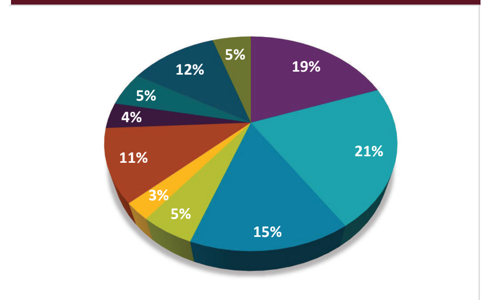
34%	Net Tuition and Fees	$212,698,806
3%	Federal Appropriations	16,065,608
29%	Federal Grants and Contracts	186,596,677
5%	State Grants and Contracts	33,522,069
2%	Nongovernmental Grants and Contracts	14,560,186
10%	Sales and Services	64,244,608
17%	Other	109,894,413
	Total Operating Revenues	**$637,582,367**

OPERATING EXPENSES BY OBJECT, FY 2023



44%	Salaries and Wages	$405,595,672
19%	Fringe Benefits	169,272,508
2%	Travel	18,104,835
19%	Contractual Services	168,262,381
2%	Utilities	21,187,327
6%	Scholarships and Fellowships	56,652,956
3%	Commodities	30,237,058
5%	Depreciation	46,880,292
	Total Operating Expenses	**$916,193,029**

OPERATING EXPENSES BY FUNCTION, FY 2023



19%	Instruction	$178,986,198
21%	Research	194,110,824
15%	Public Service	136,160,881
5%	Academic Support	45,549,364
3%	Student Services	23,776,875
11%	Institutional Support	101,073,891
4%	Operation of Plant	35,798,518
5%	Student Aid	47,648,517
12%	Auxiliary Enterprises	106,207,669
5%	Depreciation	46,880,292
	Total Operating Expenses	**$916,193,029**

million more than in fiscal year 2022. Salaries and wages rose about 9%, which reflected raises given for fiscal year 2023 along with added positions. Fringe benefits expense showed a marked increase of about 35%; however, the vast majority of the increase was related to a $33.1 million increase in pension expense. Excepting that, fringe expense would have been up around $11.1 million which aligns with the salary increase. Travel expenses grew $6.6 million which was a 57% increase. This was most likely due to travel returning to pre-pandemic levels after still being somewhat inhibited in fiscal year 2022 along with general inflationary pricing of transportation and lodging. Contractual expenses grew 26% due largely to the rising costs of repairs to facilities. Scholarships and Fellowships showed a sharp decrease of 29% from fiscal year 2022 totals reflective of the CARES grants awarded in fiscal year 2022 which were not awarded in fiscal year 2023.

Net non-operating revenues increased by 11%, which was in large part the result of increased appropriations for repair and renovation projects. Investment income also showed material growth of $10.6 million, which was almost three times the income total for fiscal year 2022. Gifts and grants revenue was greatly reduced from fiscal year 2022 totals reflecting the discontinuation of CARES grants which happened in fiscal year 2022.

The overall positive change in net position of almost $39.0 million reflects the University's continued strong fiscal position.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows must also be evaluated when considering the financial condition of the University and its ability to meet financial obligations over time. This statement presents information related to cash inflows and outflows summarized in the categories of operating activities, noncapital financing activities, capital and related financing activities and investing activities. Its purpose is to assist in the evaluation of the institution's ability to meet its obligations as they come due and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the University. Cash flows from capital financing activities include all plant funds and related long term debt activities. Cash flows from investing activities display the use of cash and cash equivalents to purchase investments. Cash flows from noncapital financing activities are those not covered in other sections.

The University used a net of $9.0 million more in cash for operations than in fiscal year 2022. Cash received for tuition was down $2.1 million, but funding received for grants and contracts was up over $38.2 million along with upticks in cash received for Student Housing ($2.5 million) and Athletics ($3.2 million). Payments to suppliers grew sharply by $31.0 million as well as payments for utilities. Likewise, out-going cash for salaries and benefits grew by a sizable amount of $42.5 million.

Noncapital financing activities provided a minimal increase in cash over fiscal year 2022. While cash for State Appropriations increased dramatically by $34.9 million, that was offset entirely by the decrease in cash received for gifts and grants for other than capital purposes.

The University used $45.6 million more for financing activities than in fiscal year 2022 owing to the $38.6 million boost in spending for capital assets along with $7.0 million more paid on long-term debt than in fiscal year 2022.

Cash provided by investing activities was more than three times the amount generated in fiscal year 2022. This surge was due to a sharp upturn in interest received on investments as the University reported $4.4 million in fiscal year 2022 and $15.2 million in fiscal year 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2023 and 2022, the University had $1.3 billion and $1.2 billion invested in capital assets each year net of accumulated depreciation of $703.0 million

CONDENSED STATEMENT OF CASH FLOWS

	FY 2023	FY 2022	Difference	Percentage
Cash Provided (Used) by:				
Operating Activities	($214,151,467)	($205,136,958)	($9,014,509)	4%
Noncapital Financing Activities	294,177,759	292,801,701	1,376,058	0%
Capital and Related Financing Activities	(125,186,464)	(79,604,566)	(45,581,898)	57%
Investing Activities	12,834,581	2,961,536	9,873,045	333%
Net Change in Cash and Cash Equivalents	**(32,325,591)**	**11,021,713**	**(43,347,304)**	**-393%**
Cash and Cash Equivalents - Beginning of Year	313,427,741	302,406,028	11,021,713	4%
Cash and Cash Equivalents - End of Year	**$281,102,150**	**$313,427,741**	**($32,325,591)**	**-10%**

and $667.4 million, respectively. Depreciation expense totaled $46.9 million and $42.0 million for fiscal years 2023 and 2022, respectively.

THE FOLLOWING NEW CONSTRUCTION PROJECTS WERE COMPLETED IN FISCAL YEAR 2023:

•Old Main Academic Center
•Rula Engineering
•North Parking Garage

MAJOR PROJECTS ONGOING IN FISCAL YEAR 2023:

• Music Building
• Duff Kinesiology and Autism Center
• Humphrey Coliseum Renovation
• Bulldog Way
• Poultry Science Building

ENROLLMENT

Total enrollment for the fall 2022 semester was 22,649 students, which was a decrease of 437 students as compared to the fall of 2021 semester when 23,086 students were enrolled. Mississippi residents accounted for 64% of the total enrollment in both fall 2022 and fall 2021. Enrollment totals are unduplicated and include all campuses of the University.

DEGREES AWARDED

A total of 5,950 degrees were awarded in 2022 2023: 4,541 undergraduate and 1,409 graduate degrees. A breakdown by college is shown in the accompanying table. Information from 2021-2022 is included for comparison.

DEGREES AWARDED, 2022-2023

	UNDERGRADUATE	GRADUATE	TOTAL
Academic Affairs	128	22	150
Agriculture and Life Sciences	515	142	657
Architecture, Art and Design	168		168
Arts and Sciences	1,198	191	1,389
Business (Includes Accountancy)	815	335	1,150
Education	724	385	1,109
Engineering	870	178	1,048
Forest Resources	99	49	148
Veterinary Medicine	24	107	131
Total	4,541	1,409	5,950

DEGREES AWARDED, 2021-2022

	UNDERGRADUATE	GRADUATE	TOTAL
Academic Affairs	86	1	87
Agriculture and Life Sciences	439	132	571
Architecture, Art and Design	133		133
Arts and Sciences	1,158	218	1,376
Business (Includes Accountancy)	783	248	1,031
Education	696	455	1,151
Engineering	777	193	970
Forest Resources	105	48	153
Veterinary Medicine	36	101	137
Total	4,213	1,396	5,609

FINANCIAL SUMMARY AND OUTLOOK

Mississippi State University maintained a healthy financial position in FY 2023 due in part to solid enrollment and stable leadership over the preceding decade. MSU's President has held the position for 15 years, which triples the national average for higher education presidents and chancellors. Official Fall 2023 enrollment of 22,657 was slightly above Fall 2022 enrollment. Considering a historically large graduating class, this year-over-year increase in overall enrollment suggests positive results for the University's multifaceted recruitment, retention, and student success efforts. MSU's enrollment has grown by approximately 12% over the past ten years. The University continues to serve Mississippi's students, with well over half of its Fall 2023 full-time freshmen class comprised of high school graduates from within the Magnolia State.

MSU has continued to facilitate and support enrollment growth with improvements to its infrastructure, including the completion of new buildings for the Departments of Music and Civil Engineering, and extensive renovations to several buildings including those housing the Departments of Computer Science and Engineering and Industrial Technology, Instructional Design, and Community College Leadership. Ongoing new construction projects include the Jim and Thomas Duff Center (future home of the University's Autism and Developmental Disabilities Clinic

(ADDC), ACCESS program, and Department of Kinesiology) and a new 411-bed residence hall that will include a dining facility, a FEMA-rated tornado shelter, and community space dedicated to student success. Construction and renovations for buildings housing the College of Architecture, Art and Design are being designed. These initiatives to facilitate and support sustained growth have been funded by State of Mississippi bonds and capital expense funding, robust private donations from dedicated alumni and other supporters, Educational Building Corporation bonds, and internal reserves. Key financial metrics and ratios remain healthy. Manageable long-term debt and adequate emergency reserves among other metrics exceed established best practice thresholds.

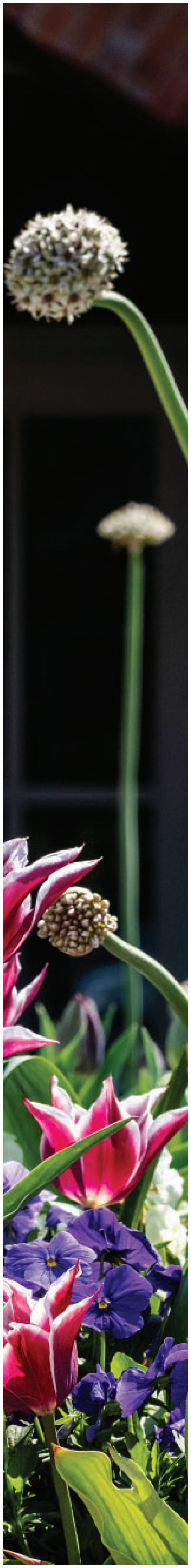
State revenue collections exceeded estimates in FY 2023 by $700 Million (10%), creating one-time funding opportunities for infrastructure maintenance and repairs and an increase in state appropriations. MSU received private gifts (outright, pledged, and/or deferred) in FY 2023 of $259.9M, including a single $100 million gift for student scholarships, which is the largest single gift to a higher education institution in the state's history. MSU's solicited donor base gives back to the University at a rate of 19.5%, compared to the national average of 8.5% among public doctoral institutions. Strong private support is a key indicator of a healthy institution and aids in financial stability through continued economic uncertainty and the financial crises the industry has navigated over the past several years.

MSU, and the higher education industry as whole, will face additional funding, technological, and demographic challenges in the future. However, the stability, focus, and flexibility of MSU's leadership, the dedication of its employees, donors, and supporters, together with healthy enrollment trends, have positioned the University to successfully navigate these challenges. Mississippi State University remains committed to a sustainable long-term financial plan that will allow it to continue to provide world-class teaching, research and service for Mississippi and beyond.

Les Potts
Vice President and CFO for Division of Finance and Administration

MISSISSIPPI STATE UNIVERSITY

ANNUAL FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

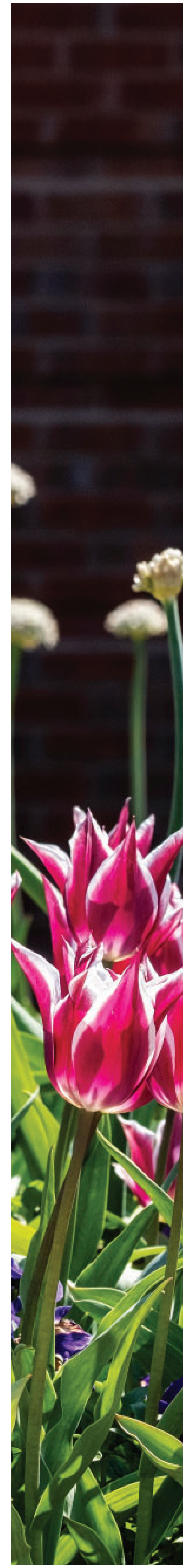


STATEMENT OF NET POSITION

ASSETS	2023
CURRENT ASSETS:	
Cash and cash equivalents	$278,743,987
Short term investments	10,559,133
Accounts receivables, net	93,356,908
Student notes receivables, net	2,070,402
Inventories	2,846,106
Prepaid expenses	7,052,564
Other current assets	96,147
Total current assets	**$394,725,247**
NON-CURRENT ASSETS:	
Restricted cash and cash equivalents	$2,358,163
Endowment investments	48,609,661
Other long term investments	84,328,131
Student notes receivable, net	13,852,477
Capital assets, net	1,250,156,441
Other noncurrent assets	15,067,007
Total Non-Current Assets	**$1,414,371,880**
Total Assets	**$1,809,097,127**
DEFERRED OUTFLOWS OF RESOURCES:	
Resources due to refunding	$11,444,941
Difference between expected and actual experience	9,507,173
Change in proportionate share	4,483,823
Contributions subsequent to the measurement date	42,179,640
Changes in assumptions	23,222,652
Difference in projected and actual earnings	35,267,484
Implicit Rate Subsidy	1,041,262
Difference between actual and expected earnings	-
Difference between actual and expected experience	17,015
Difference between projected and actual earnings	1,418
Changes in assumptions	3,204,612
Change in Proportionate Share	1,561,938
Total Deferred Outflows of Resources	**$131,931,958**
Total Assets and Deferred Outflows of Resources	**$1,941,029,085**
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	$50,481,277
Unearned revenues	30,975,563
Accrued leave liabilities-current portion	2,244,538
Long term liabilities-current portion	18,479,576
Total Current liabilities	**$102,180,954**
NON-CURRENT LIABILITIES:	
Accrued leave liabilities	$25,089,986
Deposits refundable	46,417
Long term liabilities	285,572,142
Net pension liability	671,443,515
Net OPEB liability	20,546,848
Other non-current liabilities	3,389,885
Total Non-Current Liabilities	**$1,006,088,793**
Total Liabilities	**$1,108,269,747**
DEFERRED INFLOWS OF RESOURCES:	
Difference between projected and actual earnings	-
Difference in expected and actual experience	-
Change in assumptions	49,684
Change in proportionate share	1,902,365
Difference between expected and actual experience	8,901,741
Leases	13,539,492
Public Private Partnership	4,564,450
Total Deferred Inflows of Resources	**28,957,732**
Total Liabilities and Deferred Inflows of Resources	**$1,137,227,479**
NET POSITION	
Net Invested in Capital Assets	**$959,206,369**
Restricted for:	
Nonexpendable:	
Scholarships and Fellowships	2,376,004
Research	4,644,725
Other purposes	7,883,022
Expendable:	
Scholarships and fellowships	1,965,158
Research	38,071,771
Capital projects	5,137,773
Debt service	(4,331,976)
Loans	14,923,332
Other purposes	1,511,900
Unrestricted	(227,586,472)
Total Net Position	**$803,801,606**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

OPERATING REVENUES	2023
Tuition and fees:	$340,305,819
Less scholarship allowances	(124,343,766)
Less bad debt expense	(3,263,247)
Net tuition and fees	212,698,806
Federal appropriations	16,065,608
Federal grants and contracts	186,596,677
State grants and contracts	33,522,069
Nongovernmental grants and contracts	14,560,186
Sales and services of educational departments	64,244,608
Auxiliary enterprises:	
Student housing	34,363,988
Food services	3,113,459
Bookstore	954,137
Athletics	69,866,160
Other auxiliary revenues	11,832,641
Less auxiliary enterprise scholarship allowances	(13,189,434)
Interest earned on loans to students	354,045
Other operating revenues, net	2,599,417
Total Operating Revenues	**$637,582,367**
OPERATING EXPENSES	
Salaries and wages	$405,595,672
Fringe benefits	169,272,508
Travel	18,104,835
Contractual services	168,262,381
Utilities	21,187,327
Scholarships and fellowships	56,652,956
Commodities	30,237,058
Depreciation	46,880,292
Total Operating Expenses	**$916,193,029**
Operating Income (Loss)	**($278,610,662)**
NONOPERATING REVENUES (EXPENSES)	
State appropriations	$217,464,492
Gifts and grants	83,129,996
Investment income, net of investment expense	15,584,223
Interest expense on capital asset-related debt	(11,387,914)
Other nonoperating revenues	392,100
Other nonoperating expenses	(1,554,210)
Total Net Nonoperating Revenues (Expenses)	**$303,628,687**
Income (Loss) Before Other Revenues, Expenses, Gains and Losses	**$25,018,025**
Other revenues, expenses, gains and losses:	
Capital grants and gifts	$6,664,922
State appropriations restricted for capital purposes	7,138,004
Other additions	134,272
Net Increase in Net Assets	**$38,955,223**
NET POSITION	
Net Position - Beginning of Year	$764,846,383
Net Position - End of Year	**$803,801,606**



STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

	2023
Tuition and Fees	$218,190,124
Grants and Contracts	229,938,245
Sales and Services of Educational Departments	66,085,472
Payments to Suppliers	(219,711,754)
Payments to Employees for Salaries and Benefits	(559,110,359)
Payments for Utilities	(21,117,805)
Payments for Scholarships and Fellowships	(56,652,956)
Loans Issued to Students	(2,547,850)
Collection of Loans from Students	2,438,122
Federal Loan Program Receipts	131,949,733
Federal Loan Program Disbursements	(132,117,987)
Auxiliary Enterprise Charges:	
Student Housing	33,748,053
Food Services	3,103,993
Bookstore	1,388,239
Athletics	73,253,498
Other Auxiliary Enterprises	(251,557)
Other Receipts	17,263,322
Net Cash Used by Operating Activities	**($214,151,467)**

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	$213,432,982
Gifts and Grants for Other Than Capital Purposes	82,259,149
Other Uses	(1,514,372)
Net Cash Provided by Noncapital Financing Activities	**$294,177,759**

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Cash Paid for Capital Assets	($103,427,171)
Capital Appropriations Received	5,167,500
Capital Grants and Contracts Received	6,129,566
Principal Paid on Capital Debt, Leases and SBITAs	(23,388,636)
Interest Paid on Capital Debt and Leases	(12,758,708)
Other Sources	3,659,063
Other Uses	(568,078)
Net Cash Used by Capital Related Financing Activities	**($125,186,464)**

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	$31,206,377
Interest Received on Investments	15,182,399
Purchases of Investments	(33,554,195)
Net Cash Provided by Investing Activities	**$12,834,581**
Net Change in Cash and Cash Equivalents	(32,325,591)
Cash and Cash Equivalents - Beginning of Year	**$313,427,741**
Cash and Cash Equivalents - End of Year	**$281,102,150**

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
	2023
Operating Income (Loss)	($278,610,662)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation and amortization expense	46,880,292
Provision for uncollectible receivables	3,263,247
Changes in Assets and Liabilities:	
(Increase) Decrease in Assets:	
Receivables, Net	(11,913,496)
Inventories	290,778
Prepaid Expenses	(228,605)
Deferred outflow of resources	(16,259,282)
Increase (Decrease) in Liabilities:	
Accounts Payables and Accrued Liabilities	(7,050,856)
Unearned Revenue	11,495,494
Accrued Leave Liabilitiy	1,531,599
Net pension liability	187,045,129
Net OPEB liability	(6,195,573)
Deferred Inflow of resources	(144,399,532)
Total Adjustments	**$64,459,195**
Net Cash Provided (Used) by Operating Activities	**($214,151,467)**
Reconciliation of Cash and Cash Equivalents:	
Current Assets - Cash and Cash Equivalents	278,743,987
Noncurrent Assets - Restricted Cash and Cash Equivalents	2,358,163
Cash and Cash Equivalents - End of Year	**$281,102,150**

NON-CASH TRANSACTIONS	
1) Gifts and Contributions of Capital Assets	$535,356
2) Right-to-Use Assets Under Lease and SBITA Obligations	15,264,179

MISSISSIPPI STATE UNIVERSITY™

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1:
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(A) NATURE OF OPERATIONS

Mississippi State University (the University) is a comprehensive, doctoral degree granting university offering to a diverse and capable student body, a wide range of opportunities and challenges for learning and growth; to the world of knowledge, vigorous and expanding contribution in research, discovery, and application; and to the State of Mississippi (the State) and its people in every region, a variety of expert services.

(B) REPORTING ENTITY

The Mississippi Constitution was amended in 1943 to create a separate legal entity and establish a Board of Trustees of State Institutions of Higher Learning (Board). This constitutional Board provides management and control of Mississippi's system of universities. The University is a member (department) of the State of Mississippi Institutions of Higher Learning (IHL System).

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

The current twelve Board members of the IHL System were appointed by the Governor and approved by the Senate for twelve-year terms as follows: one from each of the seven congressional districts, one from each of the three Supreme Court Districts, and two appointed from the state at large. The Mississippi Constitution was amended in 2003 to change the length of terms and appointment districts for Board members. New appointments will occur from three current Supreme Court districts for terms of nine years. The amendment provides for these new appointments and tenures to be gradually implemented. Full implementation occurred in 2012.

The University's financial statements include the accounts of the Mississippi State University Educational Building Corporation, an educational building corporation and a nonprofit corporation incorporated in the State of Mississippi established in accordance with Section 37 101 61 of the Mississippi Code Annotated of 1972. The purpose of this corporation is for the acquisition, construction and equipping of facilities and land for the University.

In accordance with GASB Statement Nos. 14 and 61, this educational building corporation is deemed a component unit of the State of Mississippi Institutions of Higher Learning and is included as a blended component unit in the general-purpose financial statements.

The State of Mississippi Institutions of Higher Learning is considered a component unit of the State of Mississippi reporting entity.

Legally separate, tax exempt organizations whose activities primarily support members of the IHL System, which are component units of the IHL System reporting entity, are considered potential component units of the State. See note 20 for additional information.

(C) BASIS OF ACCOUNTING

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

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

(D) USE OF ESTIMATES

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

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

(E) CASH EQUIVALENTS

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

(F) SHORT TERM INVESTMENTS

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

(G) ACCOUNTS RECEIVABLE, NET

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

(H) STUDENT NOTES RECEIVABLE, NET

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

(I) INVENTORIES

Inventories consist of central supply inventories and storeroom inventories. These inventories are generally valued at the lower of cost or market, on the first in, first out (FIFO) basis.

(J) PREPAID EXPENSES

Recorded items consist of expenditures that are related to projects, programs, activities, or revenues of future fiscal periods.

(K) RESTRICTED CASH AND CASH EQUIVALENTS

Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the statement of net position.

(L) ENDOWMENT INVESTMENTS

Endowment investments are generally subject to the restrictions of donor gift instruments. They include donor-restricted endowments, which are funds received from a donor with the restrictions that only the income is to be utilized, and funds functioning as endowments, which are funds established by the governing board to function similar to an endowment fund but may be expended at any time at the discretion of the governing board.

(M) OTHER LONG-TERM INVESTMENTS

Substantially all investments are reported at fair value. Unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

(N) INVESTMENT VALUATION

GASB Statement No. 72 enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories –

Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

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

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

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

(O) CAPITAL ASSETS

Capital assets, which include land, buildings, improvements, equipment, library books, and vehicles are recorded at cost at the date of acquisition, or, if donated, at acquisition value at the date of donation. Capital assets also include right-to-use lease and SBITA assets recorded at the present value of estimated future cash flows and amortized in a systematic and rational manner over the shorter of the lease or subscription term or the useful life of the underlying asset. For movable property, the University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations to buildings and improvements other than buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. See note 6 for additional details concerning useful lives and salvage values. The University uses the composite method for library book depreciation if the books are considered to have a useful life of greater than one year. Expenditures for construction in progress are capitalized as incurred.

(P) DEFERRED INFLOWS AND OUTFLOWS

The University has deferred inflows of resources. The deferred inflows of resources are an acquisition of net assets by the University that is applicable to a future reporting period and include leases, Public-Private Partnerships, pension and OPEB related deferred inflows.

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

(Q) NET PENSION AND OPEB LIABILITIES

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

(R) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

(S) COMPENSATED ABSENCES/ ACCRUED LEAVE

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

Nine month employees earn major medical leave at a rate of 13 1/3 hours per month for one month to three years of service; 14 1/5 hours per month for three to eight years of service; 15 2/5 hours per month for eight to fifteen years of service; and 16 hours per month for fifteen years of service and above. There is no limit on the accumulation of major medical leave. At retirement, employees are paid up to 240 hours of accumulated major medical leave.

(T) 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. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

(U) NONCURRENT LIABILITIES

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable and capital lease obligations; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

(V) INCOME TAXES

As a state institution of higher learning, the income of the University is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code; however, income generated from activities unrelated to the University's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(B).

(W) CLASSIFICATION OF REVENUES AND EXPENDITURES

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

OPERATING REVENUES AND EXPENSES

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition, net of scholarship discounts and allowances and bad debt expense; (2) sales and services of educational departments and auxiliary enterprises (net of scholarship discounts and allowances); (3) Federal, state and local grants and contracts (non Title IV financial aid) and Federal appropriations, if any; and (4) interest on institutional student loans and other revenues. Examples of operating expenses include (1) employee compensation, benefits, and related expense; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, commodities (supplies), and contractual services; (4) professional fees; and (5) depreciation expenses related to certain capital assets.

NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues include activities that have the characteristics of non-exchange transactions, including state appropriation for operations and capital uses, federal grants for financial aid, gifts, investment income, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Examples of non-operating expenses include interest on capital asset related debt and bond expenses.

(X) AUXILIARY ENTERPRISE ACTIVITIES

Auxiliary enterprises typically exist to furnish goods or services to students, faculty or staff, and charge a fee directly related to, although not necessarily equal to, the cost of the goods or services. One distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self supporting activities.

Auxiliary enterprises include residence halls, food services, bookstore, convenience store, laundry, faculty and staff housing, and intercollegiate athletic programs. The general public may be served incidentally by auxiliary enterprises.

(Y) SCHOLARSHIP DISCOUNT AND ALLOWANCES

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

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

(Z) NET POSITION

Net position represents the difference between all other elements in a statement of financial position and is displayed in three components- net investment in capital assets; restricted (distinguishing between major categories of restrictions); and unrestricted.

Net Invested in Capital Assets reflects the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such debt is excluded from the calculation of *Net Invested in Capital Assets*.

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

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

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational activities, unrestricted gifts and grants, and auxiliary enterprises. While unrestricted net assets may be designated for specific purposes by action of management or the Board, they are available for use at the discretion of the governing board, to meet current expenses for any purpose. Substantially all unrestricted net assets are designated by the Board for academic and research programs and initiatives and capital programs.

The unrestricted net position balance of -$227,586,472 at June 30, 2023, includes $63,903,552 reserved for academic programs and research, -$4,996,029 related to capital projects, $46,017,603 reserved for repairs and maintenance, with $249,845,538 remaining for other purposes and -$582,357,136 related to the University's pension and OPEB liability.

(aa) NEW ACCOUNTING STANDARD

On June 30, 2023, the IHL System adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (PPPs or P3s). This standard defines a PPP as an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA). This standard also provides guidance for availability payment arrangements (APA) in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset. This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow or resources. Revenue is recognized in a systematic and rational manner over the PPP term. The IHL System adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

On June 30, 2023, the IHL System also adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This standard defines a SBITA and establishes that it results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The standard also provides capitalization criteria for outlays other than subscription payments, including implementation costs and also requires certain note disclosures. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*. A SBITA is defined as a contract that conveys control of the right to use another party's software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancellable right to use the software. The subscription liability should initially be measured at the present value of subscription payments expected to be made during the subscription term. Future payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if not readily determinable. Governments should recognize amortization of the discount on the liability as an outflow of resources in subsequent financial reporting periods. The IHL System adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

RECENTLY ISSUED ACCOUNTING STANDARDS

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

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences—by aligning the recognition and measurement guidance under a unified model and by amending certain previously required

INVESTMENT TYPE	2023
Cash	$278,743,987
Restricted Cash	2,358,163
U.S. Government Agency Obligations	56,519,308
U.S. Treasury Obligations	23,650,287
Certificates of Deposit	10,477,129
Collateralized Mortgage Obligations	3,589,490
Other	56,994
Municipal Bonds	566,008
Mutual Funds	1,091,826
Equity Securities	1,064,370
Landgrant	239,789
Mississippi State Investment Pool	46,241,724
Total	**$424,599,075**

disclosures. The effective date of this statement is for fiscal years beginning after December 15, 2023.

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

NOTE 2:
CASH AND INVESTMENTS
(A) POLICIES
CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Investment policies, as set forth by the IHL System Board of Trustees policy and state statute, authorize the University to invest in demand deposits and interest bearing time deposits such as savings accounts, certificates of deposit, money market funds, U.S. Treasury bills and notes, and repurchase agreements. Investment policy at the University is governed by state statute (Section 27 105 33, MS Code Ann. 1972) and the Uniform Prudent Management of Institutional Funds Act of 2006, which was adopted by the State, effective July 1, 2012.

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

INVESTMENTS

Investment policies as set forth by Board policy as authorized by Section 37 101 15, Mississippi Code Annotated (1972), authorize the University to invest in equity securities, bonds, and other securities. Investments are reported at fair value. A summary of cash and investments as of June 30, 2023 is shown above.

MISSISSIPPI STATE INVESTMENT POOL

The Mississippi State University Foundation, the University, and the MSU Bulldog Club, Inc. are participants in a joint venture, the Mississippi State Investment Pool (MSIP), whereby certain assets are pooled for investment purposes. The Foundation is the investment pool's managing member, manages the assets of the pool, and maintains separate accounts for each participant. Investment income, gains and losses, and expenses of the MSIP are allocated to each participant based on their share of ownership of the MSIP. As of June 30, 2023, the University owned an approximate 7.36% interest in the assets of the MSIP.

(B) CUSTODIAL CREDIT RISK

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered with securities held by the counterparty's trust department or agent, but not held in the government's name. The University had no investments exposed to custodial credit risk at June 30, 2023.

(C) INTEREST RATE RISK

Interest rate risk is defined as the risk a government may face should interest rate variances adversely affect the fair value of investments. The University does not presently have a formal policy that addresses interest rate risk. As of June 30, 2023, the University had investments subject to interest rate risk shown on the following page.

(D) CREDIT RISK

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The University does not have a formal investment policy that addresses credit risk. As of June 30, 2023, the University had the following investments subject to credit risk shown on the following page. The credit risk ratings are issued based upon standards set by Standard and Poor's Financial Services.

(E) CONCENTRATION OF CREDIT RISK

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University does not presently have a formal policy that addresses concentration of credit risk. As of June 30, 2023, the University had the following issuers holding investments that exceeded 5% of total investments as shown on the following page.

FY 2023 INTEREST RATE RISK

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Government Agency Obligations	$56,519,308	$1,238,589	$42,402,192	$12,878,527	
U.S. Treasury Obligations	23,650,287	7,089,709	16,037,384	523,194	
Collateralized Mortgage Obligations	3,589,490		1,240,916	940,356	1,408,218
Municipal Bonds	566,008			401,960	164,048
Certificates of Deposit	10,477,129	1,169,333	8,852,768	455,028	
Total	**$94,802,222**	**$9,497,631**	**$68,533,260**	**$15,199,065**	**$1,572,266**

CREDIT RISK

	2023
Credit Rating	**Fair Value**
AA+	54,306,302
AAA	9,211,705
Rating Not Available	10,989,061
Total	**$74,507,068**

FY 2023 CONCENTRATION OF CREDIT RISK

Issuer	Fair Value	% of Total Investments
Mississippi State Investment Pool	$46,241,724	32.22%
FHLB	27,324,778	19.04%
U.S. Treasury Obligations	23,650,287	16.48%
FFCB	14,680,554	10.23%
FNMA	10,645,630	7.42%
Total	**$122,542,973**	

NOTE 3:
FAIR VALUE MEASUREMENT

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

The three levels of the fair value hierarchy are as follows:

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

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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

NOTE 4:
ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 consisted of the amounts shown on page 23.

As a component unit of the State of

FY 2023 FAIR VALUE MEASUREMENT

	Level 1	Level 2	Level 3	Total
Investment Strategy				
Fixed Income				
U.S. Treasury securities	$ 11,020,387	$ 12,629,900		$23,650,287
U.S. Government agency securities	12,428,829	44,090,479		56,519,308
Mortgage Obligations and asset backed securities	190,633	3,398,857		3,589,490
Certificates of deposit	8,858,469	1,618,660		10,477,129
Municipal bonds		566,008		566,008
Money Market Funds				
Total fixed income	**$31,521,858**	**$ 62,303,904**	**-**	**$94,802,222**
Equities				
Common stocks				
Domestic equity securities		1,064,370		1,064,370
Domestic equity mutual funds		1,091,826		1,091,826
Index funds				
Total equities	-	**$2,156,196**	**-**	**$2,156,196**
Investments measured at NAV as a practical expedient:				
Mississippi State Investment Pool				$46,241,724
Other short-term investments				296,783
Total investments measured at NAV				46,538,507
Total investments measured at fair value	**$32,498,318**	**$64,460,100**	**$0**	**$143,496,925**

	Fair Value	Unfunded Commitments	Redemption frequency (if eligible)	Redemption notice period
Mississippi State Foundation Investment Pool	$ 46,241,724	-	Daily	1-3 Days
Other short-term investments	296,783	-	Various	Various
Total fixed income	**$ 46,538,507**	-		

Mississippi, the IHL System is precluded by statute from discharging amounts owed. Accordingly, gross accounts receivables and the allowance for doubtful accounts include amounts considered to be 100% uncollectible and fully reserved in prior years.

NOTE 5:
NOTES RECEIVABLE FROM STUDENTS

Notes receivable from students are payable in installments over a period of up to ten years, commencing three to twelve months from the date of separation from the University.

The schedule to the right shows interest rates and unpaid balances as of June 30, 2023.

NOTE 6:
CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2023 is presented on the following page.

Depreciation is computed on a straight line basis with the exception of library books, for which depreciation is computed using a composite method. Schedules of useful life, salvage values, and capitalization thresholds used to compute depreciation are presented to the right.

ACCOUNTS RECEIVABLE

	2023
Type of Receivable	
Student tuition	$39,883,414
Auxiliary enterprises and other operating activities	10,251,594
Contributions and gifts	111,501
Federal, state, and private grants and contracts	60,768,598
State Appropriations	10,931,915
Accrued Interest	1,200,396
Lease Receivable	694,497
Total Accounts receivable	$123,841,915
Less allowance for doubtful accounts	30,485,007
Net Accounts Receivable	**$93,356,908**

FY 2023 NOTES RECEIVABLE FROM STUDENTS

	Interest Rates	June 30, 2023	Current Portion	Non-Current Portion
Perkins student loans	3% to 9%	$3,668,596	$1,122,374	$2,546,222
Institutional loans	0% to 9%	12,817,717	948,028	11,869,689
Total Notes receivable		$16,486,313	$2,070,402	$14,415,911
Less allowance for doubtful accounts		563,434		563,434
Net Notes receivable		**$15,922,879**	**$2,070,402**	**$13,852,477**

DEPRECIATION

	Estimated Useful Life	Salvage Value	Capitalization Threshold
Buildings	40 Years	20%	$50,000
Improvments other than buildings	20 Years	20%	$25,000
Equipment	3-15 Years	1-10%	$5,000
Library Books	10 Years	0%	$0
Finance Leases	-	-	$100,000
SBITAs	-	-	$50,000

FY 2023 CAPITAL ASSETS

	June 30, 2022	Additions	Deletions/Transfers	June 30, 2023
Nondepreciable Capital Assets:				
Land	$25,914,651	$5,341,653	-	$31,256,304
Leased Land	453,802	-	820	452,982
Construction in Progress	192,223,360	64,254,391	120,013,874	136,463,877
Livestock	1,880,661	250,598	-	2,131,259
Total Nondepreciable Capital Assets	**$220,472,474**	**$69,846,642**	**$120,014,694**	**$170,304,422**
Depreciable Capital Assets:				
Improvements other than Buildings	$147,181,312	$5,834,293	-	$153,015,605
Buildings	1,131,986,713	131,536,463	774,051	1,262,749,125
Equipment	188,747,038	16,477,353	9,431,007	195,793,384
Leased Buildings	10,845,850	8,823,697	5,131,919	14,537,628
Leased Equipment and Fixtures	383,972	-	110,402	273,570
Library Books	142,244,549	4,812,726	201,156	146,856,119
SBITAs	-	9,647,231	-	9,647,231
Total Depreciable Capital Assets	**$1,621,389,434**	**$177,131,763**	**$15,648,535**	**$1,782,872,662**
Less Accumulated Depreciation for:				
Improvements other than Buildings	$61,750,554	$4,255,549	-	$66,006,103
Buildings	325,609,267	21,012,649	373,613	346,248,303
Equipment	162,154,279	12,215,716	9,142,426	165,227,569
Library Books	116,464,001	5,253,359	201,156	121,516,204
Less Accumulated Amortization for:				
Leased Assets	$1,457,439	$1,536,315	$1,577,994	$1,415,760
SBITAs	-	2,606,704	-	2,606,704
Total Accumulated Depreciation/Amortization	**$667,435,540**	**$46,880,292**	**$11,295,189**	**$703,020,643**
Capital Assets, Net	**$1,174,426,368**	**$200,098,113**	**$124,368,040**	**$1,250,156,441**

NOTE 7:
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2023 are shown to the right.

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

NOTE 8:
UNEARNED REVENUES

Unearned revenues as of June 30, 2023 are shown to the right.

ACCOUNTS PAYABLE & ACCRUED LIABILITIES	2023
Payable to vendors and contractors	$29,199,962
Accrued salaries, wages and employee withholdings	16,826,937
Accrued Interest	4,641,012
Other	(186,634)
Total	**$50,481,277**

UNEARNED REVENUES	2023
Unearned summer school revenue	$3,072,580
Unearned grants and contract revenue	17,048,761
Other	10,854,222
Total	**$30,975,563**

NOTE 9:
LONG-TERM LIABILITIES

Long term liabilities of the University which consist of bonds payable, capital lease obligations, and certain other liabilities that are expected to be liquidated at least one year from June 30, 2023 are presented on the following page.

Annual requirements to repay outstanding debt are shown on the following page.

BONDS PAYABLE

The University has issued bonds to construct, renovate, and improve various campus facilities. As noted in the summary of significant accounting policies, the University established the Mississippi State University Educational Building Corporation (MSUEBC). This nonprofit Mississippi corporation was established in accordance with Section 37-101-61 of the Mississippi Code Annotated, 1972, for the purpose of acquiring, constructing, renovating, improving, and equipping University facilities. In accordance with GASB Statement Nos. 14 and 61, MSUEBC is considered a blended component unit of the university and is included in the general-purpose financial statements.

Series 2013 – MSUEBC issued bonds totaling $60,470,000 in October 2013 (Series 2013) for (i) refunding of commercial paper and (ii) renovating Davis Wade Stadium. Outstanding coupons bear interest at rates ranging from 2.00% to 5.00% with final maturity in August 2043. The University refunded $45,000,000 in commercial paper with the balance of the proceeds ($15,470,000) funding the renovation of Davis Wade Stadium.

Series 2014A – MSUEBC issued bonds totaling $89,810,000 in May 2014 (Series 2014A) for (i) refunding of MSUEBC bonds issued in January 2004 (Series 2004), bonds issued in November 2004 (Series 2004A), and bonds issued in November 2005 (Series 2005) and (ii) construction of a new classroom building/parking garage. Outstanding coupons bear interest at rates ranging from 2.00% to 5.00% with final maturity in August 2043. The University defeased $71,245,000 of the outstanding EBC-Revenue Bonds (Series 2004, 2004A and 2005). Net proceeds of the refunding were deposited into irrevocable trusts for each of the refunded issues to provide all future debt service of the refunded debt. Accordingly, for financial reporting purposes, the defeased bonds and related trust accounts are not included in the financial statements. As a result of the refunding, the University reduced its debt service by $8,309,325 over the next 21 years and obtained an economic gain of $6,406,286.

Series 2014B – MSUEBC issued bonds totaling $23,435,000 in May 2014 (Series 2014B) for construction of a new classroom building/parking garage and a new fresh foods facility. Outstanding coupons bear interest at rates ranging from .29% to 4.813% with final maturity in August 2043.

Series 2015 – MSUEBC issued bonds totaling $56,010,000 in April, 2015 (Series 2015) for certain improvements and capital expenditures, including but not limited to, constructing, furnishing and equipping residence halls and a Center for America's Vets, and demolishing abandoned facilities, and to pay the related costs of the issuance, sale and delivery of the Series 2015 Bonds. Outstanding coupons bear interest at rates ranging from 2.00% to 5.00% with final maturity in November, 2044.

Series 2017 – MSUEBC issued bonds totaling $63,270,000 in May 2017 (Series 2017) for (i) refunding of MSUEBC bonds issued in July 2007 (Series 2007A) and bonds issued in May 2009 (SeriesA-1 and SeriesA-2) and (ii) for certain improvements and capital expenditures, including but not limited to, financing the addition and renovation to Dudy Noble Field-Polk Dement Stadium, and to pay the related costs of the issuance, sale and delivery of the Series 2017 Bonds. Outstanding coupons bear interest at rates ranging from 2.00% to 5.00% with final maturity in August, 2045. The University defeased $35,680,000 of the outstanding EBC Revenue Bonds (Series 2007A, Series 2009A-1 and Series 2009A-2). Net proceeds of the refunding were deposited into irrevocable trusts for each of the refunded issues to provide all future debt service of the refunded debt. Accordingly, for financial reporting purposes, the defeased bonds and related trust accounts are not included in the financial statements. As a result of the refunding, the University reduced its debt service by $4,472,046 over the next 21 years and obtained an economic gain of $3,364,020.

Series 2017A – MSUEBC issued bonds totaling $92,075,000 in December 2017 (Series 2017A) for (i) refunding of MSUEBC bonds issued in July 2011 (Series 2011) and bonds issued in October 2013 (Series 2013) and (ii) to pay the related costs of the issuance, sale and delivery of the Series 2017A Bonds. Outstanding coupons bear interest at rates ranging from 2.00% to 5.00% with final maturity in August, 2043. The University defeased $86,005,000 of the outstanding EBC Revenue Bonds (Series 2011 and Series 2013). Net proceeds of the refunding were deposited

FY 2023 LONG-TERM LIABILITIES

Description and Purpose	Original Issue	Annual Interest Rate	Maturity	June 30, 2022	Additions	Deletions	June 30, 2023	Due Within One Year
Bonded Debt								
EBC13 - Revenue Bonds	60,470,000	2.00%-5.00%	2044	$8,355,000		$630,000	$7,725,000	$655,000
EBC14A - Revenue Bonds	89,810,000	2.00%-5.00%	2044	65,150,000		4,170,000	60,980,000	4,375,000
EBC14B - Revenue Bonds	23,435,000	.29%-4.813%	2044	16,295,000		1,035,000	15,260,000	1,075,000
EBC15-Revenue Bonds	56,010,000	2.00%-5.00%	2046	49,540,000		1,245,000	48,295,000	1,310,000
EBC17- Revenue Bonds	63,270,000	2.00%-5.00%	2046	54,690,000		3,785,000	50,905,000	3,960,000
EBC17A - Revenue Bonds	92,075,000	2.00%-5.00%	2044	91,240,000		1,620,000	89,620,000	1,690,000
Total Bonded Debt				**$285,270,000**	**$0**	**$12,485,000**	**$272,785,000**	**$13,065,000**
Unamortized Bond Premiums				12,963,224		2,060,102	10,903,122	1,834,553
Total Bonded Debt, net				**$298,233,224**	**$0**	**$14,545,102**	**$283,688,122**	**$14,899,553**
Finance Leases								
Equipment				301,604		73,663	227,941	43,564
Buildings				10,148,160	8,823,698	5,305,475	13,666,383	686,782
Land				414,372		21,010	393,362	20,664
Other								
Total Finance Leases				**$10,864,136**	**$8,823,698**	**$5,400,148**	**$14,287,686**	**$751,010**
Other Long-term Liabilities								
Net Pension Liability				484,398,386	187,045,129		671,443,515	
OPEB Liability				26,742,421		6,195,573	20,546,848	
Accrued Leave Liabilities				25,802,925	1,531,599		27,334,524	2,244,538
Deposits Refundable				49,627		3,210	46,417	
SBITA Liability					9,519,295	3,443,385	6,075,910	2,829,013
Total Other Liabilities				**$536,993,359**	**$198,096,023**	**$9,642,168**	**$725,447,214**	**$5,073,551**
Federal Portion of NDSL				4,811,107		1,421,222	3,389,885	
Total				**$850,901,826**	**$206,919,721**	**$31,008,640**	**$1,026,812,907**	**$20,724,114**
Due Within One Year							**$20,724,114**	
Total Long-term Liabilities							**$1,006,088,793**	

FY 2023 OUTSTANDING DEBT AMORTIZATION SCHEDULE

Fiscal Year	Bonded Debt	Interest	Total
2024	$14,899,553	$11,645,382	$26,544,935
2025	13,053,348	11,049,616	24,102,964
2026	13,403,753	10,471,990	23,875,743
2027	12,204,578	9,899,014	22,103,592
2028	13,443,803	9,348,318	22,792,121
2029-2033	64,314,094	38,105,337	102,419,431
2034-2038	68,720,129	23,969,804	92,689,933
2039-2043	64,914,220	10,502,053	75,416,273
2044-2046	18,734,644	730,502	19,465,146
Totals	**$283,688,122**	**$125,722,016**	**$409,410,138**

into irrevocable trusts for each of the refunded issues to provide all future debt service of the refunded debt. Accordingly, for financial reporting purposes, the defeased bonds and related trust accounts are not included in the financial statements. As a result of the refunding, the University reduced its debt service by $5,716,209 over the next 26 years and obtained an economic gain of $4,304,723.

COMMERCIAL PAPER

In February 2012, the Board of Trustees of State Institutions of Higher Learning authorized the MSU Educational Building Corporation to establish an extendible commercial paper program that allows the institution to issue up to a maximum aggregate principal amount of $50 million in the form of commercial paper. The commercial paper program was utilized in fiscal year 2013 as an interim financing vehicle for the renovation of Davis Wade Stadium but was converted into long-term debt by the MSUEBC 2013 Bond Issue. The University's commercial paper program is currently dormant, with no balance outstanding; however, the program could be reactivated at any time should the University deem it necessary.

NOTE 10:
LEASES
(A) LESSEE

The University leases equipment, land, as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2058 and provide for renewal options ranging from 1 year to ten years.

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

Some leases require variable payments based on usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2023, the University made variable payments as required by lease agreements totaling $13,514.

In 2014, the University entered into a lease-leaseback arrangement. Under the

FY 2023 LESSEE - FUTURE MINIMUM LEASE PAYMENTS

Year Ending June 30	Principal	Interest	Total
2024	$751,009	$398,393	$1,149,402
2025	585,144	378,696	963,840
2026	612,279	360,979	973,258
2027	634,181	342,588	976,769
2028	595,363	325,011	920,374
2029 - 2033	2,624,795	1,376,399	4,001,194
2034 - 2038	2,848,588	971,316	3,819,904
2039 - 2043	2,788,956	508,335	3,297,291
2044 - 2048	768,931	279,984	1,048,915
2049 - 2053	971,482	182,324	1,153,806
Thereafter	1,106,958	60,504	1,167,462
Total	**$14,287,686**	**$5,184,529**	**$19,472,215**

FY 2023 LESSOR - FUTURE MINIMUM LEASE PAYMENTS

Year Ending June 30	Principal	Interest	Total
2024	$671,568	$341,932	$1,013,500
2025	722,278	325,269	1,047,547
2026	774,590	308,360	1,082,950
2027	701,894	291,208	993,102
2028	664,807	276,730	941,537
2029 - 2033	4,166,135	1,120,358	5,286,493
2034 - 2038	4,149,061	598,926	4,747,987
2039 - 2043	2,736,225	249,986	2,986,211
2044 - 2048	760,230	23,713	783,943
Total	**$15,346,788**	**$3,536,482**	**$18,883,270**

FY 2023 SBITA-FUTURE COMMITMENTS SUBSCRIPTIONS

Year Ending June 30	Subscription obligations payable	Interest	Total
2024	$2,829,013	$194,039	$3,023,052
2025	2,121,743	106,651	2,228,394
2026	949,533	36,890	986,423
2027	143,332	5,797	149,129
2028	7,684	1,066	8,750
2029 - 2031	24,605	1,644	26,249
Total	**$6,075,910**	**$346,087**	**$6,421,997**

arrangement, the university leased an office building to a private party. This arrangement was terminated in 2023.

Total future minimum lease payments under lease agreements are shown above.

Right-to-use assets acquired through outstanding leases are shown above and to the right, by underlying asset class.

(B) LESSOR

The University, acting as lessor, leases buildings and land under long-term, non-cancelable lease agreements. The leases expire at various dates through 2048 and provide for renewal options ranging from 5 years to 10 years. During the year ended June 30, 2023, the University recognized $1,013,205 and $392,100 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received.

LESSEE-RIGHT TO USE ASSETS

Land	$452,982
Buildings	14,537,627
Equipment	273,570
Vehicles	0
Accumulated Amortization	(1,415,760)
Total	**$13,848,419**

SBITA-RIGHT TO USE ASSETS

Subscription-based assets	$9,647,230
Accumulated Amortization	(2,606,704)
Total	**$7,040,526**

During the year ended June 30, 2022, the University received variable payments as required by lease agreements totaling $0.

Total future minimum lease payments to be received under lease agreements are shown above and to the left.

NOTE 11:
SUBSCRIPTION ARRANGEMENTS

The University has software subscriptions from external parties for various terms under long-term, noncancelable arrangements. The subscriptions expire at various dates through 2031 and some provide for renewal options ranging from one year to five years. Subscription payments are made monthly and annually ranging from $4,116 - $600,000, with an estimated incremental borrowing rate of 3.25%. In accordance with GASB Statement No. 96, the University records right-to-use assets and subscription liabilities based on the present value of expected payments over the subscription term of the respective software.

Some software subscriptions require variable payments based on usage of the underlying asset and are not included in the measurement of the SBITA liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2023, the university made variable payments as required by software subscription agreements totaling $106,064.

Future commitments for software subscriptions having remaining terms in excess of one year as of June 30, 2023 are shown above and to the left. Right-to-use subscription assets acquired through outstanding arrangements are shown above.

NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

FY 2023

Functional Classification	Salaries & Wages	Fringe Benefits	Travel	Contractual Services	Utilities	Scholarships & Fellowships	Commodities	Depreciation & Amortization	Total
Instruction	$115,978,551	$51,320,856	$2,472,758	$7,150,891	$285,071		$1,778,071		$178,986,198
Research	93,296,933	43,500,408	5,375,663	40,731,210	3,424,640		7,781,970		194,110,824
Public Service	68,497,673	27,210,872	3,428,592	30,686,253	2,077,596		4,259,895		136,160,881
Academic Support	26,405,810	9,360,089	624,478	6,510,038	324,221		2,324,728		45,549,364
Student Services	12,500,643	4,889,845	387,917	4,842,673	266,428		889,369		23,776,875
Institutional Support	32,252,636	8,126,191	415,916	50,410,058	202,341		9,666,748		101,073,890
Operation of Plant	17,436,757	7,003,177	98,216		10,395,340		865,028		35,798,518
Student Aid	867,534	6,055,885	8,646	350,283		40,321,737	44,433		47,648,518
Auxiliary Enterprises	38,359,135	11,805,185	5,292,649	27,580,975	4,211,690	16,331,219	2,626,816		106,207,669
Depreciation								46,880,292	46,880,292
Total Operating Expenses	**$405,595,672**	**$169,272,508**	**$18,104,835**	**$168,262,381**	**$21,187,327**	**$56,652,956**	**$30,237,058**	**$46,880,292**	**$916,193,029**

FY23 CONSTRUCTION COMMITMENTS AND FINANCING

	Total Costs to Complete	Funded by Federal Sources	State Sources	Institutional Funds	Other
Music Building	$752,447		$184,038		$568,409
Pre-Plan ADS/Poultry	633,795		633,795		
Bulldog Way	1,027,104	157,960	869,144		
Stone Blvd Parking Project	596,511			596,511	
Humphrey Coliseum Renovation	18,247,554				18,247,554
Parking & Transit Services Facility	1,600,000		1,600,000		
Kinesiology Building	27,485,791		27,485,791		
Animal Emer & Referral Ctr	1,721,139			1,721,139	
IHL 205-309 MSU Ice Plant Expansion	405,106			405,106	
Robers Building Canopy	43,149			43,149	
UV Bipolar	112,910	112,910			
Indoor Ventilation Enhancement HEERF	484,020	484,020			
Network Infrastructure	114,254			114,254	
Pre-Plan School of Architecture	234,481		234,481		
Walker Annex Reno/Cleveland SC	3,498,416	3,498,416			
IHL 205-314 Allen Seating Upgrade	1,395,466	1,395,466			
Provost Lee Hall Renovation	19,975			19,975	
Walker Engineering Grad School	866,089			866,089	
E-Center Expansion 2022	745,389			745,389	
Rice Reno Floors 1-4 Psych Dep	1,820,813			1,820,813	
Construct Blackjack/Hardy/Stone BLV	55,522			55,522	
Lakeview Drive Project	2,985,553			2,985,553	
Dorman Hall Reno	17,473,377		1,174,205	16,299,172	
IHL CAAD (Howell, Giles, Bost Ext, & Hunter Henry)	35,392,872		35,392,872		
Stone Chilled Water L P #40	1,821,127		1,821,127		
Raspet Renovation	570,480	450,000			120,480
New Grant Presidential Library	25,999,320	25,999,320			
Sanderson Center Renovation	2,484,910			2,484,910	
Instructional and Research Computing Cluster	1,228,857			1,228,857	
New Residence Hall - Barr Avenue	58,243,088			58,243,088	
Patterson Renovation 1-Plant Fund	1,114,246			214,246	900,000
New Faculty Housing Project	986,385			986,385	
AV Proving Ground Development	468,013	374,411		93,603	
2nd Floor AERC Expansion	599,892			599,892	
Utility Metering System	368,820			368,820	
MSU Lighting Upgrades/ Solar Panels	6,603,818			6,603,818	
Sewer Force Main Rep	2,084,636			2,084,636	
Livestock Judging HUD	1,511,591	811,591		700,000	
Greenhouse PSS at North Farm	913,880			913,880	
Sweet Potato Facility - Pontotoc	496,160			496,160	
Northern Gulf Aquatic Food Center	3,914,500			3,914,500	
Drainage/Erosion Mgt SouthFarm	332,529			332,529	
Agriculture/irrigation Systems	2,217,630			2,217,630	
Total	**$229,671,614**	**$33,284,092**	**$69,395,453**	**$107,155,625**	**$19,836,443**

NOTE 12:
PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

The University entered into a Public-Private Partnership with EdR College View MS LLS on February 27, 2018, in which it was agreed that EdR would develop a mixed-use collegiate housing project to be known as "College View" located on land owned by the University. The initial term of the agreement is forty years with options to renew. During this term, EdR is responsible for all construction and upkeep of all portions of the premises. EdR constructed the complex and began operations in the fall semester of 2019. EdR agreed to pay the University five percent of the gross revenue for each fiscal year. Those payments are recognized when received rather than as a receivable due to their variable nature. The University has recognized a receivable and a deferred inflow in the amount of $4,564,450, which is the estimated carrying value of the capital asset to be transferred to the University at the end of the contract term, adjusted for inflation.

NOTE 13:
NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The table on the previous page lists the operating expenses of the University by functional classification for the fiscal year ended June 30, 2023.

NOTE 14:
CONSTRUCTION COMMITMENTS AND FINANCING

The University has contracted for various construction projects as of June 30, 2023. Estimated costs to complete various projects for June 30, 2023 and the sources of anticipated funding are on the previous page.

NOTE 15:
EMPLOYEE BENEFITS-PENSION PLANS

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

PLAN TYPE

- Multiple-employer, defined benefit
- Multiple-employer, defined contribution

PLAN NAME

- PERS Defined Benefit Plan
- Optional Retirement Plan (ORP) Defined Contribution Plan

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

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

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

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

Disclosures under GASB Statement No. 68

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

SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE PENSION

Mississippi State University	2023
Proportionate share of contributions	$39,074,852
Allocation percentage of proportionate share of collective pension amount	3.26%
Change in proportionate share of collective pension amount	-0.02%

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Mississippi State University	2023
Proportion of the net pension liability	3.26%
Proportionate share of the net pension liability	$671,443,515

(A) PERS DEFINED BENEFIT PLAN

PLAN DESCRIPTION

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

MEMBERSHIP AND BENEFITS PROVIDED

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

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

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

CONTRIBUTIONS

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

Policies for PERS provide for employer and member contributions at actuarially determined rates that, expressed as

DEFERRED OUTFLOWS & INFLOWS OF RESOURCES 2023

Deferred Outflows of Resources						Deferred Inflows of Resources		
Differences between expected and actual experience	Changes of assumptions	Changes in proportion and differences between employer contributions and proportionate share of contributions	Contributions subsequent to the measurement date	Net difference between projected and actual investment earnings on pension plan investment	**Total deferred outflows of resources**	Changes in proportion and differences between employer contributions and proportionate share of contributions	Net difference between projected and actual investment earnings on pension plan investment	**Total deferred inflows of resources**
$9,507,173	$23,222,652	$4,483,823	$42,179,640	$35,267,484	**$114,660,772**	-	-	**-**

DEFERRED OUTFLOWS & INFLOWS OF RESOURCES

Deferred outflows of resources year ended June 30

	2024	2025	2026	2027	Total
Mississippi State University	$24,725,504	$17,266,423	(5,945,155)	$36,434,360	$72,481,132

percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. PERS members were required to contribute 9.00% of their annual pay. The institution's contractually required contribution rate for the year ended June 30, 2023 was 17.40% for each year of annual payroll. Contributions from the University are recognized when legally due based on statutory requirements.

EMPLOYER CONTRIBUTIONS

The University's contributions to PERS for the year ended June 30, 2023 was $42.6 million. The University's proportionate share was calculated on the basis of historical contributions. Employer allocation percentages are based on the ratio of each employer's actual contribution to the Plan's total actual contributions.

The table on the previous page provides the University's contributions used in the determination of its proportionate share of collective pension amount reported.

NET PENSION LIABILITY

The University's proportion of the net pension liability at June 30, 2023 is shown on the previous page.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

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

The University's proportionate share of the collective pension expense for the year ended June 30, 2023 is equal to the collective pension expense multiplied by the employer's allocation percentage, or $60.4 million. Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows; if they will increase pension expense, they are labeled deferred outflows.

See the table above for deferred outflows and inflows of resources related to pensions.

Contributions subsequent to the measurement date of $42.2 million reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as shown above.

ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. Mississippi state statute requires that an actuarial experience study be completed at least once in each five-year period. The actuarial assumptions used in the June 30, 2021 valuation were based on the

ACTUARIAL ASSUMPTIONS

	2023
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Asset valuation method	Market value
Actuarial assumptions:	
Inflation rate	2.40%
Salary increases	2.65%
Investment rate of return	7.55%

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Mississippi State University	2023
1% Decrease (6.55%)	$876,302,358
Current Discount Rate (7.55%)	$671,443,515
1% Increase (8.55%)	$502,547,816

ASSET ALLOCATION

		2023
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	25.00%	4.60%
International Equity	20.00%	4.50%
Global Equity	12.00%	4.85%
Debt Securities	18.00%	1.40%
Real Estate	10.00%	3.65%
Private Equity	10.00%	6.00%
Private Infrastructure	2.00%	4.00%
Private Credit	2.00%	4.00%
Cash Equivalents	1.00%	-0.10%
Total	**100.00%**	

results of an actuarial experience study for the four-year period ending June 30, 2020.

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

MORTALITY

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

LONG-TERM EXPECTED RATE OF RETURN

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

DISCOUNT RATE

For the year ended June 30, 2023, the discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%) for the year ended June 30, 2023. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The table above and to the left presents the University's proportionate share of the net pension liability of the cost-sharing plan for 2023, calculated using the discount rate of 7.55%, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate.

(B) PERS DEFINED CONTRIBUTION PLAN, THE OPTIONAL RETIREMENT PLAN

The Optional Retirement Plan (ORP) was established by the Mississippi Legislature in 1990 to help attract qualified and talented institutions of higher learning teaching and administrative faculty in Mississippi. This alternative plan is structured to be portable and transferable to accommodate teaching and administrative faculty who move from one state to another throughout their careers. The membership of the ORP is composed of teachers and administrators appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. The ORP provides funds at retirement for employees, and in the event of death, the ORP provides funds for their beneficiaries through an arrangement by which contributions are made to this plan. The current contribution rate of both the employee and the University are identical to that of the PERS defined benefit plan. An employee is automatically a member of PERS unless the employee elects ORP within 30 days of initial employment in an ORP-eligible position. Once made, the decision is irrevocable. The ORP uses the accrual basis of accounting. Investments are reported at fair value, based on quoted market prices. Employees immediately vest in plan contributions upon entering the plan. The University's contributions to the ORP for the year ended June 30, 2023 were $20.5 million, which equaled its required contribution for the period.

NOTE 16:
POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

PLAN DESCRIPTION

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

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

MEMBERSHIP AND BENEFITS PROVIDED

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

CONTRIBUTIONS

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

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

Plan participants are not subject to supplemental assessment in the event of a premium deficiency. At the time of premium

payment, the risk of loss due to incurred benefit costs is transferred from the participant to the Plan. If the assets of the Plan were to be exhausted, participants would not be responsible for the Plan's liabilities.

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

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

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

DISCLOSURES UNDER GASB STATEMENT NO. 75

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

PROPORTIONATE SHARE ALLOCATION METHODOLOGY

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

OPEB LIABILITY, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

At June 30, 2023, the University reported a liability of $20.5 million for its proportionate share of the net OPEB liability (NOL). For fiscal year ending June 30, 2023, the NOL was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2023, the University's proportion was 4.17%, an increase of .02% since the prior valuation.

For the year ended June 30, 2023, the University recognized OPEB expense of ($2,802,419).

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

$1,041,262 reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ending June 30, 2024.

Deferred outflows of resources and deferred inflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. Changes in employer proportion, an employer specific deferral, is amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. The average remaining service life determined as of the beginning of the June 30, 2022 measurement period was 6.4 years. Employers are required to recognize pension expense based on their proportionate share of collective OPEB expense plus amortization of employer specific deferrals.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown at the top of the following page.

ACTUARIAL METHODS AND ASSUMPTIONS

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

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

MORTALITY

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

OPEB DEFERRED OUTFLOWS & INFLOWS OF RESOURCES 2023

Deferred Outflows of Resources						Deferred Inflows of Resources			
Differences between expected and actual experience	Net difference between projected and actual earnings on OPEB Plan investment	Change of assumptions	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	Implicit rate subsidy	**Total deferred outflows of resources**	Change of assumptions	Differences between expected and actual experience	Changes in proportion and differences between employer OPEB benefit payments and proportionate share of OPEB benefit payments	**Total deferred inflows of resources**
$17,015	$1,418	$3,204,612	$1,561,938	$1,041,262	**$5,826,245**	$1,902,365	$8,901,741	$49,684	**$10,853,790**

DEFERRED OUTFLOWS & INFLOWS OF RESOURCES

Deferred outflows of resources year ended June 30	2024	2025	2026	2027	Total
Mississippi State University	$24,725,504	$17,266,423	(5,945,155)	$36,434,360	$72,481,132

OPEB ASSUMPTIONS

	2023
Valuation date	June 30, 2022
Measurement date	June 30, 2022
Actuarial assumptions:	
Cost method	Entry age normal
Inflation rate	2.40%
Long-term expected rate of return	4.50%
Discount Rate	3.37%
Projected cash flows	N/A
Projected salary increases	2.65%-17.90%
Healthcare cost trend rates	7.00% decreasing to 4.50% by 2029

OPEB DISCOUNT RATE SENSITIVITY 2023

Mississippi State University Proportionate Share of NOL	2023
1% Decrease (2.37%)	$22,634,880
Current Discount Rate (3.37%)	$20,546,848
1% Increase (4.37%)	$18,753,247

HEALTH CARE COST TREND RATES SENSITIVITY

Mississippi State University Proportionate Share of NOL	2023
1% Decrease	$19,117,364
Current Discount Rate	$20,546,848
1% Increase	$22,155,535

DISCOUNT RATE

For the year ended June 30, 2023 the discount rate used to measure the total OPEB liability was 3.37%. The discount rate is based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

LONG-TERM EXPECTED RATE OF RETURN

At June 30, 2023, the long-term expected rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN HEALTH CARE COST TREND RATES

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

NOTE 17:
DONOR RESTRICTED ENDOWMENTS

The net appreciation (depreciation) on investments of donor restricted endowments that is available for appropriation for expenditure as of June 30, 2023 was $2,574,518. This amount is included in the accompanying statements of net position in "restricted - expendable for other purposes" and "restricted - expendable for scholarships and fellowships."

Most endowments operate on the total return concept as permitted by the Uniform Prudent Management of Institutional Funds Act (Sections 79 11 601 through 79 11 617, MS Code, Ann. 1972) as enacted in 1998. The annual spending rate for these endowments is 5% of the three year moving average market value.

NOTE 18:
FEDERAL LOAN PROGRAM DISBURSEMENTS

The University distributed $132,117,987 for the year ended June 30, 2023, for student loans through the U.S. Department of Education lending programs. These distributions and their related funding sources are included as cash flows from operating activities in the statements of cash flows.

NOTE 19:
WORKERS' COMPENSATION, UNEMPLOYMENT, AND TORT LIABILITY FUNDS

Several types of risk are inherent in the operation of an institution of higher learning. There are several methods in which the institution can mitigate the risks. One of these methods is the pooling of resources among the institutions. The University and the other member institutions have pooled their resources to establish professional and general liability trust funds. Funds have been established for Workers' Compensation, Unemployment, and Tort Liability.

The Workers' Compensation Program provides a mechanism for the institutions to fund and budget for the costs of providing worker compensation benefits to eligible employees. The program does not pay benefits directly to employees. Funds are set aside in trust and a third party administrator is utilized to distribute the benefits to eligible employees. Payments by the University to the Workers' Compensation Fund totaled approximately $1,600,492 for the fiscal year ended June 30, 2023.

The Unemployment Trust Fund operates in the same manner as the Workers' Compensation Program. The Fund does not pay benefits directly to former employees. The Unemployment Fund reimburses the Mississippi Employment Security Commission for benefits that the Commission pays directly to former employees. Payments by the University to the Unemployment Trust Fund totaled approximately $124,207 for the fiscal year ended June 30, 2023.

The Tort Liability Fund was established in accordance with Section 11 46 of Mississippi State Law. The Mississippi Tort Claims Board has authorized the Board of Trustees of State Institutions of Higher Learning (IHL Board) to establish a fund in order to self insure certain portions of its liability under the Mississippi Tort Claims Act. Effective July 1, 1993, Mississippi statute permitted tort claims to be filed against public institutions. A maximum liability limit of $500,000 per occurrence is currently permissible. The IHL Board has authorized the Tort Liability Fund to acquire an educator's legal liability policy with a deductible of $1,000,000. Further, the IHL Board has designated that $1,000,000 be reserved from the IHL Tort Liability Fund Net Assets to be used towards any future payment of this insurance deductible. The IHL Tort Liability claims pool also purchases insurance premiums for fleet automobile policies and blanket public officials bond annually. The share of the annual payments to the Tort Liability Fund and the various insurance premiums paid by the University totaled $60,346 for the fiscal year ended June 30, 2023.

NOTE 20:
AFFILIATED ORGANIZATIONS

The University has seven affiliated organizations that were evaluated in accordance with GASB Statement No. 61, The Financial Reporting Entity: Omnibus, which the University adopted on July 1, 2012. These organizations were formed exclusively for the benefit of the University and serve to promote, encourage, and assist with educational, scientific, literary, research, athletic, facility improvement, and service activities of the University and its affiliates. These organizations include the Mississippi State University Educational Building Corporation, Mississippi State University Foundation, Inc., Mississippi State University Research Technology Corporation, The Bulldog Club, Inc., The Bulldog Foundation, Inc., and Mississippi State University Alumni Association. These affiliated entities are audited separately and, with the exception of the Mississippi State University Foundation and Mississippi State University Educational Building Corporation, have not been included in these financial statements. Therefore, the financial statements include the operations of the University, the Mississippi State University Foundation, and the Educational Building Corporation. The Mississippi State University Foundation financial statements are presented discreetly following the University's financial statements. In accordance with paragraph 54a of GASB Statement No. 61, the Educational Building Corporation is reported as a blended component unit. Required condensed combining information is presented below.

NOTE 21:
SUBSEQUENT EVENTS

In May 2023, the IHL Board approved the issuance of $125 million MSUEBC bonds through the Mississippi State University Educational Building Corporation to help finance the construction of a new residence hall and renovations to the west side of Davis Wade Stadium. MSUEBC Series 2024 bonds are expected to be issued in 2024.

EDUCATIONAL BUILDING CORPORATION	2023
Total Current Assets	
Total Noncurrent Assets	$272,785,000
Total Assets	**$272,785,000**
Total Current Liabilities	$13,065,000
Total Noncurrent Liabilities	259,720,000
Total Liabilities	**$272,785,000**
Total Net Position	**$0**
Total Operating Revenues	
Total Operating Expenses	
Operating Income (Loss)	**$0**
Total Nonoperating Revenues	$12,228,438
Total Nonoperating Expenses	12,228,438
Change in Net Position	**$0**
Cash Flows from Operating Activities	
Net Cash Provided by Operating Activities	**$0**
Cash Flows from Noncapital Financing Activities	
Net Cash Provided by Noncapital Financing Activities	**$0**
Cash Flows from Capital Financing Activities	
MSU funding sources	$24,713,438
Principal paid on capital debt	(12,485,000)
Interest paid on capital debt	(12,228,438)
Net Cash Provided by Capital Financing Activities	$0
Cash Provided by Investing Activities	
Net Cash Provided by Investing Activities	
Cash and cash equivalents beginning of the year	
Cash and cash equivalents end of the year	$0

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1:

NET PENSION LIABILITY

(A) SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

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

(B) SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS TO THE PERS DEFINED BENEFIT PLAN

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

(C) CHANGES OF ASSUMPTIONS AND IN BENEFIT PROVISIONS (PENSION PLAN)

Changes of assumptions:

2023

- There were no changes of assumptions.

2022

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

2020

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119;
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
- For males, 137% of male rates at all ages;
- For females, 115% of female rates at all ages; and
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%;

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year end June 30	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportionate share of the net pension liability	3.11%	3.15%	3.22%	3.16%	3.11%	3.17%	3.22%	3.28%	3.26%
Proportionate share of the net pension liability	377,668,592	487,619,653	575,770,041	525,651,937	517,960,848	558,213,479	623,650,981	484,398,386	671,443,515
Estimated covered-employee payroll provided by PERS	190,123,441	197,073,543	206,205,213	202,851,879	198,862,565	206,656,819	214,514,000	217,906,787	224,568,115
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	199.00%	247.43%	279.22%	259.13%	260.46%	270.12%	290.73%	222.30%	298.99%
PERS fiduciary net position as a percentage of the total pension liability	67.00%	61.70%	57.47%	61.49%	62.54%	61.59%	58.97%	70.44%	59.93%

SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS

Year end June 30	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportionate share of contributions	30,812,946	32,082,720	32,311,407	31,045,339	32,163,084	36,670,189	37,491,151	38,656,800	42,179,640
Required contributions	30,812,946	32,082,720	32,311,407	31,045,339	32,163,084	36,670,189	37,491,151	38,656,800	42,179,640
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Actual covered-employee payroll	195,637,752	203,699,810	205,151,790	197,113,263	204,210,057	210,748,213	215,466,385	222,165,517	242,411,724
Contribution as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%	15.75%	17.40%	17.40%	17.40%	17.40%

- The wage inflation assumption was reduced from 3.25% to 3.00%;
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience; and
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2018
- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022;
- The wage inflation assumption was reduced from 3.75% to 3.25%;
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience; and
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2017
- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

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

Changes in benefit provisions:

2018-2023
- There were no changes in benefit provisions.

2017
- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

NOTE 2:
NET OPEB LIABILITY
(A) SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

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

(B) SCHEDULE OF PROPORTIONATE SHARE OF EMPLOYER CONTRIBUTIONS TO THE STATE AND SCHOOL EMPLOYEES' LIFE AND HEALTH INSURANCE PLAN

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

(C) CHANGES OF ASSUMPTIONS AND TO BENEFIT TERMS (OPEB PLAN)

Changes of assumptions:

2023

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

2022

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

2021

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

2020

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

2019

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

Changes to benefit terms:

2023

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

2022

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

2021

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

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

June 30	2018	2019	2020	2021	2022	2023
Proportionate Share of the net OPEB liability	3.85%	3.84%	3.90%	3.98%	4.15%	4.17%
Proportionate Share of the net OPEB liability	$30,245,677	$29,735,714	$33,054,895	$31,009,098	$26,742,421	$20,546,848
Covered-employee payroll	$173,188,825	$173,864,154	$178,391,432	$192,035,910	$197,299,217	$204,911,965
Proportionate Share of the net OPEB liability as a percentage of its covered-employee payroll	17.46%	17.10%	18.53%	16.15%	13.54%	10.03%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

SCHEDULE OF PROPORTIONATE SHARE OF EMPLOYER CONTRIBUTIONS

June 30	2018	2019	2020	2021	2022	2023
Contractually required contribution	$1,683,539	$1,809,398	$1,808,173	$1,983,574	$2,443,935	$2,016,278
Contributions in relation to the contracturally required contribution	$1,190,076	$1,324,240	$1,324,937	$1,236,645	$1,073,356	$837,253
Contribution deficiency (excess)	$493,462	$485,159	$483,236	$746,928	$1,370,579	$1,179,026
Covered-employee payroll	$173,188,825	$173,864,154	$178,391,432	$192,035,910	$197,299,217	$204,911,965
Contributions as a percentage of covered-employee payroll	0.69%	0.76%	0.74%	0.64%	0.54%	0.41%

MISSISSIPPI STATE UNIVERSITY FOUNDATION

FOR THE YEAR ENDED JUNE 30, 2023

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

THE MSU FOUNDATION

P.O. BOX 6149, MISSISSIPPI STATE, MS 39762

WWW.MSUFOUNDATION.COM

MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.

Consolidated Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

Independent Auditors' Report

The Board of Directors
Mississippi State University Foundation, Inc.:

Opinion

We have audited the consolidated financial statements of Mississippi State University Foundation, Inc. (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 opinion. 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 consolidated 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 consolidated 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 consolidated 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 the Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

KPMG LLP

Jackson, Mississippi
October 23, 2023

MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.

Consolidated Statements of Financial Position

June 30, 2023 and 2022

Assets		**2023**	**2022**
Cash	$	3,200,533	1,943,067
Restricted cash		6,340,757	4,413,657
Restricted short-term investments		4,105,021	4,012,633
Accrued interest, other receivables and prepaid assets		296,901	147,878
Receivable from Mississippi State University		1,125,520	—
Receivable from MSU Alumni Association		156,878	156,188
Pledges receivable, net (note 3)		143,299,975	44,085,232
Investments (notes 2 and 8)		689,496,771	628,774,707
Present value of amounts due from externally managed trusts		56,102,682	54,819,357
Land, buildings, and equipment (note 4)		25,507,114	13,932,075
Total assets	$	929,632,152	752,284,794
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	$	2,840,121	2,151,824
Agency payable		10,445,778	8,426,290
Payable to Mississippi State University		358,348	389,474
Liabilities under split interest agreements		8,179,931	8,393,252
Deferred revenue		1,995,496	2,049,295
Note payable (note 5)		2,383,405	2,667,133
Total liabilities		26,203,079	24,077,268
Net assets:			
Without donor restrictions:			
Net assets attributable to the Foundation		73,848,874	58,072,588
Net assets attributable to noncontrolling interests (note 1(g))		49,194,917	45,425,424
Total net assets without donor restrictions		123,043,791	103,498,012
With donor restrictions		780,385,282	624,709,514
Total net assets		903,429,073	728,207,526
Total liabilities and net assets	$	929,632,152	752,284,794

See accompanying notes to consolidated financial statements.

MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.

Consolidated Statement of Activities

Year ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenues and support:			
Contributions of cash and other financial assets	$ 7,659,683	131,566,922	139,226,605
Contributed nonfinancial assets	13,569,666	754,750	14,324,416
Net investment income	6,120,059	56,383,077	62,503,136
Change in value of split interest agreements	—	1,653,487	1,653,487
Other	19,903,127	776,327	20,679,454
Net assets released from restrictions	35,458,795	(35,458,795)	—
Total revenues and support	82,711,330	155,675,768	238,387,098
Expenditures:			
Program services:			
Contributions and support for Mississippi State University	46,990,867	—	46,990,867
Contributions and support for Bulldog Club	1,799,555	—	1,799,555
Contributions and support for MSU Alumni Association	1,259,471	—	1,259,471
Total program services	50,049,893	—	50,049,893
Supporting services:			
General and administrative	7,585,140	—	7,585,140
Fundraising	4,814,077	—	4,814,077
Total supporting services	12,399,217	—	12,399,217
Total expenditures	62,449,110	—	62,449,110
Change in net assets	20,262,220	155,675,768	175,937,988
Change in net assets attributable to noncontrolling interests (note 1(g))	(4,485,934)	—	(4,485,934)
Change in net assets attributable to the Foundation	$ 15,776,286	155,675,768	171,452,054

See accompanying notes to consolidated financial statements.

MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.

Consolidated Statement of Activities

Year ended June 30, 2022

		Without donor restrictions	With donor restrictions	Total
Revenues and support:				
Contributions of cash and other financial assets	$	5,375,942	48,186,956	53,562,898
Contributed nonfinancial assets		8,309,574	491,963	8,801,537
Net investment loss		(4,954,369)	(67,401,712)	(72,356,081)
Change in value of split interest agreements		—	(9,845,714)	(9,845,714)
Other		5,963,215	335,889	6,299,104
Net assets released from restrictions		32,041,958	(32,041,958)	—
Total revenues and support		46,736,320	(60,274,576)	(13,538,256)
Expenditures:				
Program services:				
Contributions and support for Mississippi State University		36,925,141	—	36,925,141
Contributions and support for Bulldog Club		1,707,478	—	1,707,478
Contributions and support for MSU Alumni Association		1,037,584	—	1,037,584
Total program services		39,670,203	—	39,670,203
Supporting services:				
General and administrative		5,818,510	—	5,818,510
Fundraising		4,376,702	—	4,376,702
Total supporting services		10,195,212	—	10,195,212
Total expenditures		49,865,415	—	49,865,415
Change in net assets		(3,129,095)	(60,274,576)	(63,403,671)
Change in net assets attributable to noncontrolling interests (note 1(g))		5,761,402	—	5,761,402
Change in net assets attributable to the Foundation	$	2,632,307	(60,274,576)	(57,642,269)

See accompanying notes to consolidated financial statements.

MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2023 and 2022

	Net assets without donor restrictions attributable to the Foundation	Net assets without donor restrictions attributable to noncontrolling interests	Total net assets without donor restrictions	Net assets with donor restrictions	Total net assets
Net assets as of June 30, 2021	$ 55,440,281	52,094,122	107,534,403	684,984,090	792,518,493
Change in net assets from statement of activities	2,632,307	(5,761,402)	(3,129,095)	(60,274,576)	(63,403,671)
Payments to noncontrolling interests	—	(907,296)	(907,296)	—	(907,296)
Change in total net assets	2,632,307	(6,668,698)	(4,036,391)	(60,274,576)	(64,310,967)
Net assets as of June 30, 2022	58,072,588	45,425,424	103,498,012	624,709,514	728,207,526
Change in net assets from statement of activities	15,776,286	4,485,934	20,262,220	155,675,768	175,937,988
Payments to noncontrolling interests	—	(716,441)	(716,441)	—	(716,441)
Change in total net assets	15,776,286	3,769,493	19,545,779	155,675,768	175,221,547
Net assets as of June 30, 2023	$ 73,848,874	49,194,917	123,043,791	780,385,282	903,429,073

See accompanying notes to consolidated financial statements.

MISSISSIPPI STATE UNIVERSITY FOUNDATION, INC.

Consolidated Statements of Cash Flows

Years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets from statement of activities	$ 175,937,988	(63,403,671)
Adjustments to reconcile change in net assets from statement of activities to net cash used in operating activities:		
Depreciation	811,729	753,307
(Gain) loss on disposal of land, buildings, and equipment	(11,938,158)	160
Realized and unrealized (gains) losses on investments, net	(58,984,892)	76,916,450
Change in value of internally managed split interest agreements	515,575	(565,850)
Fair value of donated investments	(594,855)	(2,255,000)
Gifts restricted for long-term investment	(18,157,466)	(22,532,355)
Change in accrued interest, other receivables and prepaid assets	(149,023)	17,477
Change in pledges receivable, net	(99,214,743)	(3,323,265)
Change in present value of amounts due from externally managed trusts	(1,283,325)	4,396,311
Change in accounts payable and accrued liabilities	688,297	1,026,744
Change in agency payable	2,019,488	1,125,099
Change in receivable/payable to Mississippi State University	(1,156,646)	6,878
Change in payable to Bulldog Club	—	(1,108,900)
Change in receivable from MSU Alumni Association	(690)	(20,939)
Change in deferred revenue	(53,799)	2,049,295
Net cash used in operating activities	(11,560,520)	(6,918,259)
Cash flows from investing activities:		
Purchases of land, buildings and equipment	(16,948,610)	(1,527,796)
Purchases of restricted short-term investments	—	(12,633)
Purchases of investments	(96,404,780)	(44,852,795)
Proceeds from sales and maturities of investments	97,070,075	31,816,320
Proceeds from sales of land, buildings, and equipment	16,500,000	—
Net cash provided by (used in) investing activities	216,685	(14,576,904)
Cash flows from financing activities:		
Principal payments on note payable	(283,728)	(274,152)
Proceeds from gifts restricted for long-term investment	18,157,466	22,532,355
New liabilities under split interest agreements	154,089	1,046,620
Payments to split interest agreement beneficiaries	(882,985)	(796,789)
Payments to noncontrolling interests	(716,441)	(907,296)
Net cash provided by financing activities	16,428,401	21,600,738
Net increase in cash, cash equivalents, and restricted cash	5,084,566	105,575
Cash, cash equivalents, and restricted cash at beginning of year	6,456,724	6,351,149
Cash, cash equivalents, and restricted cash at end of year	$ 11,541,290	6,456,724
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash	$ 3,200,533	1,943,067
Restricted cash	6,340,757	4,413,657
Cash funds and cash equivalents in investments	2,000,000	100,000
	$ 11,541,290	6,456,724

See accompanying notes to consolidated financial statements.

(1) Organization and Significant Accounting Policies

(a) Organization

Mississippi State University Foundation, Inc. (the Foundation) is a not-for-profit entity established to solicit and manage funds for the benefit of Mississippi State University (the University or MSU). The Foundation also manages funds for affiliates of the University, including Mississippi State University Alumni Association, Inc. and The Bulldog Club, Inc.

The Foundation established a wholly owned subsidiary limited liability company (LLC), Maroon Air, LLC, to hold aviation assets and conduct flight operations on behalf of the Foundation.

During fiscal year 2023, the Foundation, acting in the capacity as sole member of three LLCs (West Side Fund II, LLC, West Side Fund III, LLC and West Side Fund IV, LLC) created in fiscal year 2022, transferred all member interests to a corporation, West Side Funds, Inc. (the Corporation) in exchange for all outstanding stock in the Corporation and thereafter transferred the stock in the Corporation to the Mississippi State Investment Pool. Additionally, West Side Fund I, LLC, a wholly owned subsidiary of the Foundation, was created in fiscal year 2022 and acquired The Mill at Mississippi State University located at 600 Russell Street, Starkville, MS in fiscal year 2023.

(b) Basis of Accounting

The accompanying consolidated financial statements include the Foundation; Maroon Air, LLC; 109 Muldrow Properties, LLC, DG South, LLC, West Side Fund I, LLC, and the Mississippi State Investment Pool in which the Foundation has a controlling financial interest (note 1(g)). These consolidated financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets with donor restrictions – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. Net assets in this class include unconditional gifts for restricted purposes and donor-restricted endowment funds.

Generally, the donor of these assets permits the Foundation to use all or part of the income earned on related investments for general or specific purposes in support of the University.

Net assets without donor restrictions – net assets that represent resources generated from operations or that are not subject to donor-imposed stipulations. Net assets without donor restrictions include contributions designated to a particular college or unit for which the use or purpose is unrestricted.

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

Contributions, including unconditional promises to give, and grants are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when either the right of return to the donor or barriers to entitlement no longer exist. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of intellectual property are based on its estimated fair value, considering the characteristics specific to the assets and estimated usage during the term of the agreement. Contributed goods and services are recorded as revenues and expenses in the consolidated statements of activities at estimated fair value.

(c) Use of Estimates

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

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

(d) Restricted Cash, Restricted Short-term Investments, and Cash Equivalents

Funds held for an unaffiliated organization that retains control over the expenditures of such funds are classified as restricted cash and restricted short-term investments in the consolidated statements of financial position with a corresponding amount in agency payable. Cash equivalents include short-term, highly liquid investments that are readily convertible to cash and have original maturity dates of three months or less and are classified as investments in the consolidated statements of financial position.

(e) Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost, if purchased, or at fair value on the date of gift, if donated. Depreciation of buildings and equipment, including assets acquired under capital leases, is provided on the straight-line method over the shorter of the estimated useful life of the assets or the term of the lease. The estimated useful lives for buildings are 30-40 years and furniture, fixtures, and equipment are 5–25 years, with estimated salvage values ranging from 0-40%.

The Foundation assesses potential impairment to its long-lived assets when there is evidence that events or changes in circumstances have made recovery of the carrying value of the assets unlikely. An impairment loss is recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset.

(f) Fair Value Measurement

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

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

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Foundation uses net asset value per share (NAV) or its equivalent as a practical expedient to estimate fair value, although NAV in many instances may not equal fair value. The NAV per share or its equivalent was applied to certain investments that do not have readily determinable fair values. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported NAV. The fair value hierarchy requires the use of observable market data when available. The classification of assets and liabilities in the fair value hierarchy is not necessarily an indication of the risks or liquidity but is based on the observability of the valuation inputs. Therefore, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

(g) Investments

(i) Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund donor-designated directives and maintain the inflation-adjusted impact of each donor restricted fund. Beginning July 1, 2017, investment decisions have been delegated to Perella Weinberg Partners Capital Management LP, the Foundation’s outsourced chief investment officer that operates under the brand name, “Agility”. Agility executes investment decisions in accordance with the Foundation’s approved investment policy.

(Continued)

(ii) Mississippi State Investment Pool

The Foundation, the University, the Mississippi State University Alumni Association, Inc. and The Bulldog Club, Inc. are participants in a joint venture, the Mississippi State Investment Pool (MSIP), whereby investable assets are pooled for investment purposes. The MSIP is considered an investment company and follows accounting and reporting guidance in *ASC 946, Financial Services – Investment Companies.* The Foundation is the investment pool's managing member and maintains separate accounts for each participant. Investment income, gains and losses, and expenses of the MSIP are allocated to each participant based on their share of ownership of the MSIP. Due to the Foundation's controlling financial interest in the MSIP of approximately 92% as of both June 30, 2023 and 2022, the Foundation has consolidated the MSIP, reflecting the noncontrolling interests of the other participants in the consolidated financial statements. As of June 30, 2023 and 2022, the Foundation's consolidated financial statements include net assets totaling $49,194,917 and $45,425,424, respectively, related to these noncontrolling interests. The Foundation recorded $4,485,934 and $(5,761,402) of investment gains(losses) attributable to these noncontrolling interests during the years ended June 30, 2023 and 2022, respectively, which is reported in net investment income(loss). As of June 30, 2023, the MSIP held $640,331,274 in total assets and net assets. For the year ended June 30, 2023, the MSIP recorded $2,628,824 in investment income, $1,878,559 in expenses, $750,265 in net investment income, and realized and unrealized gains of $52,071,486.

(iii) Allocation of Investment Strategies

The Foundation invests in five broad asset classes: global fixed income, global equities, real assets, absolute return strategies, and private capital. Global equities consist of domestic and international equity securities. Global fixed income investments consist of both interest rate sensitive and credit sensitive publicly traded credit securities. Real assets include upstream energy investments, real estate funds, and investments in hotels. Absolute return strategies include hedge fund investments. The private capital funds employ buyout and venture capital strategies. Private capital, real asset strategies, and absolute return strategies often require the estimation of fair values by the fund managers in the absence of readily determinable fair market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets. Short-term investments classified within investments on the statement of financial position consist of cash held by the investment pool, primarily for capital calls and reinvestments.

(iv) Basis of Reporting

Investments are reported at estimated fair value. If an investment is held directly by the Foundation and an active market with quoted prices exists, then the market price of an identical security is used as reported fair value. Reported fair values for shares in mutual funds registered with the U.S. Securities and Exchange Commission are based on share prices reported by the funds as of the last business day of the fiscal year. Fixed income securities are based on quoted market prices or other observable inputs such as quoted prices for similar assets or inputs corroborated by observable market data. The Foundation’s interests in alternative investment funds are generally reported at the NAV reported by the fund managers, which is used as a practical expedient to estimate the fair value of the Foundation’s interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2023 and 2022, the Foundation had no plans or intentions to sell investments at amounts different from NAV. Properties held for investment are reported at estimated fair value based on periodic appraisals conducted by third-party appraisers who utilize the cost, sales comparison, and income capitalization approaches to estimate the fair value of the investments. The Foundation considers recent comparables, among other things, to adjust for any changes in fair value between the most recent appraisal date and year-end.

(h) Pledges

All unconditional promises to give are recorded at their estimated realizable value on a discounted basis using rates commensurate with the risks involved. Allowance is made for uncollectible pledges based upon management’s judgment and analysis of specific accounts, past collection experience and other relevant factors.

(i) Split Interest Agreements

The Foundation accepts gifts subject to split interest agreements. These gifts may be in the form of gift annuities, charitable lead trusts, charitable remainder trusts, or perpetual trusts. At the time of receipt, a gift is recorded based upon the fair value of assets donated less any applicable liabilities. Liabilities include the present value of projected future distributions to the annuity or trust beneficiary and are determined using appropriate discount rates (at June 30, 2023 and 2022 rates ranged from approximately 1% to 8%). For certain split interest agreements where the measurement objective is fair value, the discount rate is adjusted to a current market rate at each reporting date. The Foundation’s estimated remainder interests in split interest agreements are classified as net assets with donor restrictions based upon donor designations.

Externally managed trusts consist of irrevocable charitable remainder trusts and perpetual trusts whereby the Foundation is the beneficiary, not the trustee. The Foundation records charitable remainder trusts at the present value of the estimated future cash receipts from the assets of the trust and perpetual trusts at the fair value of the assets of the trust.

Present value of amounts due from externally managed trusts and liabilities under split interest agreements are classified as Level 3 fair value measurements.

Contribution revenue attributable to split interest agreements for the years ended June 30, 2023 and 2022 was $245,911 and $6,536,214, respectively.

(Continued)

(j) Income Taxes

The Foundation is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes has been made. As of June 30, 2023 and 2022, there were no material uncertain tax positions.

(k) Liquidity

Assets are presented according to their nearness of conversion to cash and liabilities are presented according to their nearness to payment or use of cash.

(l) Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 requires the lessee to recognize assets and liabilities for leases with lease terms of more than twelve months. For leases with a term of twelve months or less, the Foundation is permitted to make an accounting policy election by class of underlying asset to recognize lease assets and lease liabilities. Further ASU 2016-02 requires a finance lease to recognize both an interest expense and an amortization of the associated expense. Operating leases generally recognize the associated expense on a straight-line basis. ASU 2016-02 requires the Foundation to adopt the standard using a modified retrospective approach. In June 2020, the FASB issued ASU 2020-05, which deferred the effective date of this standard until annual reporting periods beginning after December 15, 2021, which would be fiscal year 2023 for the Foundation. The adoption of ASU 2016-02 during 2023 did not have a material impact on the consolidated financial statements.

(m) Subsequent Events

The Foundation evaluated all events or transactions that occurred after June 30, 2023 through October 23, 2023, the date the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the Foundation’s June 30, 2023 consolidated financial statements.

(2) Investments

Investments are summarized as follows as of June 30, 2023 and 2022:

		2023	2022
Short-term investments	$	9,706,527	7,219,683
Agility Comprehensive Solutions Fund		539,529,880	516,633,642
Global fixed income		4,308,808	4,169,211
Global equities		9,414,879	8,519,491
Real assets		65,076,407	27,596,321
Absolute return strategies		30,020	30,105
Private capital		26,260,831	31,219,702
Contributed properties held for investment		32,143,644	30,339,389
Cash-surrender value of life insurance		3,025,775	3,047,163
	$	689,496,771	628,774,707

Total investments include amounts related to noncontrolling interests (note 1(g)) included within the accompanying consolidated financial statements totaling $49,194,917 and $45,425,424 as of June 30, 2023 and 2022, respectively.

During 2023 and 2022, the MSIP held a limited partnership interest in the Agility Comprehensive Solutions Fund LP, a Delaware limited partnership (the Fund). Perella Weinberg Partners Agility Comprehensive Solutions Fund GP LP serves as general partner of the Fund. The Fund invests in five broad assets classes with the following approximate allocation percentages at June 30, 2023 and 2022, respectively: global equities, 61%; absolute return strategies, 8% and 15%; global fixed income, 9% and 4%; real assets, 9%; and private capital, 13% and 11%.

The Foundation has entered into various split interest agreements, including charitable remainder unitrusts and charitable gift annuities, whereby the Foundation serves as trustee. The assets held under these split interest agreements are included in investments at June 30, 2023 and 2022 with a fair value of $13,966,722 and $13,738,670, respectively.

(3) Pledges Receivable

Pledges receivable, net, are summarized as follows at June 30, 2023 and 2022:

	2023	2022
Unconditional promises expected to be collected in:		
Less than one year	$ 11,979,691	11,965,844
One year to five years	133,096,163	27,338,409
Over five years	17,943,348	11,024,303
	163,019,202	50,328,556
Less unamortized discount (rates ranging from 0.3% to 5.0%)	(18,791,077)	(5,364,078)
	144,228,125	44,964,478
Less allowance for uncollectible pledges	(928,150)	(879,246)
	$ 143,299,975	44,085,232

As of June 30, 2023, the two largest donor pledge balances represented 69% of the Foundation's gross pledges receivable.

(4) Land, Buildings, and Equipment

Land, buildings, and equipment are summarized as follows at June 30, 2023 and 2022:

	2023	2022
Land and buildings	$ 19,776,147	16,940,250
Furniture, fixtures, and equipment	10,582,250	9,018,822
	30,358,397	25,959,072
Less accumulated depreciation	(4,851,283)	(12,026,997)
	$ 25,507,114	13,932,075

During fiscal year 2023, the Foundation sold its headquarters, located at 1 Hunter Henry Boulevard, Mississippi State, MS, to the University for $16,500,000. As a result of the sale, the Foundation recognized a gain on sale of assets in the amount of $11,946,850. This gain is included in the accompanying consolidated statement of activities in the "Other" category of revenues and support for the year ended June 30, 2023.

The Foundation used the proceeds from this sale to purchase The Mill at Mississippi State University, located at 600 Russell Street, Starkville, MS, from an unrelated third party and paid a purchase price of $16,000,000. The assets associated with this purchase are included in the accompanying consolidated statements of financial position as land, buildings, and equipment.

(5) Note Payable

The Foundation entered into a $3,080,000 term note with a bank on December 30, 2020. Monthly principal and interest payments are due in the amount of $29,270 and interest is calculated on the outstanding borrowings based on a fixed rate of 2.63%. The note matures on December 30, 2030, and is secured by real property located in Oktibbeha County, Mississippi. The outstanding balance on the note as of June 30, 2023, was $2,383,405.

Principal and interest payments for each of the next five years and thereafter are the following:

		Principal	Interest	Total
Fiscal year ending June 30:				
2024	$	291,021	60,221	351,242
2025		299,040	52,202	351,242
2026		307,112	44,130	351,242
2027		315,402	35,840	351,242
2028		323,843	27,399	351,242
Thereafter		846,987	31,118	878,105
Total future debt service	$	2,383,405	250,910	2,634,315

On May 9, 2023, West Side Fund II, LLC, obtained a construction/term loan not to exceed $5.5 million. Additionally, on May 9, 2023, West Side Fund III, LLC, obtained a construction/term loan not to exceed $3.2 million. Both loans are unsecured but guaranteed by the Foundation. The balance on both loans as of June 30, 2023, is $0. Construction is set to begin in November 2023 with a 24-month construction period. The terms of both loans are an interest rate of 5.75% for sixty months, converting at month sixty-one to a fixed rate annually at one percentage point below the Wall Street Journal prime rate, changing on each anniversary date of the remaining amortization not to exceed 180 months from the original loan closing. The loans have an interest rate ceiling of 6.80% and a floor of 3.70%.

(6) Net Assets Without Donor Restrictions

Net assets attributable to the Foundation without donor restrictions as of June 30, 2023 and 2022:

		2023	2022
Spendable funds	$	28,716,699	24,465,799
Quasi-endowment funds		22,008,466	22,341,847
Net investment in land, buildings and equipment		23,123,709	11,264,942
	$	73,848,874	58,072,588

Quasi-endowment funds are those funds held by the Foundation to function as endowments for the benefit of the University.

(7) Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Subject to expenditure for specified purpose:		
General college support	$ 28,483,329	20,714,082
Student financial aid	23,464,227	19,666,007
Research	395,319	303,367
Faculty and staff support	2,532,406	624,985
Facilities	902,110	871,493
Other	2,827,580	2,111,560
	58,604,971	44,291,494
Subject to the passage of time and specified purpose:		
Charitable remainder trusts, cash surrender value of life insurance, gift annuities and other	12,086,126	11,603,788
Pledges receivable restricted by donors	24,053,632	22,860,103
	36,139,758	34,463,891
Donor restricted endowments subject to spending policy and appropriation to support the following purposes (including net accumulated earnings of approximately $95,700,000 and $74,544,000 at June 30, 2023 and 2022, respectively):		
Subject to endowment spending policy and appropriation:		
General college support	142,446,749	127,296,636
Student financial aid	268,982,634	249,282,242
Research	17,252,583	16,812,511
Faculty and staff support	67,296,132	62,592,547
Facilities	8,270,248	8,188,019
Other	8,535,407	8,282,444
	512,783,753	472,454,399
Charitable remainder trusts, gift annuities and other	53,610,457	52,274,601
Pledges receivable restricted to endowment by donors	119,246,343	21,225,129
	$ 780,385,282	624,709,514

(8) Fair Value Measurement

The following tables summarize the Foundation's financial instruments by major category in the fair value hierarchy as of June 30, 2023 and 2022:

		2023				
		Level 1	Level 2	Level 3	Investments at NAV	Total
Recurring:						
Short-term investments	$	9,706,527	—	—	—	9,706,527
Agility Comprehensive Solutions Fund(1)		—	—	—	539,529,880	539,529,880
Global fixed income:						
Interest-rate sensitive		4,308,808	—	—	—	4,308,808
Global equities:						
Domestic		9,414,879	—	—	—	9,414,879
Real assets:						
Real estate funds(2)		—	—	—	5,207,134	5,207,134
Natural resources(3)		—	—	—	16,229,053	16,229,053
Direct real estate(7)		—	—	43,640,220	—	43,640,220
Total real assets		—	—	43,640,220	21,436,187	65,076,407
Absolute return strategies(4)		—	—	—	30,020	30,020
Private capital(2)		—	—	—	26,260,831	26,260,831
Contributed properties held for investment(5)		—	—	32,143,644	—	32,143,644
Cash-surrender value of life insurance(6)		—	3,025,775	—	—	3,025,775
Total investments	$	23,430,214	3,025,775	75,783,864	587,256,918	689,496,771
Present value of amounts due from externally managed trusts	$	—	—	56,102,682	—	56,102,682

	2022				
	Level 1	**Level 2**	**Level 3**	**Investments at NAV**	**Total**
Recurring:					
Short-term investments	$ 7,219,683	—	—	—	7,219,683
Agility Comprehensive Solutions Fund(1)	—	—	—	516,633,642	516,633,642
Global fixed income:					
Interest-rate sensitive	4,169,211	—	—	—	4,169,211
Global equities:					
Domestic	8,519,491	—	—	—	8,519,491
Real assets:					
Real estate funds(2)	—	—	—	8,371,796	8,371,796
Natural resources(3)	—	—	—	19,224,525	19,224,525
Total real assets	—	—	—	27,596,321	27,596,321
Absolute return strategies(4)	—	—	—	30,105	30,105
Private capital(2)	—	—	—	31,219,702	31,219,702
Contributed properties held for investment(5)	—	—	30,339,389	—	30,339,389
Cash-surrender value of life insurance(6)	—	3,047,163	—	—	3,047,163
Total investments	$ 19,908,385	3,047,163	30,339,389	575,479,770	628,774,707
Present value of amounts due from externally managed trusts	$ —	—	54,819,357	—	54,819,357

(1) The Fund's terms allow for 5-day notice withdrawals at any month-end totaling up to 10% of its account balance at the Fund's previous fiscal year end (plus any capital contributions to the Fund during the current year). In addition, the MSIP may make withdrawals from its capital account, of up to 100% of its Agility Global Equities, Agility Fixed Income, and Agility Real Asset holdings, as well as 25% of its Agility Absolute Return holdings, as of any fiscal quarter end, with at least one quarter's prior written notice to the general partner. Further, approximately $86.4 million and $65.4 million of MSIP's investment in the Fund is considered illiquid at June 30, 2023 and 2022, respectively, with up to a 10-year lockup period and 1-3 year extensions. Agility is a global fund that invests in a multitude of industries.

(2) These funds have initial 10-year terms or 12-year terms, unless extended or dissolved sooner in accordance with the limited partnership agreements. Future commitments to these funds approximate $6,610,000 and $7,288,000 at June 30, 2023 and 2022, respectively. Private capital and real estate funds are generally made through limited partnerships. Under the terms of such agreements, the MSIP may be required to provide additional funding when capital or liquidity calls are made by fund managers. These partnerships have a limited existence, and they may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, or other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Foundation cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur they could reduce liquidity or originally anticipated investment returns. Accordingly, the timing and amount of future capital or liquidity calls in any particular future year are uncertain. The funds make direct and indirect investments in real estate and private capital in the United States.

(3) The MSIP invests in three natural resource investments at both June 30, 2023 and 2022, which have terms ending in 2023, 2026 and 2027. Investments with lockup periods are subject to one or more one to two-year extensions. Future commitments to these funds approximate $1,891,200 and $3,262,000 at June 30, 2023 and 2022, respectively. The funds invest primarily in the oil and gas sector in North America.

(4) Generally, MSIP's investments in absolute return strategies (or hedge funds) allow early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary, usually with the majority requiring 60 days' to 12 months' notice after the initial lock up period, which may be from one to three years. At June 30, 2023 and 2022, the Foundation had no absolute return strategy investments for which an otherwise redeemable investment was not redeemable.

(5) Bulldog Forest properties totaling $28,800,108 and $27,560,708 at June 30, 2023 and 2022, respectively, may be held in perpetuity or liquidated at the Foundation's discretion. Other properties are for immediate sale.

(6) The Foundation currently has no plans to surrender these policies prior to maturity, but cash would be realized in a minimal amount of time if an insurance policy is canceled.

(7) The MSIP invests in direct real estate in 2023 through its ownership of all outstanding stock of West Side Funds, Inc. This corporation is the owner of three hotels located in Starkville, MS in close proximity to the MSU campus.

The following table presents the Foundation's activities for the years ended June 30, 2023 and 2022 for contributed properties held for investment classified as Level 3:

		2023	2022
Balance, beginning of year	$	30,339,389	30,531,907
Acquisitions		829,855	2,462,750
Dispositions		(154,676)	(2,037,308)
Net realized and unrealized gains (losses)		1,129,076	(617,960)
Balance, end of year	$	32,143,644	30,339,389

For the years ended June 30, 2023 and 2022, the changes in present value of amounts due from externally managed trusts classified as Level 3 are as follows:

		2023	2022
Balance, beginning of year	$	54,819,357	59,215,668
Contributions		—	4,925,120
Terminations		—	(72,463)
Change in valuation		1,283,325	(9,248,968)
Balance, end of year	$	56,102,682	54,819,357

For the year ended June 30, 2023, the changes in direct real estate classified as level 3 are as follows:

		2023
Direct real estate:		
Balance, beginning of year	$	—
Acquisitions		36,750,000
Dispositions		—
Net realized and unrealized gains		6,890,220
Balance, end of year	$	43,640,220

(a) Pledges Receivable

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discounts is recorded as additional contribution revenue.

(b) Other Receivables and Payables

The carrying amounts of receivables from the MSU Alumni Association and Mississippi State University, other receivables, accounts payable and accrued liabilities, and payable to Mississippi State University approximate fair value because of the short-term maturity of these instruments.

(c) Liabilities under Split Interest Agreements

Liabilities include the present value of projected future distributions to the annuity or trust beneficiary and are determined using appropriate discount rates at the date of contribution.

(9) Liquidity and Availability

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has a liquid operating reserve of approximately $9.4 million and $9.5 million at June 30, 2023 and 2022, respectively. The primary source of this reserve is long-term board-directed prudent budgeting and expenditure management; this reserve may be drawn upon in the event of unusual, extreme, or prolonged financial distress. Other possible uses of the reserve could be a board-approved response to an immediate, unplanned liquidity need outside the typical operating budget life cycle. The current operating reserve exceeds the Foundation's $5.0 million operating reserve target, which is based on management's subjective judgment.

As of June 30, 2023 and 2022, the following assets could readily be available within one year to meet general expenditures:

	2023	2022
Financial assets:		
Unrestricted cash	$ 3,200,533	1,943,067
Investments	689,496,771	628,774,707
Current receivables	1,579,299	304,066
Total financial assets at year-end	694,276,603	631,021,840
Less amounts with limits on usage:		
Amounts held for noncontrolling interests	(49,194,917)	(45,425,424)
Donor restricted endowments	(417,083,653)	(397,909,963)
Internally managed trusts	(13,966,722)	(13,738,670)
Subject to passage of time and/or specified purpose	(154,305,071)	(118,835,929)
Quasi-endowment funds	(22,008,466)	(22,341,847)
Operating reserves	(9,427,392)	(9,453,774)
Total financial assets available for general use within one year	$ 28,290,382	23,316,233

(Continued)

(10) Endowment

The Foundation's endowment consists of approximately 1,985 individual donor-restricted endowment funds established for a variety of purposes. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors of the Foundation (the Board) to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretations of Relevant Law

The Board has interpreted the State of Mississippi Code of 1972 §79-11-701 through §79-11-719 cited as the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the Board to use reasonable care, skill, and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with UPMIFA, the Board may expend so much of an endowment fund's net appreciation as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund. The Board considered the following factors in making its determination:

1) The purpose of the Foundation
2) The intent of the donor of the endowment fund
3) The terms of the applicable instrument
4) The long-term and short-term needs of the Foundation and the University in carrying out their purposes
5) General economic conditions
6) The possible effect of inflation or deflation
7) The other resources of the Foundation and the University
8) Perpetuation of the endowment

As a result of this interpretation, the Board classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment and (b) the original value of subsequent gifts to the endowment. The investment income and appreciation of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

Where the Board designates net assets without donor restrictions to function as endowments, they are classified as net assets without donor restrictions.

(b) Spending Policy

The Foundation's spending policy is designed to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. In establishing this policy, the Board considered the long-term expected return of the endowment investment pool and the goal of maintaining the purchasing power of the endowment asset. Over the long-term, the current spending policy is designed to return a net positive gain in market value (growth) after spendable transfers.

The annual rate for spendable transfers, distributed annually, is 4% of the investment pool's average unit value over the 36-month period ending September 30 of the previous year. In addition, each endowed fund is assessed an annual 1.50% administrative fee. This fee covers administrative costs related to the operations of the MSIP and is a major portion of the funding mechanism for the operations of the Foundation.

(c) Investment Policy

The Foundation's investment objectives are to provide an annualized real (adjusted for inflation) rate of return of 5.50% or more to preserve, or increase, the purchasing power of endowment capital, while generating an income stream to support donor-specified purposes for the funds held for the colleges and units of the University. This policy is designed to tolerate volatility in short and intermediate-term performance. The endowment assets are invested as a part of the investment pool, as discussed in note 1(g).

To satisfy its long-term rate of return objectives, the pool employs a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation, through Agility, targets a diversified asset allocation that includes global equities, global fixed income, absolute return, real assets, and private capital to achieve long-term objectives within prudent risk constraints.

Endowment net asset composition by type of fund as of June 30, 2023 and 2022:

	2023		
	Without donor restrictions	**With donor restrictions**	**Total**
Donor-restricted endowment funds	$ —	512,783,753	512,783,753
Board designated funds	22,008,466	—	22,008,466
Total funds	$ 22,008,466	512,783,753	534,792,219

	2022		
	Without donor restrictions	**With donor restrictions**	**Total**
Donor-restricted endowment funds	$ —	472,454,399	472,454,399
Board designated funds	22,341,847	—	22,341,847
Total funds	$ 22,341,847	472,454,399	494,796,246

Changes in endowment net assets for the fiscal years ended June 30, 2023 and 2022:

	2023		
	Without donor restrictions	**With donor restrictions**	**Total**
Endowment net assets, beginning of year	$ 22,341,847	472,454,399	494,796,246
Investment returns(loss), net	(290,316)	37,188,351	36,898,035
Contributions	4,200	18,075,539	18,079,739
Appropriation of endowment assets for expenditure	(781,680)	(15,345,586)	(16,127,266)
Other	734,415	411,050	1,145,465
Endowment net assets, end of year	$ 22,008,466	512,783,753	534,792,219

	2022		
	Without donor restrictions	**With donor restrictions**	**Total**
Endowment net assets, beginning of year	$ 23,294,756	510,583,283	533,878,039
Investment loss, net	(1,252,132)	(51,615,407)	(52,867,539)
Contributions	5,000	23,077,683	23,082,683
Appropriation of endowment assets for expenditure	(931,480)	(12,037,224)	(12,968,704)
Other	1,225,703	2,446,064	3,671,767
Endowment net assets, end of year	$ 22,341,847	472,454,399	494,796,246

(d) Underwater Endowment Funds

As a result of market declines for certain recently established endowments, the fair value of certain donor-restricted endowments was less than the historical cost value (original gift/book value) of such funds (underwater) by $1,774,315 and $2,024,922 as of June 30, 2023 and 2022, respectively. These endowments had an original gift value of approximately $29,110,000 and $21,581,000 at June 30, 2023 and 2022, respectively.

(11) Contributed Nonfinancial Assets

The following table summarizes the Foundation's contributed nonfinancial assets received by major category for the years ended June 30, 2023 and 2022.

	2023	2022	Usage in programs/ activities	Donor-imposed restrictions	Fair value techniques and inputs
Software	$ 12,000,863	7,204,647	Contributions and support for the University	None	Estimates based on the US software licensing sale prices.
Land and buildings	626,500	382,705	To be held or sold to benefit the University, as deemed necessary by the Foundation	Restricted for use specified by donors	Appraised value based on an independent expert's appraisal inspection.
Supplies	168,745	345,325	Contributions and support for the University	None	Estimates based on US wholesale prices of identical or similar products
Historical artifacts	187,050	262,930	Contributions and support for the University	Restricted for use specified by donors	Appraised value based on an independent expert's appraisal inspection.
Miscellaneous	1,341,258	605,930	Contributions and support for the University	None	Estimates based on US wholesale prices of identical or similar products
	$ 14,324,416	8,801,537			

(12) Functional and Natural Expenses

Expenses are presented by functional classification in accordance with the overall service mission of the Foundation, which is to provide funds to the University. Program services or distributing to MSU are categorized in the primary areas of student financial aid, research, faculty and staff support, facilities and general college support. The operations of the Foundation are categorized as either fundraising or general and administrative according to the department in which the expense is incurred and allocated with techniques such as time and effort.

	2023					
	Contributions and support for Mississippi State University	Contributions and support for Bulldog Club	Contributions and support for MSU Alumni Association	General and administrative	Fundraising	Total
Distributions for:						
General college support	$ 28,177,047	—	—	—	—	28,177,047
Student financial aid	12,223,921	—	—	—	—	12,223,921
Research	713,635	—	—	—	—	713,635
Faculty and staff support	2,273,859	—	—	—	—	2,273,859
Facilities	1,241,045	—	—	—	—	1,241,045
Other	646,153	1,799,555	1,259,471	—	—	3,705,179
Compensation	654,103	—	—	3,469,014	3,412,163	7,535,280
Professional fees	44,408	—	—	596,535	—	640,943
Travel, events and communications	55,146	—	—	561,009	629,296	1,245,451
Rentals and other contractual	594,469	—	—	662,309	38,477	1,295,255
Technology, office services and supplies	367,081	—	—	1,283,951	734,141	2,385,173
Other	—	—	—	200,593	—	200,593
Depreciation	—	—	—	811,729	—	811,729
	$ 46,990,867	1,799,555	1,259,471	7,585,140	4,814,077	62,449,110

	2022					
	Contributions and support for Mississippi State University	Contributions and support for Bulldog Club	Contributions and support for MSU Alumni Association	General and administrative	Fundraising	Total
Distributions for:						
General college support	$ 20,980,856	—	—	—	—	20,980,856
Student financial aid	10,599,174	—	—	—	—	10,599,174
Research	676,213	—	—	—	—	676,213
Faculty and staff support	1,698,206	—	—	—	—	1,698,206
Facilities	642,635	—	—	—	—	642,635
Other	716,145	1,707,478	1,037,584	—	—	3,461,207
Compensation	586,288	—	—	2,788,146	3,158,796	6,533,230
Professional fees	45,418	—	—	524,506	5,311	575,235
Travel, events and communications	53,415	—	—	246,450	417,049	716,914
Rentals and other contractual	596,666	—	—	558,360	104,526	1,259,552
Technology, office services and supplies	330,125	—	—	947,741	691,020	1,968,886
Depreciation	—	—	—	753,307	—	753,307
	$ 36,925,141	1,707,478	1,037,584	5,818,510	4,376,702	49,865,415

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