



ANNUAL FINANCIAL REPORT

For the year ended August 31, 2022



MIDWESTERN STATE UNIVERSITY
A Member of the Texas Tech University System

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Midwestern State University

ORGANIZATIONAL DATA
August 31, 2022

THE BOARD OF REGENTS
Texas Tech University System

OFFICERS

Tedd L. Mitchell, M.D.	Chancellor
J. Michael Lewis	Chairman
Mark Griffin	Vice Chairman

MEMBERS

<u>Name</u>	<u>Residence</u>	<u>Term Expires</u>
Mr. J. Michael Lewis	Dallas	January 31, 2023
Mr. John Steinmetz	Dallas	January 31, 2023
Mr. John Walker	Houston	January 31, 2023
Ms. Ginger Kerrick Davis	Webster	January 31, 2025
Mr. Mark Griffin	Lubbock	January 31, 2025
Mr. Dusty Womble	Lubbock	January 31, 2025
Ms. Arcilia Acosta	Dallas	January 31, 2027
Mr. Cody Campbell	Fort Worth	January 31, 2027
Mr. Pat Gordon	El Paso	January 31, 2027

PRESIDENT

Dr. JuliAnn Mazachek

UNIVERSITY FISCAL OFFICERS

Dr. Beth Reissenweber, CPA, CMA	Vice President for Administration & Finance
Mr. Chris Stovall, CPA	Assistant Vice President and Controller

Midwestern State University

Management's Discussion & Analysis

For the Year Ended August 31, 2022

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The objective of the Management's Discussion and Analysis is to provide the reader of Midwestern State University's (MSU) financial statements an enhanced understanding of its fiscal position, operating activities, and overall economic well-being for the year ended August 31, 2022, with comparative data from 2021. Additional information regarding the university's educational programming, student success and community impact is available on the MSU website at www.msutexas.edu.

MSU management prepared the financial statements, related footnote disclosures and this discussion and analysis review. Responsibility for the completeness and accuracy of the financial information rests with the university's administration led by President, Dr. JuliAnn Mazachek, along with the Vice President for Administration and Finance, and the university Controller. The reader should consider this review together with the accompanying transmittal letter, financial statements, and footnote disclosures.

MSU, as a public liberal arts university, focuses on providing high quality instruction at an affordable cost, emphasizing teaching, research, and experiential learning opportunities for students. Management has navigated significant challenges to best steward university resources and fulfill its mission to graduate students. The challenges include an increasingly competitive higher education environment for comprehensive regional universities, declining numbers of high school graduates in the Wichita Falls region 9 (MSU's primary service region), inflationary pressures, an anticipated economic recession impacting family incomes thereby affecting ability to fund college at the same levels, fewer high school students choosing higher education, and the changes lingering following the recent pandemic.

MSU has proactively intensified the focus on growing enrollment and revenue through recruiting new students from growing regions in Texas, diversifying programs, building student-pipelines through community colleges, corporate, and educational partnerships, along with increasing retention and student success by focusing on student persistence to graduation and program offerings for career advancement.

MSU has expanded its strategic partnerships in promoting higher education for Hispanic families in the region with organizations such as *Café Con Leche* and *Somos Familia*. These programs are especially important as Hispanic students comprise 24.2% of total enrollment, an increase of 1.9% over the prior year. MSU seeks to become a federally designated Hispanic Serving Institution in the next few years which will provide additional financial support for serving this diverse student body.

As the newest component of the Texas Tech University System (TTUS), MSU is well-positioned to expand its reach, enhance its brand and reputation, and maximize the membership in the system by partnering with the system in state-wide advocacy efforts, building national reputation, utilizing and sharing deep expertise, and ensuring leadership in "best practices" in serving our students and communities.

Student enrollment has shifted significantly over the past five years from a traditional-aged undergraduate and full-time graduate body at the Wichita Falls campus to a student body with working adult students, concurrent high-school and community college students, and on-line learners. This has resulted in a lower average semester credit hour load overall. Headcount held steady with 5,784 Fall 2022 compared with 5,797 Fall 2021, but total semester credit hour production declined 9,594 or 6.8% from 140,820 to 131,226 Fall 2022.

Increasing demand for high quality graduate programming gave MSU its largest graduate student body totaling 885 at the masters and doctoral levels. Dual credit students continue to exceed expectations serving almost 400 students in Fall 2022, compared with 209 students the prior year. Online enrollments are static with 1,686 students in Fall 2022 compared with 1,658 students the year before. The Wichita Falls traditional-aged students between the ages of 18 and 24 have declined along with the number of graduating high school students in the region.

MSU provides many opportunities for students to achieve their educational aspirations through scholarships, grants, financial aid, and work study opportunities. More than 80% of students receive financial assistance, with 41.6% receiving Federal Pell grants. As part of its mission, 52.4% of MSU student undergraduates are first generation. Many students are from under-represented or under-served populations, with 24.2% Hispanic and 15.3% Black undergraduate students. The generous grant and aid provide affordability and accessibility for MSU students.

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Management's Discussion & Analysis

For the Year Ended August 31, 2022

Campus housing occupancy is stable with occupancy rates of almost 1,400 for both Fall 2021 and Fall 2022. Prior to the pandemic, occupancy had reached 1,500. This change is expected considering the enrollment shift to more adult learners, online students, and dual credit high school students. Residence life leadership is implementing and planning for new opportunities to enhance the residential experience and increase in occupancy. There are new living-learning communities, such as the Esport community which opened Spring 2022, with positive reviews and expectations for future growth.

As a member of the Texas Tech University System and led by President JuliAnn Mazachek since May 2022, the MSU vision and plan for enrollment and revenue growth includes a number of new initiatives and strategies to promote both new student enrollment and increased retention through enhanced student persistence to graduation. Examples of several of the strategies and activities underway include the following:

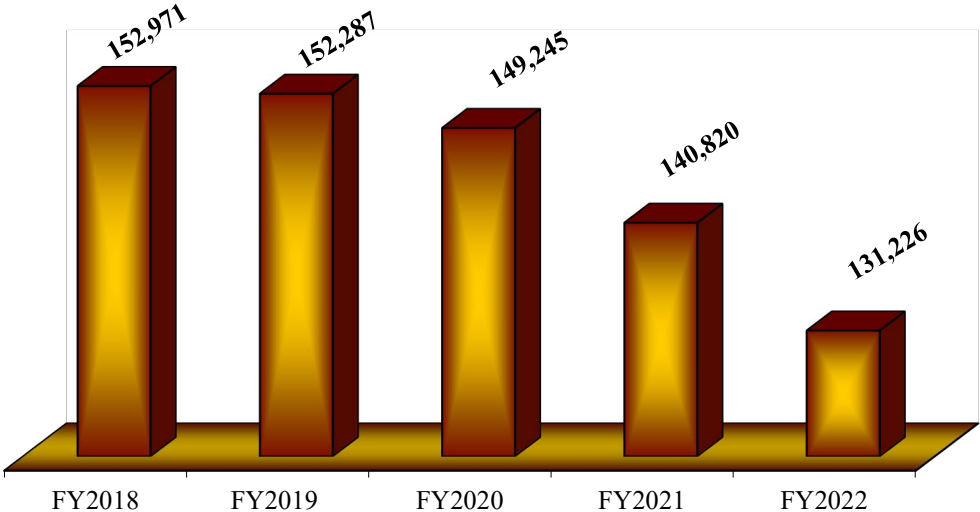
- In October 2022, President Mazachek gathered a new Enrollment Committee with representation of Cabinet, Admissions, Enrollment Management, Deans, Global Education, and the Flower Mound Student Learning Center. The committee is focused on retention, recruitment, student persistence through graduation, and strategic opportunity and innovation.
- Review of Financial Aid is underway to ensure market competitiveness and maximum effectiveness in attracting new students to select MSU for their higher education goals and aspirations.
- Dual credit expansion continues to be an important recruitment initiative and growth opportunity. There are currently 397 students participating in dual credit, which is a 90% increase over the prior year, given new public charter schools and expanded ISD activity.
- MSU has continued its focus on student retention and success through the EAB “Navigate” platform, implemented in 2020-21, with increased use by faculty, staff, and students. Currently, almost 4,000 students, faculty, and academic advisors use the platform.
- MSU is participating in the National Institute of Student Success program which is focused on ensuring a strong organization and strategic plan for increasing student success, retention, persistence, and graduation rates. This is a two-year grant made possible by the Texas Higher Education Coordinating Board. The grant will be complete at the end of FY23.
- Partnering with EAB for recruitment marketing, prescriptive analytics, and strategic support, the university is using the Application Student Search Program (freshmen outreach) as well as expanded recruitment for sophomore and junior high school students (Enroll360 tool).
- MSU continues its focus on the strategic Flower Mound site and location in the Dallas/Fort Worth metroplex in developing innovative programs and partnerships that will benefit the adult population and community and junior college partnership consortiums.
- MSU is focusing on growing its international student population and is partnering with an international consulting firm to connect MSU to more agents and students at the undergraduate and graduate levels. Its focus is on Europe, China, India, and Saudi Arabia.
- A new Esports program was launched in Fall 2021. MSU ventured into Esports by launching an Esports team and a new residential Esports learning community in one of its residence halls. This was a recruitment and retention tool for the university and is the fastest growing sport in the country. Since that time, the Esports varsity team has won competitions and hosted local high schools.
- A new student-centered facility opened in Fall 2022 which provides a hub for engaging and includes attractive new gathering spaces for students, individual chapter spaces for sororities, office space for Student Government, Student Life administration, a food pantry to address food insecurity needs of students, and a food service and highly popular coffee shop venue.

Midwestern State University

Management's Discussion & Analysis For the Year Ended August 31, 2022

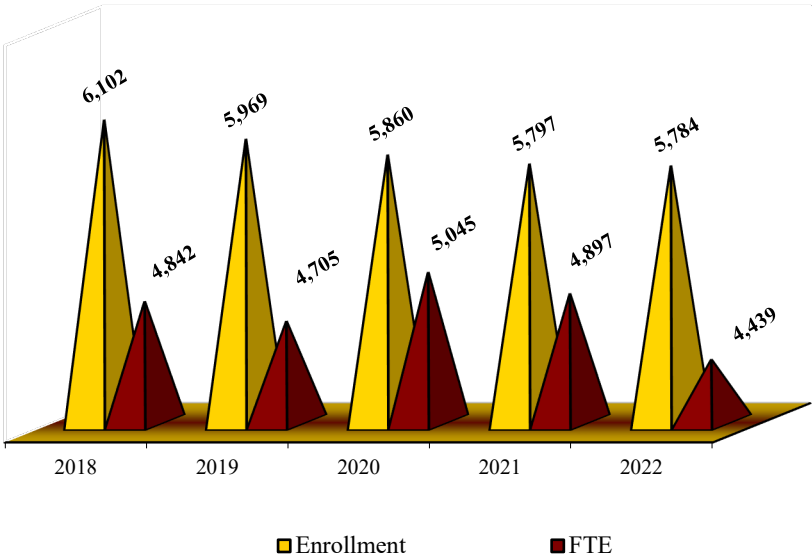
The chart below displays total semester credit hours for the last five fiscal years.

Total Enrolled Semester Credit Hours



The following chart provides student headcount and full-time equivalent enrollment at MSU for the last five fall semesters.

Fall Headcount vs FTE



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Management's Discussion & Analysis

For the Year Ended August 31, 2022

The following are significant points of recognition for MSU's success and impact:

U.S News & World Report

Top Performer for Social Mobility 2020-2022

(Note: This is the third consecutive year to receive this recognition)

#38 for Top Public Schools

Edumed.org –

#2 in [50 Most Affordable Online Master of Science in Nursing](#)

#2 in [Best Online Radiology Tech Programs](#)

Registerednursing.org –

#2 in [Best Post-Master's Certificate Family Nurse Practitioner Programs](#)

#3 in [Best Texas RN to BSN Programs](#)

EduRef.net –

#5 in [2021 Most Affordable Online Colleges for an MBA.](#)

BestHealthDegrees.com –

#5 in [10 Best Online Radiation Sciences Master's Programs for 2021.](#)

Intelligent.com –

#2 in [Top 50 Master's in Healthcare Administration](#)

#3 in [Top 50 Respiratory Therapy Degrees](#)

#3 in [Top 61 Online Human Services Degrees](#)

Washington Monthly

#19 Best Bang-For-Your-Buck Colleges

Center for First-Generation Student Success

MSU named a First-Gen Forward Institution

Texas Police Chiefs Association Law Enforcement Recognition Program

MSU Texas Police Department named as a Recognized Law Enforcement Agency

The Shimadzu School of Radiologic Sciences at Midwestern State University

First corporate and public educational partnership of its type in the radiological science.

MSU Texas added its first doctoral program in 2021; a second cohort began Spring 2022 in the West College of Education.

Midwestern State University

Management's Discussion & Analysis

For the Year Ended August 31, 2022

Overview of the Financial Statements

The financial statements for fiscal year 2022 have been prepared in accordance with accounting pronouncements promulgated by the Governmental Accounting Standards Board (GASB). Additionally, these statements conform to reporting requirements of the Texas Comptroller of Public Accounts and to guidelines issued by the National Association of College and University Business Officers (NACUBO). GASB requires MSU to include three financial statements in the annual financial report. They are (1) the Statement of Net Position; (2) the Statement of Revenues, Expenses, and Changes in Net Position; and (3) the Statement of Cash Flows. The information contained in the financial statements of MSU is part of and included within the State of Texas's (the State) Annual Comprehensive Financial Report (ACFR).

The financial statements of MSU are presented for the fiscal year ended August 31, 2022. The format of the Texas statewide financial statements presents a comprehensive perspective of the State's financial activities. The State's activities are divided into three types for presentation in the primary financial statements. They are Governmental Activities, Business-type Activities, and Component Units. The financial operations of MSU are considered a business-type activity because MSU charges a fee in the form of tuition to customers in order to pay for a significant percentage of the cost of the services provided. Under this classification, MSU financial statements conform to the guidelines and presentation formats prescribed for proprietary funds; revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of when cash is exchanged.

Statement of Net Position

The first statement presented is the Statement of Net Position. The statement reflects MSU's financial position as of the conclusion of the fiscal year. This is a point-in-time financial presentation and presents a snapshot view of the financial status as of August 31, 2022. Assets and liabilities are presented as either current or noncurrent to provide an indication of their anticipated liquidation. Net position is equal to total assets plus deferred outflows of resources, less total liabilities plus deferred inflows of resources. Net position is divided into three major categories. The first, net investment in capital assets, provides MSU's equity in property, plant, and equipment owned by MSU. The restricted net position category is subdivided into non-expendable and expendable classifications. Restricted non-expendable net position consists solely of MSU's permanent endowment funds and is only available for investment purposes. Restricted expendable net position is available for expenditure by MSU but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final major category, unrestricted net position, is available to MSU for any lawful purpose, but may have significant constraints on resources, which are imposed by management or implied by statutes or regulations but can be removed or modified. Additional net position balances are reserved for specific purposes by nature of their origin.

The Statement of Net Position presents information on all of MSU's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of MSU is improving or deteriorating.

Other non-financial factors, such as MSU's enrollment and the condition of MSU's infrastructure, need to be considered in order to assess the overall health of MSU.

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Management's Discussion & Analysis

For the Year Ended August 31, 2022

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position identifies operating and non-operating revenues received by MSU. Additionally, both the operating and non-operating expenses incurred by MSU during the fiscal year are displayed, as well as any other gains and losses or other forms of revenue and expenses. The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how MSU's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Revenues and expenses are classified as either operating or non-operating in the financial statements. Operating revenues are received and recognized as a result of providing services. Tuition and fee revenues are reported net of any scholarship discounts and allowances. A scholarship allowance is the difference between the stated charge for services provided by MSU and the amount that is paid by the student or third parties making payments on behalf of the student. Funds received to satisfy student tuition and fee charges are reported as scholarship allowances in amounts up to and equal to amounts owed by students to MSU.

Operating expenses are the costs necessary to provide services to customers and to fulfill the mission of MSU. Such expenses are displayed in the statement using the natural method of presentation, which displays the operating expenses in a manner that categorizes the objects of expenditure within various cost centers. Non-operating revenues are those received for which no services are directly provided. State appropriations are classified as non-operating revenue because they are provided by the Legislature to MSU without the Legislature directly receiving goods or services for those revenues. Additionally, certain federal resources for student financial aid, as well as most gift revenue, are classified as non-operating revenue. Significant portions of MSU's recurring resources are classified as non-operating.

Statement of Cash Flows

The third primary statement included in the financial statements is the Statement of Cash Flows. This statement explains the change during the fiscal year in cash and cash equivalents, regardless of whether there are restrictions on their use. The Statement of Cash Flows should be used in conjunction with related disclosures and information in the other financial statements. The statement can provide relevant information about an entity, such as the ability to generate future net cash flows, the ability to meet obligations when due, or reasons for differences between operating income and associated cash receipts and payments. The statement is comprised of five sections. The first section recognizes the cash flows from operating activities, as well as the net cash used by operating activities. The second section identifies the cash flows from non-capital financing activities. The third section reflects the cash flows from capital and related financing activities. The next section details the cash flows from investing activities. The final section reconciles net cash used to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes follow the financial statements.

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Management's Discussion & Analysis

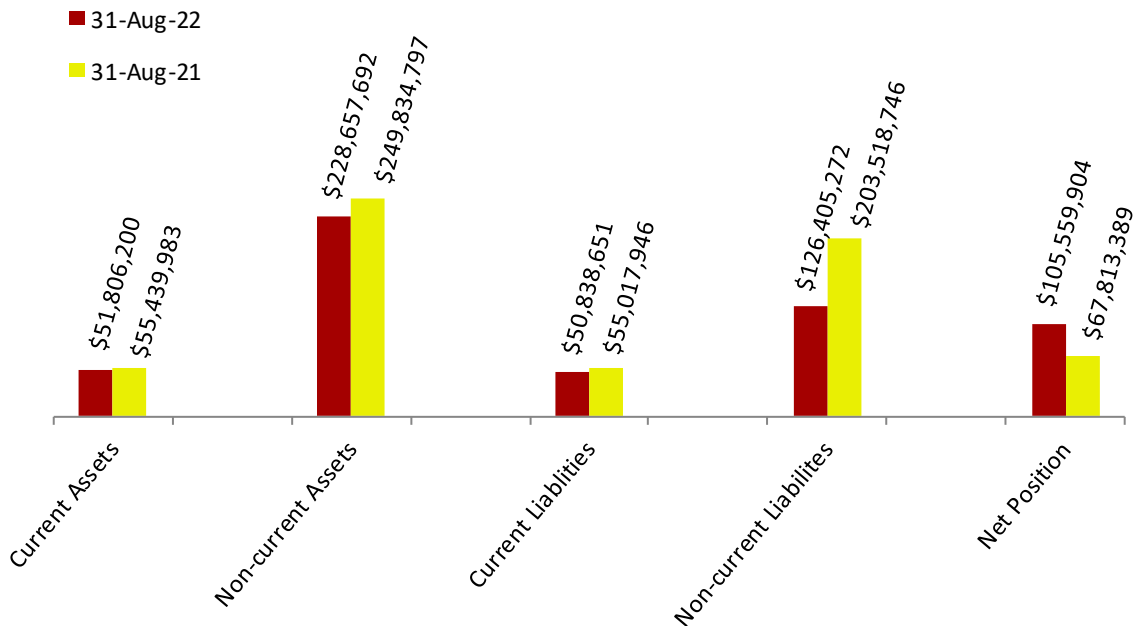
For the Year Ended August 31, 2022

The Statement of Net Position

By reporting information on MSU as a whole, these comparative statements highlight for the reader whether the year's activities strengthened or weakened MSU's financial position. When revenues and other support exceed expenses, the result is an increase in net position. The relationship between revenues and expenses may be thought of as MSU's operating results.

These comparative statements report the current status and changes to MSU's net position. Net position, the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure MSU's financial position. Increases in net position show an improvement in financial health, while decreases often indicate increasing expense pressure. However, many other non-financial factors, such as the trend in admission applicants, enrollment, student retention, reputation, and condition of the facilities must be considered to accurately assess the overall fiscal health of MSU.

As the statement on the next page shows, MSU's net position decreased a total of \$14,891,151.07, from \$120,451,055.35 in 2021 to \$105,559,904.28 in 2022. The primary factors contributing to this decrease were a current year decrease in fair value of investments totaling \$16.4M only partially offset by realized gains of \$10.4M, a decrease of \$1M in operating revenues, an increase of \$2.7M in scholarship expense and a \$1.5M increase in travel expenses, and a decline in capital contributions in-kind of \$4M.



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Management's Discussion & Analysis

For the Year Ended August 31, 2022

Statement of Net Position

	<u>2022</u>	<u>2021</u> <u>As Restated*</u>
Current Assets	\$ 51,806,199.81	\$ 55,439,983.09
Non-current Assets:		
Capital Assets, net	165,236,206.59	179,212,771.73
Other	<u>63,421,485.85</u>	<u>70,622,025.75</u>
Total Assets	<u>280,463,892.25</u>	<u>305,274,780.57</u>
Deferred Outflows of Resources:		
Pensions		6,795,494.00
Unamortized Loss on Debt Refunding	2,339,934.98	2,534,929.56
Other Postemployment Benefits (OPEB)		<u>28,493,299.40</u>
Total Deferred Outflows of Resources	<u>2,339,934.98</u>	<u>37,823,722.96</u>
Total Assets and Deferred Outflows	<u>282,803,827.23</u>	<u>343,098,503.53</u>
Current Liabilities	50,838,650.88	55,017,945.99
Non-current Liabilities	<u>126,405,272.07</u>	<u>203,518,745.79</u>
Total Liabilities	<u>177,243,922.95</u>	<u>258,536,691.78</u>
Deferred Inflows of Resources:		
Pensions**		2,508,148.00
Other Postemployment Benefits (OPEB)**		<u>14,240,275.00</u>
Total Deferred Inflows of Resources		<u>16,748,423.00</u>
Total Liabilities and Deferred Inflows	<u>177,243,922.95</u>	<u>275,285,114.78</u>
Net Position:		
Invested in Capital Assets	39,073,682.63	46,772,219.98
<u>Restricted for:</u>		
Non-expendable	5,477,048.06	5,526,138.76
<u>Expendable:</u>		
Capital Projects	1,532,112.04	3,396,738.66
Restricted by Contributor	15,887,412.03	15,667,322.67
Unrestricted	<u>43,589,649.52</u>	<u>(3,549,031.32)</u>
Total Net Position	<u>105,559,904.28</u>	<u>67,813,388.75</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$282,803,827.23</u>	<u>\$343,098,503.53</u>

*Restated for GASB Statement No. 87, *Leases*

** Pensions and OPEB are carried by TTUS effective September 1, 2021

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Management's Discussion & Analysis

For the Year Ended August 31, 2022

Results of Operations

The Statement of Revenues, Expenses, and Changes in Net Position reflects MSU's operating results for the fiscal years ended August 31, 2022 and 2021. The change in total net position is calculated from the activity presented in the statement and reveals the operating results of MSU, as well as the non-operating revenues and expenditures. Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as tuition and fees, housing, and food services. Certain federal, state, and private grants are considered operating revenues if they are not for capital purposes and are considered a contract for services. Non-operating revenues and expenses include non-exchange transactions for which no goods or services were provided. These include annual state appropriations, Pell grants, gifts, investment income, and interest payments on long-term debt. The statement below compares the operating results of MSU for the years ended August 31, 2022 and 2021.

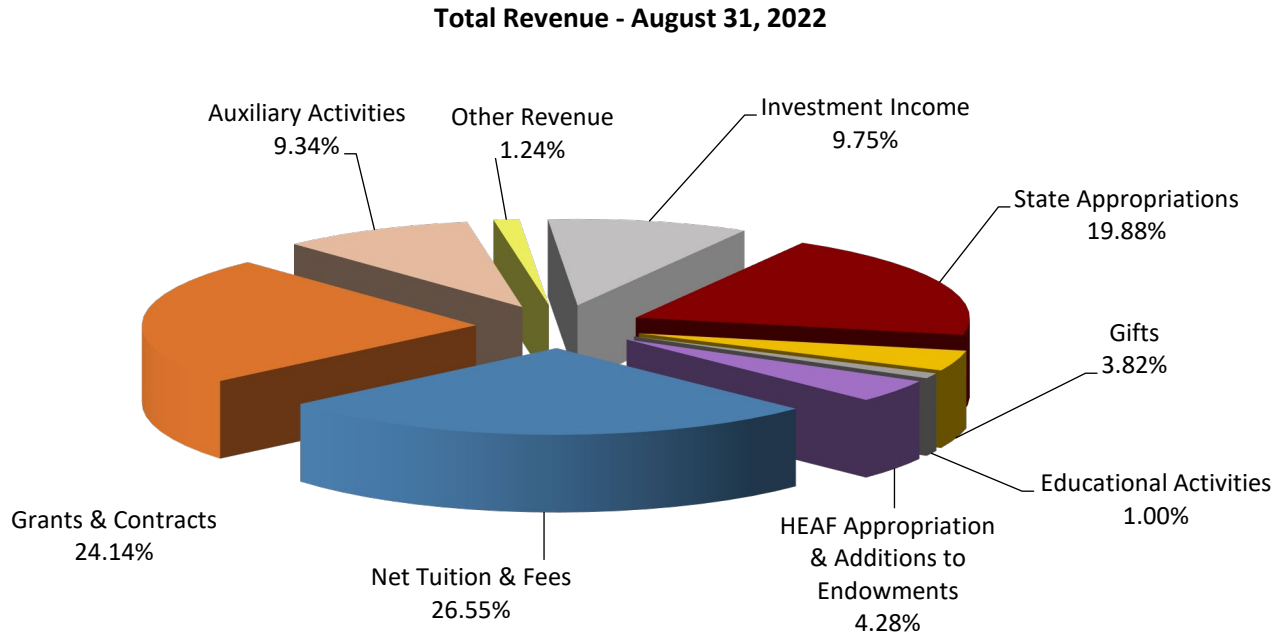
	<u>2022</u>	<u>2021</u> <u>As Restated</u>
Operating Revenue:		
Net Tuition and Fees	\$ 33,844,769.37	\$ 33,832,779.68
Grants and Contracts	8,727,457.27	8,685,935.54
Sales and Services of Educational Activities	1,235,211.54	805,593.50
Sales and Services of Auxiliary Enterprises	11,907,082.56	13,143,359.91
Other	1,591,587.09	1,822,174.33
Total Operating Revenue	<u>57,306,107.83</u>	<u>58,289,842.96</u>
Total Operating Expenses	<u>(120,776,489.35)</u>	<u>(123,058,709.21)</u>
Operating Loss	<u>(63,470,381.52)</u>	<u>(64,768,866.25)</u>
Non-Operating Revenues (Expenses):		
State Appropriations	19,681,346.00	20,649,160.00
Other State Appropriations	5,655,131.03	5,750,271.13
Federal Grants	21,943,089.82	20,678,426.01
Federal Pass-Through Grants	96,550.86	2,788.15
State Pass-Through Grants from Other Agencies	5,500.00	5,400.00
Gifts	4,870,632.53	5,016,020.75
Other Non-Operating Revenues		2,921.00
Investment Income	12,426,129.76	2,428,742.31
Net Increase (Decrease) in Fair Value of Investments	(16,390,093.06)	7,705,337.50
Net Book Value of Capital Asset Disposals	(54,525.92)	(358,259.10)
Interest Expense on Capital Asset Financing	(4,628,409.57)	(4,892,954.79)
Total Non-Operating Revenue	<u>43,605,351.45</u>	<u>56,987,852.96</u>
(Loss) Before Capital Contributions, Additions to Endowments, Transfers, and Other Revenue	(19,865,030.07)	(7,781,013.29)
Capital Contributions, Additions to Endowments, Transfers, and Other Revenue		
Capital Contributions	250,000.00	4,503,750.00
HEAF Appropriation	4,933,200.00	4,933,200.00
Additions to Endowments	520,460.80	63,269.54
Transfers In	58,445.00	59,041.00
Transfers Out	(918,358.37)	(1,258,108.95)
Legislative Transfers In	89,748.00	89,846.00
Legislative Appropriations Lapsed	40,383.57	(1,594,950.57)
Decrease in Net Position	<u>(14,891,151.07)</u>	<u>(984,966.27)</u>
Net Position, Beginning of Year	67,813,388.75	68,798,355.02
Restatements	52,637,666.60	
Net Position, Beginning of Year, Restated	<u>120,451,055.35</u>	<u>68,798,355.02</u>
Net Position, End of Year	<u>\$ 105,559,904.28</u>	<u>\$ 67,813,388.75</u>

Midwestern State University

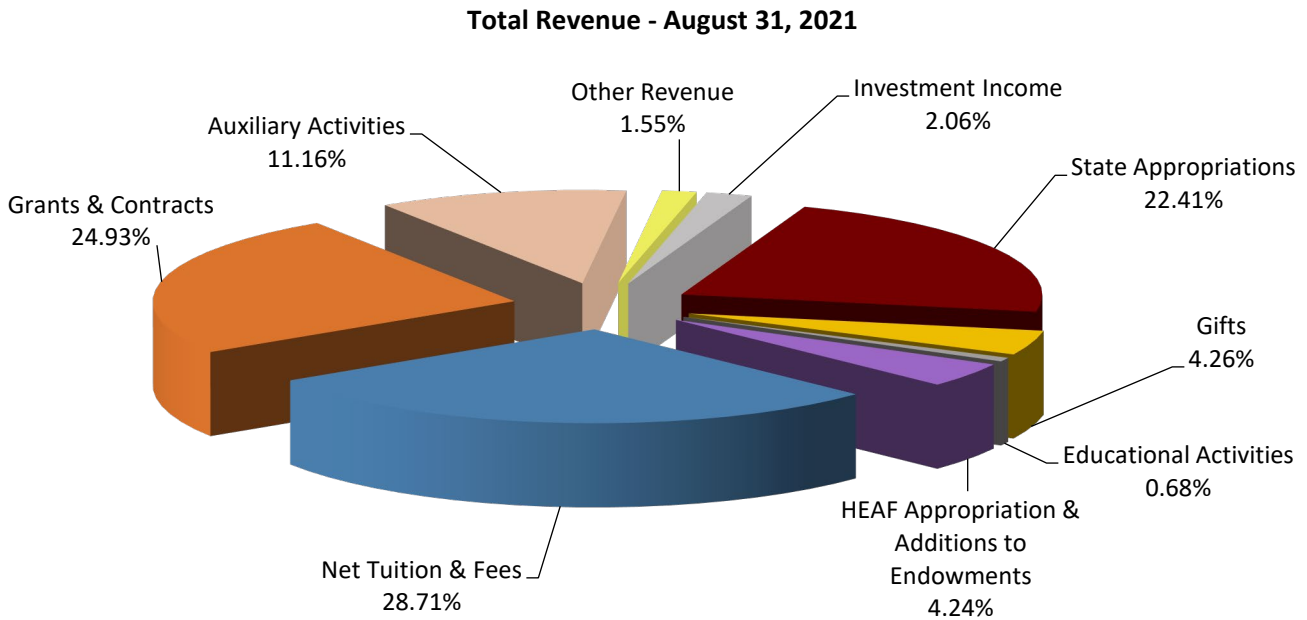
Management's Discussion & Analysis

For the Year Ended August 31, 2022

This chart identifies the components of total revenue for the year ended August 31, 2022.



This chart reflects the same information for the year ended August 31, 2021.



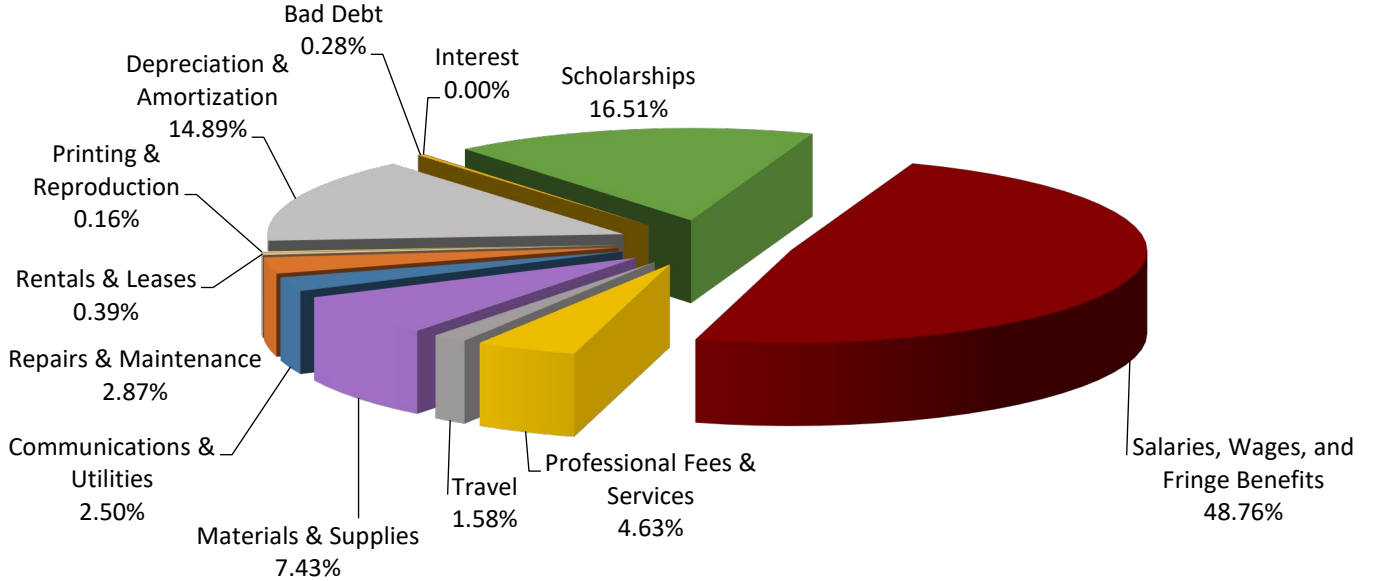
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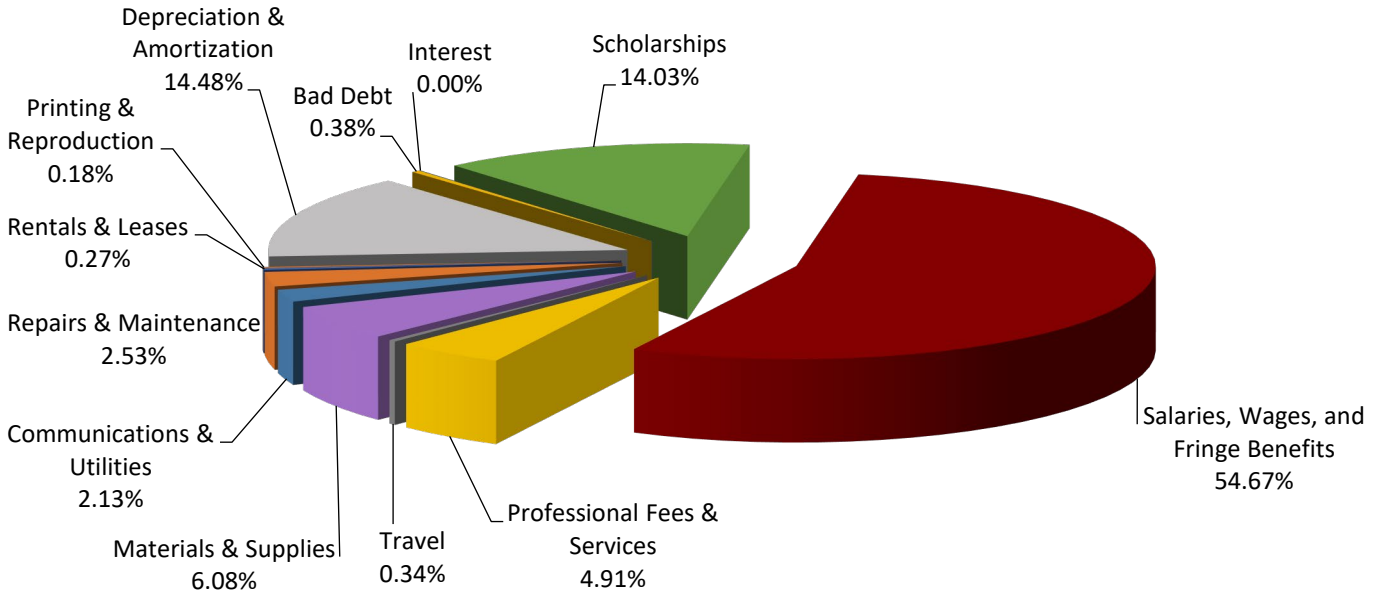
For the Year Ended August 31, 2022

Total operating expenses for fiscal years 2022 and 2021 were \$120,776,489.35 and \$123,058,709.21, respectively. The following charts compare the fiscal year 2022 distribution of operating expenses to those in fiscal year 2021.

Total Operating Expenses - August 31, 2022



Total Operating Expenses - August 31, 2021



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Management's Discussion & Analysis

For the Year Ended August 31, 2022

Statement of Cash Flows

The Statement of Cash Flows represents MSU's significant sources and uses of cash. It is designed to help users assess MSU's ability to generate future cash flows, its ability to meet obligations as they come due, and its need for external financing. The following is a summary of the major categories presented in the Statement of Cash Flows:

	<u>2022</u>	<u>2021</u> <u>As Restated</u>
Cash provided (used) by:		
Operating activities	\$(47,090,443.72)	\$(33,871,957.87)
Non-capital financing activities	51,779,863.34	49,026,036.57
Capital and related financing activities	(9,483,944.41)	(10,070,335.80)
Investing activities	6,448,502.80	(2,481,733.56)
Net increase (decrease) in cash	<u>1,653,978.01</u>	<u>2,602,009.34</u>
Cash – Beginning of year	<u>10,309,503.18</u>	<u>7,707,493.84</u>
Cash – End of year	<u>\$ 11,963,481.19</u>	<u>\$ 10,309,503.18</u>

The Statement of Cash Flows, shows that the major sources of funds for operating activities are from student tuition and fees, grants, and auxiliary enterprises. Tuition and fees accounted for \$33.1 million; grants accounted for \$7.9 million; and auxiliary enterprises, including housing and dining, accounted for \$11.7 million.

State appropriations in the amount of \$24.8 million were the primary sources of non-capital financing. Although MSU is dependent on these appropriations to continue the current level of operations, accounting standards require that this source of funding be reflected as non-operating. Other non-capital financing activities include gifts in the amount of \$5.2 million and Federal non-operating grants totaling \$22.0 million.

Payments for the additions of capital assets totaled \$3.5 million and included renovations to the Bridwell Activity Center, the new Bridwell Hall Kinesiology lab in the West College of Education, new gym flooring in D.L. Ligon Coliseum, and completion of the Facilities Services building.

Proceeds from non-operating grants totaled \$22.0 million in fiscal year 22, an increase of \$1.4 million from the prior year. This increase is due to funds received from the federal Higher Education Emergency Relief (HEERF) grants as part of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), the American Rescue Plan Act (ARPA), and the Governor's Emergency Education Relief (GEER) funds. Funds were used to provide emergency relief grants to students, for investments in technology and campus safety, and to reimburse the university for lost revenue due to the disruptions to enrollment levels during the pandemic.

Cash transactions within the investing section of the cash flow statement include the liquidation and transfer of \$52.4 million in investments from Texas A&M University System (TAMUS) to the Texas Tech University System (TTUS). This occurred as MSU joined the TTU System effective September 1, 2021.

Midwestern State University

Management's Discussion & Analysis

For the Year Ended August 31, 2022

Capital Assets and Debt Administration

Capital Assets

As of August 31, 2022, MSU had \$165.2 million invested in capital assets. This figure is net of accumulated depreciation and amortization of \$240.4 million. Depreciation and amortization charges totaled \$18.0 million for the current fiscal year. The category of other capital assets includes library holdings, artwork, and collections. Assets by classification are shown below:

Capital Assets Before Accumulated Depreciation and Amortization

	<u>2022</u>	<u>2021</u>
Land and Land Improvements	\$ 8,237,658.27	\$ 8,233,708.31
Construction in Progress	4,596,580.56	2,564,339.16
Buildings and Building Improvements	296,268,042.57	296,310,207.37
Infrastructure	13,351,147.45	13,351,147.45
Facilities Improvements	17,759,436.42	17,759,436.42
Furniture and Equipment	20,362,997.42	19,980,451.92
Vehicles	1,752,035.25	1,752,035.25
Computer Software	28,426,018.46	28,426,018.46
Other Capital Assets	14,882,230.03	14,872,534.41
Total	<u>\$405,636,146.43</u>	<u>\$403,249,878.75</u>

Additions to assets totaling \$3.5 million during fiscal year 2022 included the completion of the West College of Education Kinesiology lab in Bridwell Hall, new gym flooring in D.L. Ligon Coliseum, completion of the new Facilities Services building, and renovations to the Bridwell Activity Center. The liquidation of assets included the demolition of Marchman Hall.

The construction in progress at the end of the year includes renovations to the new Bridwell Activity Center, which was substantially completed in September 2022.

Further financial information about MSU's capital assets is presented in Note 2 to the financial statements on pages 34-35.

Debt

As of August 31, 2022, MSU had \$118.1 million in outstanding debt compared with \$123.9 million the prior year. The table below summarizes the amount of outstanding debt by type of instrument.

	<u>2022</u>	<u>2021</u>
Revenue Bonds	\$118,100,000.00	\$123,940,000.00
Interest to be recognized over the remaining life of bonds	45,270,045.97	50,426,764.76
Total	<u>\$163,370,045.97</u>	<u>\$174,366,764.76</u>

Debt repayments made during fiscal year 2022 included principal of \$5,840,000.00 and interest of \$5,156,718.79.

Fitch confirmed an 'AA-' rating with a stable outlook on August 18, 2021. Moody's Investor Services upgraded MSU's bond rating to an 'Aa2' with a stable outlook on September 1, 2021, as a result of MSU joining the TTUS.

Midwestern State University

Management's Discussion & Analysis

For the Year Ended August 31, 2022

Factors Affecting the Future of Midwestern State University

MSU celebrates its centennial in 2022, transforming from a junior college serving a local community to a complex university serving undergraduate, graduate, on-campus and online students, and a member institution of the Texas Tech University System. As it begins its second century, MSU holds fast to a bright and promising future as led by its new President, Dr. JuliAnn Mazachek, and celebrated by the Mustang maxim, "Spirit Always Bold."

The following highlights the strengths, challenges, and opportunities that are on the horizon for MSU.

STRENGTHS

Positive reputation and generous support. The university is completing its successful "Boundless Opportunities" comprehensive campaign, built upon the enduring efforts and dedication of those that came before and those that continue to serve; bringing MSU to this place in its history. MSU's long-standing reputation is supported by a loyal base of donors as well as generous faculty and staff contributors.

The brand extension known as MSU Texas and the expansion into the Dallas/Fort Worth area have enhanced the ability to recruit students more broadly, and benefit from an extended market reach for both corporate and educational partnerships and gifts and grant opportunities. MSU continues to receive substantial support from members of the local community providing important investments in campus facilities and scholarship support to students.

Membership in the Council of Public Liberal Arts Colleges (COPLAC). MSU is the only public liberal arts institution in Texas and is one of thirty-six member institutions of COPLAC. This affiliation supports the university's deep commitment to a strong liberal arts experience for students in all majors and aligns seamlessly with MSU's emphasis on professional preparation, particularly in high-earning fields such as the applied health professions, business, and engineering.

Values-based culture. MSU embarked on a journey to identify those core elements and values that center the faculty, staff, students, and university community shortly after it joined the Texas Tech University System in fall 2021. The five core values identified are: 1) People-centered, 2) Community, 3) Integrity, 4) Visionary, and 5) Connections. These five values guide the university community in how it serves, collaborates, and celebrates the Mustang family as it fulfills its mission of providing a high-quality education.

Educational value. U.S. News & World Report "Best Colleges" ranked MSU Texas #24 in both 2021 and 2022 (up from #28 in 2020 and #46 in 2019) in the category of Social Mobility for Regional Universities in the West "Best Colleges." The methodology for social mobility ranking measures how well schools graduated its students who received Federal Pell Grants. This recognition is one example of the many ways MSU's staff, faculty, and administration successfully support the needs of first-generation students that comprise over half of the student body.

Consistently ranked nationally as one of the best Return on Investments, MSU graduates tend to earn more on average than graduates from many universities. MSU ranked in the top tier for programming in Respiratory Therapy, Human Services, RN to BSN adult completion degrees, affordable online MBAs, and Radiologic Technology Programs. The Washington Monthly College Guide summarized the value well in designating MSU #19 for Best Bang-for-the-Buck Colleges in the United States.

EXTERNAL ENVIRONMENT

A new normal. After two years of the challenges brought on by a global pandemic, MSU faculty and staff demonstrated great resilience and flexibility navigating the external threats that found their way on campus the Spring of 2020. Many lessons were learned from the rapid shift to fully remote teaching and learning, complete disruption of life as previously known, and safe return to in-person instruction. These lessons and experiences inform a new normal of flexibility, care, and determination in the can-do spirit that comprises the MSU community.

Midwestern State University

Management's Discussion & Analysis

For the Year Ended August 31, 2022

The following discussion highlights key areas affecting MSU's future. As stewards of MSU's success, leadership will closely monitor these areas, analyze and anticipate the changing landscape to strategically minimize any negative impact while capturing opportunity to promote success. And as a member of the Texas Tech University System, MSU's success is supported by the depth and breadth of expertise that the System provides, coupled by its active legislative advocacy, and reputational strength both in Texas and nationwide.

STATE AND LOCAL DEMOGRAPHICS

Total enrollment in Texas public schools increased by almost 438,000 students or 8.9% for the 10-year period 2010-11 to 2020-21, with 52.9% of those students Hispanic, 26.5% White, and 12.7% African American. Since 2020-21, however, for the first time since data has been collected by the Texas Education Agency, statewide enrollment decreased over 122,000 students or 2.2%. This is similar to the overall nationwide decline in K-12 enrollments especially in northern and eastern states.

In the Wichita Falls local area, overall population has been relatively flat, with a modest decline from 104,553 in 2010 to 102,316 in 2020. More recently, public school enrollment in Region 9, where Wichita Falls is located, declined this past year from 37,517 in 2019-20 to 36,916 in 2020-21 or 1.7%, and similar with that of Texas. For this reason, MSU has worked to expand programming for the working adult, partner with corporate employers, and increase dual credit instruction with both charter schools and the local ISDs, increasing enrollment opportunities and pathways to an MSU degree.

MSU's Flower Mound Student Learning Center opened in 2018 as a strategic move into the high-growth Dallas/Fort Worth area to serve working adults completing their college degrees and high-school students wanting to accelerate their college programs. The 500 Flower Mound students in fall 2022 more than doubled the 243 in fall 2018. Dual Credit high school students were only eight in fall 2018, and now total 397 in fall 2022, in large part due to partnerships with several charter schools in the metroplex area.

PREPARATION OF STUDENTS

MSU continues its focus on retention, shortened time to degree completion, and overall support of student success. Improved tutoring and academic support programs (TASP) with a walk-in, on-demand tutoring schedule and online via virtual technology platforms demonstrate this commitment. Supplemental course sections have increased, expanding the student peer mentoring program. Additionally, MSU implemented a new software tool that thousands of students have already downloaded on their personal devices. This provides academic advisors with timely progress updates to support student success, with a goal of achieving a 75% usage rate in coming years.

MSU has expanded capacity for students to benefit from high impact practices and student experience opportunities such as undergraduate research, study abroad, and service learning. MSU intentionally seeks to make these transformative experiences both accessible and affordable for its substantial student population of first generation, lower socioeconomic demographics, and those needing outside employment to pay for their college education.

TECHNOLOGY AND FACILITIES

The mission of the university must be supported by cost effective, secure, and scalable infrastructure services that accommodate changing needs and technologies while maintaining a solid level of performance and reliability. The MSU Information Technology Office strives to provide a dependable, high-performance network infrastructure that provides service access to faculty, staff, and students, as well as the other systems that depend on it.

Today's students expect the use of technology such as social networking, computer based interactive educational programs, webinars, and learning modules downloaded to smart phones. Required technology investments will not only be for discipline-specific purposes, but also for all areas of general instruction, research, and student activities.

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Midwestern State University

Management's Discussion & Analysis

For the Year Ended August 31, 2022

Investing in contemporary technology and tools, such as upgrades to the MSU web pages, data analytic capabilities, and restructure of the institutional effectiveness team are high priorities.

Similarly, current students are attracted to campus facilities that encourage interactive, up-to-date teaching and learning spaces that are comfortable, safe, and provide an appealing mix of living and learning locations. The new Esports living and learning community provides a fully equipped lounge for gaming and competition within one of the newer residence halls. The gaming lounge and Esports logo are pictured below.



Technology expands from traditional instructional and research opportunities to new athletic and enhanced student engagement activities. The new Bridwell Activities Center pictured below is another fine example of a strategic capital investment, funded by a major donor, to provide contemporary student-centered learning and technology smart spaces. These new spaces improve the student experience which serves to promote persistence and increase retention.



FINANCIAL

MSU receives approximately \$25.5 million in funding from the State of Texas as a public institution, enabling the university to maintain affordable tuition rates. Competing state priorities will impact higher education funding as the State manages its own budget pressures given growing K-12 school needs and aging baby-boomer populations. This is especially evident by the State's flat instructional and operations rates since 2007 which have not kept up with higher education's inflationary factors.

Midwestern State University

Management's Discussion & Analysis

For the Year Ended August 31, 2022

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The State also provides important capital funding which allows MSU to invest in technology and infrastructure upgrades and improvements. Funds total almost \$5 million per year and also allow refresh and renewal projects to provide an attractive and well-maintained campus facility. Additionally, in the 2022-23 biennium, the State authorized \$45 million for the renovation and expansion of the Bolin Hall science building along with other important infrastructure improvements on campus. This project will transform the teaching and learning classrooms and laboratories critical to STEM courses at MSU.

During the past three years since the start of the pandemic, the federal government provided important financial support to universities across the country through the Higher Education Emergency Relief Fund grants. These grants directly supported students and the institutions. MSU received approximately \$14.3 million for institutional support and \$12.5 million to assist student emergency needs. These funds were critical to mitigating the strain on institutions while promoting student persistence during a challenging time. MSU continues to prudently deploy these funds through June 2023 when the grant ends.

One way that MSU has grown financially is through its first-ever comprehensive campaign. The award-winning, seven-year "Boundless Opportunities" Campaign has attracted record-setting funding from foundations, corporations, and private donors to supplement typical university resources from tuition and fees, and state funding sources. The generosity of alumni and friends continue to provide important resources for strengthening campus programming and facilities and reinforcing the long-term health of the institution through its endowment.

The Campaign, as a component of a strategic, process-driven plan for advancement, has increased awareness and engagement in giving to MSU. This, in turn, empowers MSU to provide a rigorous, personal, and comprehensive education for all students, particularly first-generation students, giving them the ability to enter the job market with minimal student debt. The original \$50 million goal has been surpassed with almost \$90 million to-date and is set to conclude at the end of this Centennial celebratory year.

ENROLLMENT

Enrollment highlights include the following:

- Texas continues to be well represented in the first-year class with students from 77 counties. Additionally, 58% of new first year students reside on campus.
- Graduate student body reached historic levels in fall 2022 with 966 masters, doctoral and post baccalaureate students; up 28% over fall 2021.
- MSU successfully graduated a large group of students with 1,395 students earning degrees; 1,141 undergraduate and 254 graduates, during the 2021-22 academic year.
- The new dual credit market has dramatically increased headcount with 397 students enrolled in courses fall 2022, representing a 90% increase from the previous year. These high school students provide a strategic opportunity and pipeline to matriculate to full-time undergraduate students and further increase semester credit hours and housing occupancy.
- MSU's Student Learning Center in Flower Mound offers degree completion programs at the undergraduate and graduate levels. The Center saw an increase in credit hour production to 3,687 in fall 2022, representing an increase of 7.5% from the previous fall.

As MSU celebrates its Centennial year, the university continues to strengthen its position in serving the great State of Texas and families who seek the promise of higher education in transforming lives and promoting service within our communities. As a proud and newest member of the Texas Tech University System, MSU's "Spirit Always Bold" watchwords provide a special meaning for the great opportunities that lie ahead. With the strength of the TTU System, and leadership of President JuliAnn Mazachek, the future looks especially bright.

Go Mustangs!

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Midwestern State University

Statement of Net Position

August 31, 2022

ANNUAL FINANCIAL REPORT

	<u>2022</u>	<u>2021</u> <u>As Restated</u>
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
<u>Cash and Cash Equivalents:</u>		
Cash on Hand	\$ 14,650.00	\$ 16,150.00
Cash in Bank	3,429,700.08	1,697,029.11
Cash in State Treasury	4,436,205.89	3,742,164.90
Cash Equivalents	2,352,672.21	
Short-term Investments	9,833,462.86	14,286,760.78
State Appropriations	2,683,765.40	2,114,037.36
<u>Restricted:</u>		
<u>Cash and Cash Equivalents:</u>		
Cash in Bank	1,730,253.01	4,854,159.17
<u>Short-Term Investments:</u>		
Endowment	1,161,517.88	1,039,522.69
<u>Net Receivables:</u>		
Student Receivables	9,549,571.00	9,765,019.53
Federal Receivables	660,783.14	1,107,878.94
Interest Receivable	40,478.34	
Other Intergovernmental Receivables	315,786.11	350,850.30
Other Receivables	3,036,002.84	2,894,799.05
Pledges Receivable	186,616.77	508,114.47
Consumable Inventories	207,441.30	185,371.97
Prepaid Expenses	12,073,999.37	12,878,124.82
<u>Due from Other Component Institutions:</u>		
Due from TTU – 733	92,857.11	
Due from TTUHSC – 739	436.50	
Total Current Assets	<u>51,806,199.81</u>	<u>55,439,983.09</u>
Noncurrent Assets:		
<u>Restricted:</u>		
Investments	7,472,960.60	4,214,441.00
Other Long-term Investments	52,410,481.77	62,168,215.96
Pledges Receivable	194,156.09	288,388.32
<u>Capital Assets:</u>		
Non-depreciable and Non-amortizable:	16,368,204.13	14,332,012.77
<u>Capital Assets, Depreciable:</u>		
Depreciable or Amortizable, Net	148,868,002.46	164,880,758.96
<u>Right-to-Use Assets</u>		
Amortizable, Net	3,343,887.39	3,950,980.47
Total Noncurrent Assets	<u>228,657,692.44</u>	<u>249,834,797.48</u>
Total Assets	<u>280,463,892.25</u>	<u>305,274,780.57</u>
Deferred Outflows of Resources:		
Pensions		6,795,494.00
Unamortized Loss on Debt Refunding	2,339,934.98	2,534,929.56
Other Postemployment Benefits		28,493,299.40
Total Deferred Outflows of Resources	<u>2,339,934.98</u>	<u>37,823,722.96</u>
Total Assets and Deferred Outflows	<u>\$282,803,827.23</u>	<u>\$343,098,503.53</u>

Midwestern State University

Statement of Net Position

August 31, 2022

	<u>2022</u>	<u>2021</u> <u>As Restated</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable	\$ 1,886,691.23	\$ 2,417,195.98
Accrued Payroll Payable	4,777,875.07	5,102,971.89
Accrued Bond Interest Payable	1,258,114.43	1,320,245.00
Right-to-Use Interest Payable	1,519.90	1,762.30
Employees' Compensable Leave	322,223.03	267,725.80
Right-to-Use Lease Obligations	585,358.31	558,834.41
Net Other Postemployment Benefits Liability		1,830,388.00
Room/Property Deposits	196,205.67	200,088.03
Unearned Revenues	34,585,270.44	36,391,257.62
Retainages and Contracts	206,584.98	110,396.06
Other Current Liabilities	199,678.72	199,806.32
Due to Other Agencies	3,090.46	96,235.94
Unamortized Premium on 2015A Rev Bonds	95,151.81	95,151.81
Unamortized Premium on 2016A Rev Bonds	585,886.83	585,886.83
Revenue Bonds Payable	6,135,000.00	5,840,000.00
Total Current Liabilities	<u>50,838,650.88</u>	<u>55,017,945.99</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	1,862,705.57	2,225,236.29
Right-to-Use Lease Obligations	2,863,712.82	3,449,071.13
Net Pension Liability		16,304,410.00
Net Other Postemployment Benefits Liability		53,043,239.00
Room/Property Deposits	99,137.02	101,034.07
Due to Other Agencies		
Unamortized Premium on 2015A Rev Bonds	1,998,187.87	2,093,339.68
Unamortized Premium on 2016A Rev Bonds	7,616,528.79	8,202,415.62
Revenue Bonds Payable	111,965,000.00	118,100,000.00
Total Noncurrent Liabilities	<u>126,405,272.07</u>	<u>203,518,745.79</u>
Total Liabilities	<u>177,243,922.95</u>	<u>258,536,691.78</u>
Deferred Inflows of Resources:		
Pensions		2,508,148.00
Other Postemployment Benefits		14,240,275.00
Total Deferred Inflows of Resources		<u>16,748,423.00</u>
Total Liabilities and Deferred Inflows	<u>177,243,922.95</u>	<u>275,285,114.78</u>
NET POSITION		
Net Investment in Capital Assets	39,073,682.63	46,772,219.98
Restricted for:		
Non-expendable	5,477,048.06	5,526,138.76
<u>Expendable:</u>		
Capital Projects	1,532,112.04	3,396,738.66
Restricted by Contributor	15,887,412.03	15,667,322.67
Unrestricted	43,589,649.52	(3,549,031.32)
Total Net Position	<u>105,559,904.28</u>	<u>67,813,388.75</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$282,803,827.23</u>	<u>\$343,098,503.53</u>

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The accompanying Notes to the Financial Statements are an integral part of this statement.

Midwestern State University

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended August 31, 2022

ANNUAL FINANCIAL REPORT

	<u>2022</u>	<u>2021</u> <u>As Restated</u>
Operating Revenues:		
Student Tuition and Fees	\$ 52,011,247.07	\$ 52,500,564.51
Scholarship Discounts and Allowances	(18,166,477.70)	(18,667,784.83)
Net Student Tuition and Fees	33,844,769.37	33,832,779.68
Federal Grants	1,526,085.60	1,367,619.47
Federal Pass-Through Grants	571,086.26	1,307,794.52
State Pass-Through Grants from Other State Agencies	4,605,327.70	4,257,133.69
Other Grants and Contracts	2,024,957.71	1,753,387.86
Sales and Services of Educational Activities	1,235,211.54	805,593.50
Sales and Services of Auxiliary Enterprises	11,907,082.56	13,143,359.91
Other Operating Revenue	1,591,587.09	1,822,174.33
Total Operating Revenues	57,306,107.83	58,289,842.96
Operating Expenses:		
Salaries and Wages	44,244,062.83	43,680,196.20
Payroll-Related Costs	14,649,152.87	23,595,060.53
Professional Fees and Services	5,586,869.48	6,047,102.69
Travel	1,906,233.77	417,425.60
Materials and Supplies	8,976,581.47	7,476,369.37
Communications and Utilities	3,022,358.64	2,622,407.56
Repairs and Maintenance	3,464,328.69	3,115,098.06
Rentals and Leases	467,311.51	327,526.90
Printing and Reproduction	196,131.14	222,858.99
Depreciation and Amortization	17,983,679.37	17,823,811.78
Bad Debt Expense	338,256.41	467,507.97
Interest	636.98	590.64
Scholarships	19,940,886.19	17,262,752.92
Total Operating Expenses	120,776,489.35	123,058,709.21
Operating Loss	(63,470,381.52)	(64,768,866.25)
Non-Operating Revenues (Expenses):		
State Appropriations	19,681,346.00	20,649,160.00
Additional State Appropriations	5,655,131.03	5,750,271.13
Federal Grants	21,943,089.82	20,678,426.01
Federal Pass-Through Grants	96,550.86	2,788.15
State Pass-Through Grants from Other State Agencies	5,500.00	5,400.00
Gifts	4,870,632.53	5,016,020.75
Other Non-Operating Revenues (Expenses)		2,921.00
Investment Income	12,426,129.76	2,428,742.31
Net Increase (Decrease) in Fair Value of Investments	(16,390,093.06)	7,705,337.50
Net Book Value of Capital Asset Disposals	(54,525.92)	(358,259.10)
Interest Expense on Capital Asset Financing	(4,628,409.57)	(4,892,954.79)
Total Non-Operating Revenues	43,605,351.45	56,987,852.96
Gain (Loss) Before Capital Contributions, Additions to Endowments, Transfers, and Other Revenue	(19,865,030.07)	(7,781,013.29)

Midwestern State University
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2022

	<u>2022</u>	<u>2021</u> <u>As Restated</u>
Capital Contributions, Endowments, Transfers, and Other Revenue:		
Capital Contributions	\$ 250,000.00	\$ 4,503,750.00
HEAF Appropriation	4,933,200.00	4,933,200.00
Additions to Endowments	520,460.80	63,269.54
Transfers In	58,445.00	59,041.00
Transfers Out	(918,358.37)	(1,258,108.95)
Legislative Transfers In	89,748.00	89,846.00
Legislative Appropriations Lapsed	40,383.57	(1,594,950.57)
Total Capital Contributions, Endowments, Transfers, and Other Revenue	<u>4,973,879.00</u>	<u>\$ 6,796,047.02</u>
Increase (Decrease) in Net Position	<u>(14,891,151.07)</u>	<u>(984,966.27)</u>
Net Position, Beginning of Year	67,813,388.75	68,798,355.02
Restatements	<u>52,637,666.60</u>	
Net Position, Beginning of Year, As Restated	<u>120,451,055.35</u>	<u>68,798,355.02</u>
Net Position, End of Year	<u>\$ 105,559,904.28</u>	<u>\$67,813,388.75</u>

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The accompanying Notes to the Financial Statements are an integral part of this statement.

Midwestern State University

Matrix of Operating Expenses Reported by Function

For the year ended August 31, 2022

	Total			Public	Academic
	Operating Expenses	Instruction	Research	Service	Support
Salaries and Wages	\$ 44,244,062.83	\$23,460,853.49	\$506,872.37	\$ 476,476.64	\$4,229,296.18
Payroll-Related Costs	14,649,152.87	7,635,145.25	110,093.11	147,060.43	1,435,166.72
Professional Fees and Services	5,586,869.48	590,784.27	77,166.33	72,988.70	1,232,222.28
Travel	1,906,233.77	655,229.56	66,672.76	12,553.97	192,977.90
Materials and Supplies	8,976,581.47	562,075.25	124,580.52	172,895.93	1,521,238.11
Communications and Utilities	3,022,358.64	56,222.80	156.25	7,240.97	36,001.11
Repairs and Maintenance	3,464,328.69	167,751.17	733.00	49,657.33	833,473.11
Rentals and Leases	467,311.51	68,340.40	175.00	113,928.22	37,067.62
Printing and Reproduction	196,131.14	16,286.26	42.10	4,742.80	36,467.71
Depreciation and Amortization	17,983,679.37				
Bad Debt Expense	338,256.41				
Interest	636.98				
Scholarships	19,940,886.19				
Total Operating Expenses	\$120,776,489.35	\$33,212,688.45	\$886,491.44	\$1,057,544.99	\$9,553,910.74

For the year ended August 31, 2021

	Total			Public	Academic
	Operating Expenses	Instruction	Research	Service	Support
Salaries and Wages	\$ 43,680,196.20	\$23,084,161.16	\$505,461.53	\$ 486,814.74	\$3,840,459.90
Payroll-Related Costs	23,595,060.53	13,027,171.05	146,686.66	172,959.71	2,026,455.79
Professional Fees and Services	6,047,102.69	895,470.47	99,050.29	75,726.62	1,370,666.32
Travel	417,425.60	115,859.84	21,151.04	10,723.17	24,755.09
Materials and Supplies	7,476,369.37	526,725.05	98,160.21	197,226.40	1,323,085.62
Communications and Utilities	2,622,407.56	66,920.39	2,332.40	6,523.05	56,685.70
Repairs and Maintenance	3,115,098.06	146,632.50	5,869.33	42,008.34	1,143,075.17
Rentals and Leases	327,526.90	62,161.74	770.00	84,296.42	83,275.98
Printing and Reproduction	222,858.99	9,208.25	2,681.90	5,023.09	29,451.39
Depreciation and Amortization	17,823,811.78				
Bad Debt Expense	467,507.97				
Interest	590.64				
Scholarships	17,262,752.92				
Total Operating Expenses	\$123,058,709.21	\$37,934,310.45	\$882,163.36	\$1,081,301.54	\$9,897,910.96

Midwestern State University

Matrix of Operating Expenses Reported by Function

For the year ended August 31, 2022

Student Services	Institutional Support	Operation & Maintenance	Scholarships	Auxiliary Enterprises	Depreciation
\$ 6,776,330.70	\$4,377,515.90	\$2,917,405.76		\$1,499,311.79	
2,028,569.04	1,564,666.55	1,331,582.79		396,868.98	
1,665,246.84	174,431.89	286,914.90		1,487,114.27	
832,617.63	127,506.87	1,253.96		17,421.12	
1,582,263.60	1,148,670.61	614,362.16		3,250,495.29	
388,421.38	(79,827.34)	1,416,607.46		1,197,536.01	
270,336.16	638,708.69	214,575.40		1,289,093.83	
211,856.78	88,271.05	38,919.37		(91,246.93)	
212,035.10	(88,434.62)	2,468.55		12,523.24	
					\$17,983,679.37
338,256.41					
3.45	563.49	58.81		11.23	
			\$19,940,886.19		
<u>\$14,305,937.09</u>	<u>\$7,952,073.09</u>	<u>\$6,824,149.16</u>	<u>\$19,940,886.19</u>	<u>\$9,059,128.83</u>	<u>\$17,983,679.37</u>

For the year ended August 31, 2021

Student Services	Institutional Support	Operation & Maintenance	Scholarships	Auxiliary Enterprises	Depreciation
\$ 6,365,331.96	\$4,907,021.18	\$3,228,080.03		\$1,262,865.70	
2,964,062.06	2,509,447.43	2,273,690.20		474,587.63	
1,780,658.80	(63,252.39)	321,294.09		1,567,488.49	
225,090.33	7,394.96			12,451.17	
1,086,641.75	808,226.74	545,731.18		2,890,572.42	
332,909.34	(142,195.43)	1,147,804.05		1,151,428.06	
145,064.36	653,366.86	(246,046.41)		1,225,127.91	
90,247.99	48,635.51	29,338.95		(71,199.69)	
194,477.73	(37,368.14)	3,258.95		16,125.82	
					\$17,823,811.78
467,507.97					
157.19	433.45				
			\$17,262,752.92		
<u>\$13,652,149.48</u>	<u>\$8,691,710.17</u>	<u>\$7,303,151.04</u>	<u>\$17,262,752.92</u>	<u>\$8,529,447.51</u>	<u>\$17,823,811.78</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Midwestern State University

Statement of Cash Flows

For the Year Ended August 31, 2022

ANNUAL FINANCIAL REPORT

	<u>2022</u>	<u>2021</u> <u>As Restated</u>
Cash Flows From Operating Activities:		
Proceeds Received From Students	\$ 33,085,808.78	\$ 34,443,916.74
Proceeds Received for Sponsored Programs	7,912,371.44	13,587,991.85
Proceeds Received From Auxiliary Enterprises	11,706,851.03	12,703,018.95
Proceeds From Loan Programs	14,509.21	3,499.20
Proceeds From Other Revenues	2,826,798.63	2,627,767.83
Payments to Employees	(59,526,346.01)	(57,953,168.27)
Payments to Suppliers for Goods and Services	(23,967,132.07)	(20,210,191.37)
Payments for Scholarships	(19,142,667.75)	(19,074,202.16)
Payments for Interest	(636.98)	(590.64)
Net Cash Used by Operating Activities	<u>(47,090,443.72)</u>	<u>(33,871,957.87)</u>
Cash Flows From Non-capital Financing Activities:		
Proceeds From State Appropriations	24,807,132.56	24,783,677.23
Proceeds From Endowment Gifts	520,460.80	63,269.54
Proceeds From Gifts	5,177,294.67	4,601,712.59
Payments for Other Non-capital Financing Activities		(15.00)
Proceeds From Non-operating Grants	22,045,140.68	20,686,614.16
Transfers in From Other Funds	148,193.00	148,887.00
Transfers out to Other Funds	(918,358.37)	(1,258,108.95)
Net Cash Provided by Non-capital Financing Activities	<u>51,779,863.34</u>	<u>49,026,036.57</u>
Cash Flows From Capital and Related Financing Activities:		
Proceeds From Capital Gifts	250,000.00	250,000.00
Proceeds From HEAF Appropriations	4,933,200.00	4,933,200.00
Proceeds From Interest on Capital Investments	363,063.67	138,875.00
Payments for Additions to Capital Assets	(3,454,547.07)	(3,096,857.52)
Principal Paid on Capital-Related Debt	(6,521,281.04)	(6,987,079.21)
Interest Paid on Capital-Related Debt	(4,495,545.56)	(4,758,306.06)
Payments for Leases	(558,834.41)	(550,168.01)
Net Cash (Used) by Capital and Related Financing Activities	<u>(9,483,944.41)</u>	<u>(10,070,335.80)</u>
Cash Flows From Investing Activities:		
Proceeds From Interest and Investment Income	8,975,527.67	6,108,427.72
Proceeds From Sales and Maturities of Investments	55,761,847.73	20,586,319.51
Payments to Acquire Investments	(58,288,872.60)	(29,176,480.79)
Net Cash Provided (Used) by Investing Activities	<u>6,448,502.80</u>	<u>(2,481,733.56)</u>
Increase (Decrease) in Cash and Cash Equivalents	1,653,978.01	2,602,009.34
Cash and Cash Equivalents, Beginning of Year	10,309,503.18	7,707,493.84
Cash and Cash Equivalents, End of Year	<u>\$ 11,963,481.19</u>	<u>\$ 10,309,503.18</u>

Midwestern State University

Statement of Cash Flows

For the Year Ended August 31, 2022

Reconciliation to Cash and Cash Equivalents as Displayed on the Statement of Net Position:

	<u>2022</u>	<u>2021</u> <u>As Restated</u>
Current Assets:		
Cash on Hand	\$ 14,650.00	\$ 16,150.00
Cash in Bank	3,429,700.08	1,697,029.11
Cash in State Treasury	4,436,205.89	3,742,164.90
Cash Equivalents	2,352,672.21	
Restricted:		
Cash in Bank	1,730,253.01	4,854,159.17
Cash and Cash Equivalents, End of Year	<u>\$11,963,481.19</u>	<u>\$ 10,309,503.18</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Operating (Loss)	\$(63,470,381.52)	\$(64,768,866.25)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:		
Amortization and Depreciation	17,983,679.37	17,823,811.78
Bad Debt Expense	338,256.41	467,507.97
Pension Expense		2,299,179.00
OPEB Expense		8,795,049.00
Donations of Non-Capital Assets	109,067.79	821,886.54
(Increase) Decrease in Receivables	139,363.92	415,064.41
(Increase) Decrease in Inventories	(22,069.33)	(31,138.66)
(Increase) Decrease in Prepaid Expenses	804,125.45	(1,841,382.13)
(Increase) Decrease in Deferred Outflows—Pensions		797,811.00
(Increase) Decrease in Deferred Outflows—OPEB		10,362,885.60
Increase (Decrease) in Payables	(857,545.64)	(554,839.15)
Increase (Decrease) in Unearned Revenues	(1,802,896.72)	4,565,051.26
Increase (Decrease) in Compensated Absences Liability	(308,033.49)	282,722.99
Increase (Decrease) in Liabilities to Employees for Defined Pension Plans		(2,258,793.00)
Increase (Decrease) in Liabilities for Employees for OPEB		(10,755,208.00)
Increase (Decrease) in Other Liabilities	(4,009.96)	30,252.77
Increase (Decrease) in Deferred Inflows—Pensions		(383,436.00)
Increase (Decrease) in Deferred Inflows—OPEB		60,483.00
Total Adjustments	<u>16,379,937.80</u>	<u>30,896,908.38</u>
Net Cash (Used) by Operating Activities	<u>\$(47,090,443.72)</u>	<u>\$(33,871,957.87)</u>
Non-Cash Transactions		
Net Increase (Decrease) in FMV of Investments	\$(16,390,093.06)	\$7,705,337.50
Gain (Loss) on Asset Disposals	\$ (54,525.92)	\$ (358,259.10)
Donation of Capital Assets		\$4,253,750.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Note 1: Summary of Significant Accounting Policies

Reporting Entity

MSU is a public institution of higher education and is an agency of the State of Texas (the "State"). MSU is one of five component institutions of the TTUS and together are presented as a major enterprise fund in the State's Annual Comprehensive Financial Report (ACFR).

MSU was established in 1922 and is located in Wichita Falls, Texas, which is midway between Oklahoma City and the Dallas/Fort Worth Metroplex. The campus is comprised of 255 acres, 70 buildings, numerous playing fields, and an outdoor recreational facility near Sikes Lake. MSU is accredited by the Southern Association of Colleges and Schools Commission on Colleges.

Basis of Presentation

The financial statements of MSU have been prepared in accordance with the requirements established by the Comptroller of Public Accounts' Annual Financial Reporting Requirements. These requirements follow, as near as practicable, the generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Comptroller's *AFR Reporting Requirements* are designed to assist the Texas Comptroller of Public Accounts in compiling and preparing the State's ACFR and, accordingly, have some untraditional elements, such as prohibition of rounding, unique ordering and specific numbering of footnotes, and the inclusion of footnote titles when the subject matter does not apply.

Within MSU's financial statements, no entities have been identified as meeting GASB's definition of component units, which are legally separate entities and, accordingly, none are included within the reporting entity.

The MSU Charitable Trust was terminated on September 1, 2021, and all assets were distributed to the MSU Foundation (the "Foundation"). The Foundation is a separate legal entity organized and operated exclusively for exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, and for the benefit of MSU and its students. The Foundation is separately governed and operates autonomously from the Board. Its related activities are not included in MSU's or the State's financial statements. The Foundation solicits donations and acts as a coordinator of gifts made by other parties. The Foundation remitted restricted gifts of \$1,636,329 to MSU during the year ended August 31, 2022.

MSU follows the "business-type activities" reporting requirement of GASB Statement No. 34 that provides a comprehensive one-line look at MSU's financial activities. Accordingly, the financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting.

Basis of Accounting—Proprietary Fund Accounting

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial positions, and cash flows. The financial statements of MSU have been prepared on the accrual basis. Accrual accounting attempts to record a transaction's financial effects in the period in which the transaction occurred, rather than when cash is received or paid. Revenues are recorded when earned or when MSU has a right to receive the revenues. Expenses are recognized when incurred.

Proprietary funds use the flow of economic resources measurement focus, which is similar to the focus used by commercial entities. Proprietary funds focus on whether the enterprise is economically better off as a result of the events and transactions that occurred during the fiscal period reported. Transactions and events that improved an enterprise's financial position are reported as revenues or gains. Transactions and events that diminish the economic position of the enterprise are reported as expenses or losses. Both current and long-term assets and liabilities are shown on the Statement of Net Position.

The proprietary Statement of Revenues, Expenses, and Changes in Net Position is segregated into operating and non-operating sections. Generally, operating activities are those that directly result from the provision of goods and services to customers or are directly related to the principal and usual activity of an enterprise.

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Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Since certain grants are actually contracts for services, they are classified as operating activities. Although loan activity would normally be classified as an investing activity, lending activities in a university are directly related to the principal and usual activity of the university, and are classified as operating activities.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash and cash equivalents. Cash in the investment portfolio outside of TTUS is not included in cash and cash equivalents as it is held for investing purposes.

Investments

Investments are generally stated at fair value with certain exceptions in accordance with GASB Statement No. 72, *Fair Value Measurement and Application* (the "Standard"). The Standard defines an investment as a security or other asset that a government holds primarily for the purpose of income or profit. The present service capacity is based solely on the ability of the security or other asset to generate cash or to be sold to generate cash. Fair value is defined as the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date.

The Standard requires fair value to be measured in a manner consistent with one of three approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and relevant market information to measure fair value. The cost approach reflects the amount that would be required to replace the asset and its service capacity. The income approach converts future amounts, such as cash flows, into a single current amount. MSU primarily uses the market approach to value investments.

Measuring fair value requires gathering information, or inputs, about the asset or liability being measured. The fair value hierarchy categorizes the inputs used to measure fair value into three levels. Level 1 inputs are quoted prices in active markets for assets or liabilities identical to the ones being measured, Level 2 inputs are observable for similar assets or liabilities, and Level 3 inputs are unobservable inputs.

The notes to the financial statements disclose the input levels used to determine fair value, and also display the deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Restricted Assets

Restricted assets are those assets that have third-party restrictions or are restricted for specific uses by a contractual obligation. Restricted assets include donor-restricted funds and proceeds from bond issuances that can only be used for capital projects.

Inventories

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost and utilize the last-in, first-out method.

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Note 1: Continued

Capital Assets

Property, plant, and equipment are recorded at cost or, if acquired by gift, at the fair market value as of the date of the acquisition. Capital assets are depreciated over the estimated useful life of the asset using the straight-line method based on allocation methods and estimated lives prescribed by the Statewide Property Accounting (SPA) system. Depreciation is recorded as a periodic expense and accumulated as an offset to the asset book values. Depreciation expense is not allocated to functional categories for this Annual Financial Report. Depreciation is provided on physical properties on a straight-line basis over the estimated useful life of the asset. Intangible capital assets are defined as assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. These assets are required to be reported if they are identifiable. Intangible assets are amortized based on the estimated useful life of the asset using the straight-line method. Capitalization thresholds by type and estimated useful life utilized are as follows:

Type of Capital Asset	Capitalization Threshold	Range of Useful Life (in months)
Land and Land Improvements	\$0	0
Construction in Progress	\$0	0
Buildings and Building Improvements	\$100,000	120-360
Infrastructure, Depreciable	\$500,000	120-540
Infrastructure, Non-Depreciable	\$0	0
Facilities and Other Improvements	\$100,000	120-720
Furniture and Equipment	\$5,000	36-180
Vehicles, Boats, and Aircraft	\$5,000	60-120
Other Capital Assets	Various	0-180
Computer Software	Various	0-72
Other Intangible Capital Assets	\$100,000	0-120

Unearned Revenue

MSU records receivables when revenue is earned, but not collected. Unearned revenue is recognized when cash is received prior to revenue recognition or when the earnings process is not yet complete and is considered a liability.

Employees' Compensable Leave

Employees' Compensable Leave represents the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

Deferred Outflows and Inflows of Resources

Deferred Outflows and Inflows of Resources are presented in separate sections on the Statement of Net Position. Deferred Outflows of Resources are defined as the consumption of net assets applicable to a future reporting period and have a positive effect on net position, similar to assets. Deferred Inflows of Resources are defined as acquisitions of net assets applicable to a future reporting period and have a negative effect on net position, similar to liabilities.

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Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is then amortized, using the straight-line method, over the remaining life of the old debt or the life of the new debt, whichever is shorter, on the Statement of Revenues, Expenses, and Changes in Net Position as a component of interest expense. Additional information is provided in Note 28.

Net Position

Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is divided into three categories as described below.

Net Investment in Capital Assets

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bond, notes, and other debt that are attributed to the acquisition, construction, or improvements of those assets.

Restricted Net Position

Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the Board, including amounts that the Board has agreed to set aside under contractual agreements with third parties. Non-expendable restricted net position includes gifts that have been received for endowment purposes, the corpus of which cannot be expended. Restricted Net Position includes MSU's permanent endowments and donor-restricted funds.

Unrestricted Net Position

Unrestricted net position consists of net resources that do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources, which are imposed by management, but can be removed or modified.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the financial statements and the notes thereto.

Midwestern State University

Notes to the Financial Statements For the Year Ended August 31, 2022

NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2022, is presented below:

BUSINESS-TYPE ACTIVITIES	Balance 09/01/21	Adjustment	Reclassifications Completed CIP
<u>Non-depreciable or Non-amortizable Assets</u>			
Land and Land Improvements	\$ 8,233,708.31		
Construction in Progress	2,564,339.16		\$(471,453.55)
Other Tangible Capital Assets	3,533,965.30		
Total Non-depreciable Assets or Non-amortizable Assets	14,332,012.77		(471,453.55)
<u>Depreciable Assets</u>			
Buildings and Building Improvements	296,310,207.37		471,453.55
Infrastructure	13,351,147.45		
Facilities and Other Improvements	17,759,436.42		
Furniture and Equipment	19,980,451.92		
Vehicles	1,752,035.25		
Other Capital Assets	11,338,569.11		
Total Depreciable Assets	360,491,847.52		471,453.55
Less Accumulated Depreciation for:			
Buildings and Building Improvements	(160,804,227.84)		
Infrastructure	(9,104,833.48)		
Facilities and Other Improvements	(8,024,444.93)		
Furniture and Equipment	(14,646,742.58)		
Vehicles	(1,425,223.31)		
Other Capital Assets	(10,076,103.99)		
Total Accumulated Depreciation	(204,081,576.13)		
Depreciable Assets, Net	156,410,271.39		471,453.55
<u>Amortizable Assets - Intangible</u>			
Computer Software	28,426,018.46		
Total Amortizable Assets - Intangible	28,426,018.46		
Less Accumulated Amortization for:			
Computer Software	(19,955,530.89)		
Total Accumulated Amortization	(19,955,530.89)		
Amortizable Assets - Intangible, Net	8,470,487.57		
Business-Type Activities Capital Assets, Net	\$ 179,212,771.73		\$ 0.00
<u>Right-to-Use Assets - Amortizable</u>			
Buildings and Building Improvements	\$4,407,982.33		
Furniture and Equipment	150,091.22		
Total Right-to-Use Assets	4,558,073.55		
Less Accumulated Amortization for:			
Buildings and Building Improvements	(568,771.92)		
Furniture and Equipment	(38,321.16)		
Total Accumulated Amortization	(607,093.08)		
Amortizable Right-to-Use Assets, Net	3,950,980.47		
Business-Type Activities Right-to-Use Assets, Net	\$ 3,950,980.47	\$0.00	\$ 0.00
Business-Type Activities Capital Assets and Right-to-Use Assets, Net	\$ 183,163,752.20	\$0.00	\$ 0.00

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Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Additions	Deletions	Balance 08/31/22
\$ 3,949.96		\$ 8,237,658.27
2,503,694.95		4,596,580.56
2,507,644.91		3,533,965.30
363,784.90	\$ (877,403.25)	16,368,204.13
529,000.64	(146,455.14)	296,268,042.57
54,116.62	(44,421.00)	13,351,147.45
946,902.16	(1,068,279.39)	17,759,436.42
(11,032,981.13)	833,533.08	20,362,997.42
(395,298.60)		1,752,035.25
(659,457.00)		11,348,264.73
(1,442,435.55)	135,799.39	360,841,923.84
(122,328.41)		(171,003,675.89)
(184,884.20)	44,421.00	(9,500,132.08)
(13,837,384.89)	1,013,753.47	(8,683,901.93)
(12,890,482.73)	(54,525.92)	(15,953,378.74)
		(1,547,551.72)
		(10,216,567.19)
		(216,905,207.55)
		143,936,716.29
		28,426,018.46
		28,426,018.46
(3,539,201.40)		(23,494,732.29)
(3,539,201.40)		(23,494,732.29)
(3,539,201.40)		4,931,286.17
\$(13,922,039.22)	\$ (54,525.92)	\$ 165,236,206.59
		4,407,982.33
		150,091.22
		4,558,073.55
(568,771.92)		(1,137,543.84)
(38,321.16)		(76,642.32)
(607,093.08)		(1,214,186.16)
(607,093.08)		3,343,887.39
\$ (607,093.08)	\$ 0.00	\$ 3,343,887.39
\$(14,529,132.30)	\$ (54,525.92)	\$ 168,580,093.98

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Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Note 3: Deposits and Investments

MSU investment balances consist primarily of amounts invested in the portfolio that is managed at the consolidated level by the TTUS. The portfolio is invested pursuant to the parameters of applicable Texas law and the governing board's investment policies. Under Texas law, TTUS investments may be "any kind of investment that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the circumstances then prevailing, acquire or retain for their own account in the management of their affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital." The law also requires TTUS to invest its institutional funds according to written investment policies adopted by the Board of Regents. No person may invest TTUS funds without express written authority from the governing board.

The governing investment policy is Regents' Rules Chapter 09, "Investment and Endowments." The majority of the TTUS assets are invested in two investment funds: The Long Term Investment Fund (LTIF) and the Comprehensive Cash Pool (CCP), with each having its own stand-alone investment policy. The objective of the CCP is to retain appropriate liquidity to meet daily operating demands while seeking higher yield on cash reserves through appropriately diversified longer-termed investment strategies. Endowment funds and certain eligible long-term institutional funds are invested in the LTIF, which invests in equity and fixed income securities, as well as alternative investments such as hedge funds and private equity, and is operated using a total return philosophy. Institutional funds not in the LTIF are invested in the CCP.

Required information related to the consolidated TTUS deposits and investments is included in Note 3 of the TTUS Annual Consolidated Financial Report (ACFR).

MSU also employs an investment manager to manage university endowments not invested in the LTIF, which total \$11,135,703.26 and are invested under a separate investment policy that permits equities as well as fixed income and alternative assets. The investments are managed by American National Bank and Trust.

Carrying Amount of Deposits of Cash in Bank as of August 31

	<u>2022</u>	<u>2021</u>
Cash on Hand	\$ 14,650.00	\$ 16,150.00
Cash in Bank	5,159,953.09	6,551,188.28
Cash in State Treasury	4,436,205.89	3,742,164.90
Cash Equivalents	2,352,672.21	
Total Cash and Cash Equivalents	<u>\$11,963,481.19</u>	<u>\$10,309,503.18</u>

Carrying Amount of Cash Deposits as of August 31 by Balance Sheet Category

Current Assets—Cash and Cash Equivalents:

Cash on Hand	\$ 14,650.00	\$ 16,150.00
Cash in Bank	3,429,700.08	1,697,029.11
Cash in State Treasury	4,436,205.89	3,742,164.90
Cash Equivalents	2,352,672.21	

Current Assets—Restricted Cash and Cash Equivalents:

Cash in Bank	1,730,253.01	4,854,159.17
Total Cash and Cash Equivalents	<u>\$11,963,481.19</u>	<u>\$10,309,503.18</u>

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the university will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The university's policies and State Statute require the university's deposits be deposited into authorized commercial banks and savings and loan associations. State statutes also require that these financial institutions pledge securities as collateral to secure university deposits if they are not fully insured by FDIC.

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

The university's bank balance at August 31, 2022, was \$6,326,424.73. \$250,000 of this amount was covered by FDIC insurance and \$6,076,424.73 was collateralized with securities pledged by the bank granting the university a first priority security interest in the collateral which was held by the Bank of New York Mellon, acting as custodian for the university and the bank (as defined above). The value of securities pledged as collateral at August 31, 2022 was reported by the custodian as \$7,940,392.64 or 130.68% of the university's uninsured bank deposits.

Fair Value of Investments as of August 31 by Investment Type

	<u>2022</u>	<u>2021</u>
U.S. Government Agency Obligations	\$ 526,776.92	\$ 590,935.91
Corporate Bonds	2,294,984.00	1,582,399.35
Equities	7,152,424.46	9,368,488.81
Other Commingled Funds—Texas A&M System Investment Pool		54,351,866.14
Other Commingled Funds—Texas Tech University System Investment Pool	49,502,683.13	
Other Commingled Funds—Texpool	2,544,974.04	1,041,826.38
Other Commingled Funds—LOGIC	2,057,852.96	1,053,776.16
Other Commingled Funds—Texas Class	2,570,146.64	1,064,391.78
Other Commingled Funds—American National Bank	1,592,079.41	7,065,067.16
Other Commingled Funds—First National Bank	1,068,409.81	4,061,699.30
Other Commingled Funds—Goldman Sachs	1,135,868.12	1,039,522.69
CC&E (Money Market Funds)	25,649.76	
Alternative Investments (including hedge funds)	406,573.86	488,966.75
Total Investments	<u>\$70,878,423.11</u>	<u>\$81,708,940.43</u>

Fair Value of Investments as of August 31 by Balance Sheet Category

Current Assets—Short-Term Investments	\$ 9,284,694.95	\$14,286,760.78
Current Assets—Restricted Short-Term Investments	1,710,285.79	1,039,522.69
Non-Current Assets—Restricted Investments	7,472,960.60	4,214,441.00
Non-Current Assets—Other Long-Term Investments	52,410,481.77	62,168,215.96
Total Investments	<u>\$70,878,423.11</u>	<u>\$81,708,940.43</u>

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Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

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Note 3: Continued Investment Type	Fair Value Hierarchy				Fair Value as of August 31, 2022
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	NAV	
U.S. Government Agency Obligations		\$ 526,776.92			\$ 526,776.92
Corporate Bonds		2,294,984.00			2,294,984.00
Equities	\$7,152,424.46				7,152,424.46
Other Commingled Funds -Texas Tech University System Investment Pools					49,502,683.13
Other Commingled Funds - Texpool				\$2,544,974.04	2,544,974.04
Other Commingled Funds - LOGIC				2,057,852.96	2,057,852.96
Other Commingled Funds -Texas Class				2,570,146.64	2,570,146.64
Other Commingled Funds -American National Bank	1,592,079.41				1,592,079.41
Other Commingled Funds - First National Bank	1,068,409.81				1,068,409.81
Other Commingled Funds - Goldman Sachs				1,135,868.12	1,135,868.12
CC&E (Money Market Funds)	25,649.76				25,649.76
Alternative Investments (including hedge funds)		406,573.86			406,573.86
Total Investments					\$70,878,423.11

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2022, the university's credit quality distribution for securities with credit risk exposure was as follows:

Investment Type	AAA	AA	A	BBB
U.S. Government Agency Obligations	\$ 61,973.42	\$464,803.50		
Corporate Bonds		119,663.64	\$427,344.96	\$1,747,975.40
Commingled Funds—Texpool, LOGIC, and CLASS	7,172,973.64			

Investment Type	BB	B	Collateralized	Not Rated
Other Commingled Funds—Goldman Sachs				\$1,161,517.88
Flexible Repurchase Agreements				
Money Market—American National Bank			\$1,592,079.41	
Money Market—First National Bank			1,068,409.81	
Other Fixed Income Mutual Funds				
Equities				7,152,424.46
Alternative Investments (including hedge funds)				406,573.86

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2022, MSU's concentration of credit risk is immaterial to any single issuer.

Midwestern State University

Notes to the Financial Statements For the Year Ended August 31, 2022

Note 3: Continued

Interest Rate Risk

Interest rate risk is the potential for investment losses that can be triggered by an increase in the prevailing rates for new debt instruments, which can have an adverse effect on its fair value. Duration is a measure of the price sensitivity of a debt investment to changes arising from movements in interest rates. Duration is the weighted average maturity of an instrument's cash flows, where the present value of the cash flows serves as the weight. The duration of an instrument can be calculated by first multiplying the time until receipt of cash flow by the ratio of the present value of that cash flow to the instrument's total present value. The sum of these weighted time periods is the duration of the instrument. Modified duration estimates the sensitivity of the university's investments to changes in interest rates.

The university's investments at American National Bank and Trust exposed to interest rate risk as of

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration</u>
U.S. Government Agency Obligations	\$ 526,776.92	2.77
Corporate Bonds	\$2,294,984.00	3.27

Note 4: Short-Term Debt

Not Applicable

Note 5: Long-Term Liabilities

During the year ended August 31, 2022, the following changes occurred in Long-term Liabilities:

<u>Business-Type Activities</u>	<u>Balance 09-01-21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Restatement/ Adjustment</u>	<u>Balance 08-31-22</u>	<u>Amounts Due Within One Year</u>
Revenue Bonds Payable	\$123,940,000.00	\$0.00	\$5,840,000.00	\$ 0.00	\$118,100,000.00	\$6,135,000.00
Unamortized Premium	10,976,793.94	0.00	681,038.64	0.00	10,295,755.30	681,038.64
Subtotal	134,916,793.94	0.00	6,521,038.64	0.00	128,395,755.30	6,816,038.64
Right to Use Lease Obligations	0.00	0.00	558,834.41	4,007,905.54	3,449,071.13	585,358.31
Compensable	2,492,962.09	0.00	308,033.49	0.00	2,184,928.60	322,223.03
Total	\$137,409,756.03	\$0.00	\$7,387,906.54	\$4,007,905.54	\$134,029,755.03	\$7,723,619.98

Employees' Compensable Leave

Benefit eligible staff and 12-month faculty members can earn annual leave from eight to twenty-one hours per month depending on the respective employee's years of state employment. The state's policy is that an employee may carry his or her accrued leave forward from one fiscal year to another fiscal year with a maximum of hours up to 532 for those employees with thirty-five or more years of state service. A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, separation from state employment, or transfer to a position that no longer accrues vacation, provided the employee has had continuous employment with the state for six months. For proprietary fund types, an expense and liability are recorded as the benefits accrue to the employee. The liability is determined through the summarization of each employee's annual leave balance multiplied by their respective salary rate. The estimated cumulative amount of this liability is \$2,184,928.60. MSU made lump sum payments totaling \$260,048.41 for accrued vacation to employees who separated from state service during the fiscal year ended August 31, 2022, and payments of \$206,034.92 for August 31, 2021.

MSU has an undetermined and unrecorded liability for employees' earned sick leave. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is absent due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. MSU's policy is to recognize the cost of sick leave when paid. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Note 6: Bonded Indebtedness

Bonds Payable

General information related to bonds is summarized below and on the following pages:

Revenue and Refunding Bonds, Series 2007

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To pay for constructing, equipping, and furnishing a student recreation and health facility; improving, renovating, enlarging, and/or equipping Fowler Hall; improving, renovating, enlarging, and/or equipping D.L. Ligon Coliseum; and refunding a portion of the outstanding Revenue Refunding and Improvement Bonds, Series 1998.
- Issued August 1, 2007
- \$28,855,000; all bonds authorized have been issued.
- Revenue Bond
- Business-Type Activities
- Source of Revenue for Debt Service—Pledged Revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Funds, grants and contracts, student service fees, and private gifts.
- \$17,595,000 of the 2007 Series was advance refunded in June 2015: \$14,085,000 of Series 2015A and \$3,510,000 of Series 2015B (see Series 2015A and 2015B).
- Changes in Debt: Principal paid during Fiscal Year—\$0; Outstanding at Year End—\$0.

Revenue and Refunding Bonds, Series 2008

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To pay for constructing, equipping, and furnishing an additional student housing facility; purchasing an existing student housing facility; improving, renovating, enlarging, and/or equipping D.L. Ligon Coliseum; constructing, equipping and furnishing an instrumental music facility.
- Issued July 1, 2009
- \$38,300,136; all bonds authorized have been issued.
- Revenue Bond
- Business-Type Activities
- Source of Revenue for Debt Service – Pledged Revenues consisting of unrestricted current funds revenues but do not include: remissions, governmental appropriations and gifts, Higher Education Funds, grants and contracts within the Educational and General Fund Group, student service fees, and private gifts in the Auxiliary Fund Group.
- \$28,175,000 of the 2008 Series was advance refunded in September 2016: \$17,545,000 of Series 2016A and \$10,630,000 of Series 2016B (see Series 2016A and 2016B).
- Changes in Debt: Principal paid during Fiscal Year—\$0; Outstanding at Year End—\$0.
- Range of Interest Rates: 3.00% - 5.25%

Revenue Financing System Revenue Bonds, Series 2010

- Issued by the TPFA on behalf of MSU. To pay for improving, renovating, enlarging, and/or equipping MSU's existing D.L. Ligon Coliseum.
- Issued April 1, 2010
- \$6,700,000; all bonds authorized have been issued.
- Revenue Bond
- Business-Type Activities
- Source of Revenue for Debt Service – Pledged Revenues consisting of unrestricted current funds revenues, but do not include: remissions, governmental appropriations and gifts, Higher Education Funds, grants and contracts within the Educational and General Fund Group, student service fees, and private gifts in the Auxiliary Fund Group.
- \$4,860,000 of the 2010 Series was advance refunded in September 2016 (see Series 2016A).
- Changes in Debt: Principal paid during Fiscal Year—\$0; Outstanding at Year End—\$0.
- Range of Interest Rates: 4.00% - 5.00%

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Note 6: Continued

Revenue and Refunding Bonds, Series 2012A

- Issued by the TPFA on behalf of MSU. To finance the current refunding of \$4,600,000 of the MSU Building Revenue and Refunding Bonds, Series 2002, which were used to pay for campus improvements in heating, ventilating and air conditioning systems, chilled water distribution, street drainage and paving, and other projects including Americans with Disabilities Act (ADA) accessibility, elevator improvements, safety, and security lighting.
- Issued September 15, 2012
- \$4,710,000; all bonds authorized have been issued.
- Refunding Bond
- Business-Type Activities
- Source of Revenue for Debt Service – Pledged Revenues, consisting of unappropriated fund balances and unrestricted current funds revenues available, but not including remissions, governmental appropriations and gifts, Higher Education Funds, grants and contracts, student service fees, and private gifts.
- Changes in Debt: Principal paid during Fiscal Year—\$0; Outstanding at Year End—\$0.
- Range of Interest Rates: 2.00% - 2.25%

Revenue and Refunding Bonds, Series 2012B

- Issued by the TPFA on behalf of MSU. To finance advance refunding of \$4,945,000 of MSU Building Revenue and Refunding Bonds, Series 2003, which were used to pay for improving, enlarging, and/or equipping MSU residence halls, including fire safety improvements and other general modernization improvements.
- Issued September 15, 2012
- \$5,415,000; all bonds authorized have been issued.
- Refunding Bond
- Business-Type Activities
- Source of Revenue for Debt Service—Pledged Revenues, consisting of unappropriated fund balances and unrestricted current funds revenues available, but not including remissions, governmental appropriations and gifts, Higher Education Funds, grants and contracts, student service fees, and private gifts.
- Changes in Debt: Principal paid during Fiscal Year—\$575,000; Outstanding at Year End—\$1,830,000.
- Range of Interest Rates: 0.50%- 3.25%

Revenue and Refunding Bonds, Series 2015A

- Issued by the TPFA on behalf of MSU. To finance the construction of a new 500-bed student dormitory and an addition to the Fain Fine Arts building to expand the Mass Communications program; the refunding of \$605,000 of the MSU Building Revenue and Refunding Bonds, Series 2003, which were used to pay for improving, enlarging, and/or equipping MSU residence halls, including fire safety and other general modernization improvements; the refunding of \$6,025,000 of the Series 2007 TRB portion; and the refunding of \$7,195,000 of the Series 2007 Non-TRB portion.
- Issued June 2, 2015
- \$53,335,000; all bonds authorized have been issued.
- Revenue and Refunding Bond
- Business-Type Activities
- The premium on the bonds will be amortized over the life of the debt using the straight-line method.
- The deferred outflow of the loss on the refunding of the bonds will be amortized over the next two fiscal years per the GASB 65, *Items Previously Reported as Assets and Liabilities*.
- Source of Revenue for Debt Service—Pledged Revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Funds, grants and contracts, student service fees, and private gifts.
- Changes in Debt: Principal paid during Fiscal Year—\$1,030,000; Outstanding at Year End—\$48,100,000.00.
- Range of Interest Rates: 2.00% - 5.00%

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Note 6: Continued

Revenue and Refunding Bonds, Series 2015B

- Issued by the TPFA on behalf of MSU. To finance the refunding of \$1,710,000 of the Series 2007 TRB portion and \$2,045,000 of the Series 2007 Non-TRB portion.
- Issued June 2, 2015
- \$3,755,000; all bonds authorized have been issued.
- Revenue and Refunding Bond
- Business-Type Activities
- Source of Revenue for Debt Service—Pledged revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Funds, grants and contracts, student service fees, and private gifts.
- Changes in Debt: Principal paid during Fiscal Year—\$490,000; Outstanding at Year End—\$0.
- Range of Interest Rates: 0.515%- 2.957%

Revenue and Refunding Bonds, Series 2016A

- Issued by the TPFA on behalf of MSU. \$58,400,000 of the proceeds from the sale of the Series 2016A Bonds will be used for the construction of the new 84,000 gross square foot Gunn Health Sciences and Human Services building with the consolidation of the previously separately housed Simulation Center; along with substantial renovations to Moffett Library; minor renovations and code improvements to Bridwell Hall, Bolin Hall, the Fain Fine Arts Center, and the Hardin Administration Building; the relocation of Information Technology to a more secure building on campus; and other essential electrical, infrastructural, HVAC, and ADA upgrades and improvements.
- Issued September 15, 2016
- \$72,250,000; all bonds authorized have been issued.
- Revenue and Refunding Bond
- Business-Type Activities
- Source of Revenue for Debt Service—The additional debt service for these projects will be funded with tuition revenue bond retirement appropriations authorized by the 84th Texas Legislature.
- Changes in Debt: Principal paid during Fiscal Year—\$3,065,000; Outstanding at Year End—\$58,390,000.
- Range of Interest Rates: 2.00% - 5.00%

Revenue and Refunding Bonds, Series 2016B

- Issued by the TPFA on behalf of MSU. The entire proceeds of \$11,790,000 from the sale of Series 2016B revenue and refunding bonds were used to advance refund the remaining 2008 series revenue bonds on a taxable basis.
- Issued September 15, 2016
- \$11,790,000; all bonds authorized have been issued.
- Refunding Bond
- Business-Type Activities
- Source of Revenue for Debt Service—Pledged revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Funds, grants and contracts, student service fees, and private gifts.
- Changes in Debt: Principal paid during Fiscal Year—\$680,000; Outstanding at Year End—\$9,780,000.
- Range of Interest Rates: 1.43% - 2.67%

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Midwestern State University

Notes to the Financial Statements For the Year Ended August 31, 2022

Note 7: Derivative Instruments

Required information related to consolidated TTUS derivative investing is included in Note 3 and Note 7 of the consolidated TTUS *Annual Financial Report*.

Note 8: Leases

Future minimum lease payments for buildings and equipment are presented below for the years ended August 31.

	Principal	Interest	Total Future Minimum Lease Payments
2023	\$ 585,358.31	\$ 16,823.55	\$ 602,181.86
2024	593,039.00	13,754.78	606,793.78
2025	584,357.17	10,558.50	594,915.67
2026	595,355.30	7,386.72	602,742.02
2027	622,145.90	4,077.93	626,223.83
2028	468,815.45	851.44	469,666.89
Totals	\$3,449,071.13	\$53,452.92	\$3,502,524.05

As of August 31, 2022, MSU is the lessee in two right to use leasing arrangements under GASB Statement No. 87, *Leases*. One lease is for a building located at 100 Parker Square Rd, Flower Mound, TX 75028. The lease term is for 10 years, which began on June 1, 2018 and will end on May 31, 2028. The second is an equipment lease for commercial washing machines for seven on-campus housing facilities. The lease term is for 5 years, which began on July 1, 2019 and will end on July 31, 2024.

Note 9: Pension Plans

The State has established an Optional Retirement Program (ORP) for institutions of higher education which complies with Internal Revenue Code Section 403(b). Participation in ORP is in lieu of participation in the Teacher Retirement System of Texas Plan and is available to certain eligible employees. The contributions made to the ORP by the members and employer for the fiscal year ended August 31, 2022, compared to the previous year, are shown below:

	Year Ended August 31, 2022	Year Ended August 31, 2021
Member Contributions	\$1,008,779.03	\$1,015,281.82
Employer Contributions	1,051,612.60	1,060,708.89
Total Remittance	\$2,060,391.63	\$2,075,990.71

Note 10: Deferred Compensation

MSU employees may elect to defer a portion of their earnings for income tax and investment purposes, pursuant to authority granted in Texas Government Code, Sec 609.001.

The State's 457 Plan (the "457 Plan") complies with Internal Revenue Code, Section 457. The 457 Plan is referred to as the TexaSaver Deferred Compensation Plan and is available to all employees. Deductions, purchased investments, and earnings attributed to the 457 Plan are the property of the State and subject only to the claims of the State's general creditors. Participant rights under the 457 Plan are equal to those of the general creditors of the State in an amount equal to the fair market value of the 457 Plan account for each participant. The State has no liability under the 457 Plan, and it is unlikely that 457 Plan assets will be used to satisfy the claims of general creditors in the future.

MSU also administers a Tax-Deferred Account Program, created in accordance with Internal Revenue Code, Section 403(b). All eligible employees can participate. The Tax-Deferred Account Program is a private plan, and the deductions, purchased investments, and earnings attributed to each employee's 403(b) plan are held by vendors chosen by the employee. The vendors may be insurance companies, banks, or approved non-bank trustees such as mutual fund companies. The assets of the Tax-Deferred Account Program do not belong to MSU, and thus it does not have a liability related to the Tax-Deferred Account Program.

Note 11: Postemployment Health Care and Life Insurance Benefits

Not applicable.

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Note 12: Interfund Activity and Transactions

Due to/Due From:	Due From Other Agencies	Due To Other Agencies	Purpose
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Due to/Due From Other Component Institutions:

Texas Tech University Health Sciences Center, 739			
D23 Fund 7999	\$ 436.50		West Texas Area Health Education Center
Texas Tech University, 733			
D23 Fund 7999	92,857.11		Small Business Development Center
Total Due To/Due From	\$93,293.61		

Operating Transfers:	Transfer In	Transfer Out
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Texas Department of Motor Vehicles, 608			Texas Collegiate License Plate
D23 Fund 0802		\$ 1.00	Fund
Texas Higher Education Coordinating Board, 781			Dental Hygiene Degree or
D23 Fund 7999		1,020.00	Certificate Program
Texas Public Finance Authority, 347			
D23 Fund 7999		917,337.37	Master Lease Purchase Transfers
Texas State Comptroller's Office, 902			
D23 Fund 0210	\$58,445.00		Hazlewood Exemption Program
Total Transfers	\$58,445.00	\$918,358.37	

Legislative Transfers:	Transfer In	Transfer Out
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Texas State Comptroller's Office, 902			
D23 Fund 0001	\$89,748.00		Hazlewood Reimbursement-TVC
Total Transfers	\$89,748.00		

Note 13: Continuance Subject to Review

Not Applicable to colleges and universities (Texas Sunset Act).

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Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Note 14: Adjustments to Fund Balance/Net Position

GASB Statement No. 87, *Leases*, effective 2022, established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset. The Statement also required retroactive restatement for all periods presented in the financial statements. The effect of implementing GASB Statement No. 87 on MSU's financial statements for the year ended August 31, 2021 was as follows:

Statement of Net Position as of August 31, 2021			
	As Reported in Fiscal Year 2021	GASB Statement No. 87 Restatement	Restated Fiscal Year 2021
Assets:			
Total Current Assets	\$ 55,439,983.09		\$ 55,439,983.09
Right-to-Use Assets, Amortizable		\$3,950,980.47	3,950,980.47
Other Non-current Assets	245,883,817.01		245,883,817.01
Total Assets	301,323,800.10	3,950,980.47	305,274,780.57
Total Deferred Outflows of Resources	37,823,722.96		37,823,722.96
Total Assets and Deferred Outflows	\$339,147,523.06	\$3,950,980.47	\$343,098,503.53
Liabilities:			
Right-to-Use Interest Payable		1,762.30	1,762.30
Right-to-Use Lease Obligations		558,834.41	558,834.41
Other Current Liabilities	54,457,349.28		54,457,349.28
Non-current Right to Use Lease Obligations		3,449,071.13	3,449,071.13
Other Non-current Liabilities	200,069,674.66		200,069,674.66
Total Liabilities	254,527,023.94	4,009,667.84	258,536,691.78
Total Deferred Inflows of Resources	16,748,423.00		16,748,423.00
Total Liabilities and Deferred Inflows	\$271,275,446.94	\$4,009,667.84	\$275,285,114.78
Net Position:			
Net Investment in Capital Assets	46,830,907.35	(58,687.37)	46,772,219.98
Restricted Non-expendable	5,526,138.76		5,526,138.76
Restricted Expendable	19,064,061.33		19,064,061.33
Unrestricted	(3,549,031.32)		(3,549,031.32)
Total Net Position	\$ 67,872,076.12	\$ (58,687.37)	\$ 67,813,388.75

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Midwestern State University

Notes to the Financial Statements For the Year Ended August 31, 2022

Note 14: Continued

Statement of Revenues, Expenses, and Changes in Net Position as of August 31, 2021

	As Reported in Fiscal Year 2021	GASB Statement No. 87 Restatement	Restated Fiscal Year 2021
Operating Income (Loss):			
Total Operating Revenues	\$ 58,289,842.96		\$ 58,289,842.96
Less Operating Expenses:			
Repairs and Maintenance	2,899,562.94	\$ 215,535.12	3,115,098.06
Rentals and Leases	1,114,172.98	(786,646.08)	327,526.90
Depreciation and Amortization	17,216,718.70	607,093.08	17,823,811.78
Other Operating Expenses	101,792,272.47		101,792,272.47
Total Operating Expenses	123,022,727.09	35,982.12	123,058,709.21
Operating Income (Loss):	<u>\$ (64,732,884.13)</u>	<u>\$ (35,982.12)</u>	<u>\$ (64,768,866.25)</u>
Non-operating Revenues (Expenses):			
Interest Expense on Capital Asset Financing	(4,870,249.54)	(22,705.25)	(4,892,954.79)
Other Non-operating Revenues (Expenses):	61,880,807.75		61,880,807.75
Total Non-operating Revenues (Expenses)	57,010,558.21	(22,705.25)	56,987,852.96
Income/(Loss) Before Capital Contributions, Additions to Endowments, and Transfers	<u>\$ (7,722,325.92)</u>	<u>\$ (58,687.37)</u>	<u>\$ (7,781,013.29)</u>
Other Revenue/Transfers	6,796,047.02		6,796,047.02
Increase (Decrease) in Net Position	(926,278.90)	(58,687.37)	(984,966.27)
Beginning Net Position	68,798,355.02		68,798,355.02
Ending Net Position	<u>\$ 67,872,076.12</u>	<u>\$ (58,687.37)</u>	<u>\$ 67,813,388.75</u>

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Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Note 14: Continued

A restatement to beginning net position of \$52,637,666.60 was required to transfer the carrying amounts related to the implementations of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* from MSU to TTUS. MSU's share of pension and other postemployment benefits (OPEB) liabilities as well as the related deferred inflows and outflows are now reported in the TTUS ACFR.

Statement of Net Position as of August 31, 2021

	As reported in Fiscal Year 2021
Deferred Outflows of Resources:	
Pensions	\$ 6,795,494.00
Other Postemployment Benefits (OPEB)	28,493,299.40
Current Liabilities:	
Net OPEB Liability	1,830,388.00
Noncurrent Liabilities:	
Net Pension Liability	16,304,410.00
Net OPEB Liability	53,043,239.00
Deferred Inflows of Resources:	
Pensions	2,508,148.00
Other Postemployment Benefits (OPEB)	14,240,275.00
Total Liabilities and Deferred Inflows	87,926,460.00
Less Total Assets and Deferred Outflows	<u>(35,288,793.40)</u>
Restatement to FY22 Beginning Net Position	<u><u>\$52,637,666.60</u></u>

Note 15: Contingencies and Commitments

Claims and Judgements

At August 31, 2022, various lawsuits and claims involving MSU were pending. While the ultimate liability with respect to litigation and claims asserted cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on MSU's financial statements.

Federal Assistance

MSU has received several federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. Based on prior experience, management believes such disallowances, if any, will be immaterial.

Arbitrage

Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investment were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government. MSU monitors its investments to restrict earnings to a yield of less than the bond issue and, therefore, limits any arbitrage liability. MSU estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

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Notes to the Financial Statements

For the Year Ended August 31, 2022

Note 15: Continued

Construction Commitments

MSU continues to implement capital improvements to upgrade facilities. The outstanding capital commitments for the construction and renovation of various facilities total \$1.5 million. These projects are in various stages of completion.

Note 16: Subsequent Events

There were no material events that occurred subsequent to August 31, 2022.

Note 17: Risk Management

MSU is exposed to various risks of loss related to property—fire, windstorm, or other loss of capital assets; general and employer liability resulting from alleged wrongdoings by employees and others; net income—due to fraud, theft, administrative errors or omissions, and business interruptions; and personnel—unexpected expense associated with employee health, termination, or death. As an agency of the State, MSU and its employees are covered by various immunities and defenses that limit some of these risks of loss, particularly in liability actions brought against MSU or its employees.

MSU periodically assesses the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. Currently, there is no purchase of commercial general liability insurance. MSU participates in the TTUS property insurance program, the self-funded TTUS auto program, and purchases Directors and Officers Liability insurance through TTUS. This coverage protects insured directors and officers against claims involving allegations of wrongful acts occurring while in their capacity as directors and officers. Coverage also extends to employees and includes Employment Practices Liability claims for harassment, discrimination, wrongful termination, retaliation, etc.

MSU's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. At August 31, 2022, there were no known claim liabilities.

The State provides coverage for workers' compensation and unemployment benefits from appropriations made to other state agencies for MSU employees. MSU was assessed \$65,250.12 and \$78,367.63 for workers' compensation coverage for fiscal years ending August 31, 2022 and 2021, respectively. Unemployment compensation is funded on a pay-as-you-go method, with the State contributing half of the cost of benefits and MSU contributing the other half for employees paid by State appropriated funds. MSU must pay 100% of the cost of benefits for employees paid from local funds.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a state highway be insured for minimum limits of liability in the amount of \$30,000/\$60,000 bodily injury and \$25,000 property damage. However, MSU has chosen to carry liability insurance on its licensed vehicles in the amount of \$250,000/\$500,000/\$100,000 with a combined single limit of \$1,000,000 if the Texas Tort Claims Act is not applicable.

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Notes to the Financial Statements For the Year Ended August 31, 2022

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Note 18: Management's Discussion and Analysis

Management's Discussion and Analysis is included in the section prior to the financial statements.

Note 19: The Financial Reporting Entity

MSU is a component institution of TTUS and an agency of the State of Texas. The nine members of the TTUS Board of Regents are appointed by the Governor and include one non-voting student Regent. MSU has no component units or joint ventures.

Note 20: Stewardship, Compliance, and Accountability

Note 1, *Summary of Significant Accounting Policies*, discusses the generally accepted accounting principles upon which the financial statements are based. The University had no violations of bond or note covenants. Per State law, the University cannot spend amounts in excess of appropriations granted by the Texas Legislature. There are no deficits reported in net position.

Note 21: Undefined by the Texas Comptroller

Reserved for future use by the Texas Comptroller.

Note 22: Donor Restricted Endowments

MSU is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Property Code Chapter 163. UPMIFA allows MSU to distribute net appreciation on donor restricted endowment investments to the extent prudent. This includes cumulative realized and unrealized appreciation in the fair market value of the endowment assets in excess of historical dollar value of the gifts.

MSU endowments are invested to preserve principal while providing income and growth. Annual distributions from the earnings and cumulative net appreciation are made to fund scholarships, professorships, and other uses as stipulated by the donors. The administration reviews the total return on endowment accounts and recommends an annual distribution. MSU's spending policy provides for a target distribution rate between 3% and 5% annually.

For the fiscal year ended August 31, 2022, the net appreciation on investments of donor restricted endowments available for authorization of expenditure, after distributions, is as follows:

<u>Donor-Restricted Endowment</u>	<u>Amounts of Net Appreciation</u>	<u>Reported in Net Position</u>
True Endowments	None	Restricted for Nonexpendable
Term Endowments	None	Restricted for Nonexpendable
True Endowments	\$1,513,137.25	Restricted for Expendable
Term Endowments	None	Restricted for Expendable

Note 23: Extraordinary and Special Items

Not Applicable.

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2022

Note 24: Disaggregation of Receivable and Payable Balances

The components of Other Receivables, as reported in the Statement of Net Position, are as follows:

Accounts Receivable Category	Current Amount
3rd Party Contracts on Student Receivables	\$2,694,028.23
Follett Bookstore Receivable	55,331.87
Employee Travel Advances	7,410.21
Employee Payroll Advances	9,329.30
Other Grants and Contracts Receivable	89,041.19
Endowment Distribution Receivable	41,292.54
DFW Shared Lease Receivable	45,717.00
Summer Camp Programs	90,802.50
Other Vendor Receivables	3,050.00
	<u>\$3,036,002.84</u>

Of these amounts, there are no significant receivables balances that MSU does not expect to collect within the next fiscal year.

Note 25: Termination Benefits

Not Applicable.

Note 26: Segment Information

Not Applicable.

Note 27: Service Concession Arrangements

Not Applicable.

Note 28: Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Unamortized Loss on Debt Refunding	\$2,339,934.98	\$0.00
Total	\$2,339,934.98	\$0.00

The ending balance of \$2,339,934.98 in deferred outflows of resources was related to unamortized losses on refunding debt. For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows, depending on whether the net result is a gain or loss. The deferred amount is then amortized over the life of the new debt or the life of the old debt, whichever is shorter. In this case, the deferred outflow will be amortized using the straight-line method over the life of the old debt. The annual amortization expense will be \$194,994.58, and the deferred outflow will be fully amortized in fiscal year 2034.

Note 29: Troubled Debt Restructuring

Not Applicable.

Note 30: Non-Exchange Financial Guarantees

Not Applicable.

Note 31: Tax Abatements

Not Applicable.

Note 32: Governmental Fund Balances

Not Applicable.

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Schedule 1A - Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2022, with Comparative Totals for the Year Ended August 31, 2021

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	CFDA Number	Univ/Agy #	Pass-Through From		
			Agency Amount	University Amount	Non- State Entities
<u>U.S. Department of Education</u>					
COVID-19—Governor’s Emergency Education Relief	84.425C		\$389,750.00		
COVID-19—Higher Education Emergency Relief Fund	84.425E				
COVID-19—HEERF Institutional Portion	84.425F				
COVID-19—HEERF Strengthening Institutions Program	84.425M				
Totals—U.S. Department of Education			<u>\$389,750.00</u>		
<u>Institute of Museum and Library Services</u>					
Pass-Through From:					
Grants to States					
Texas State Library and Archives Commission (TSLAC)	45.310	306	1,300.86		
<u>Small Business Administration</u>					
Pass-Through From:					
TTU-Small Business Development Center	59.037	733		\$147,751.66	
<u>National Science Foundation</u>					
Mathematical and Physical Sciences	47.049				
Geosciences	47.050				
Biological Sciences	47.074				
Education and Human Resources	47.076				
Totals—National Science Foundation					
<u>U.S. Department of Health and Human Services</u>					
Advanced Nursing Education Grant Program	93.247				
Mental and Behavioral Health Education and Training	93.732				
Trans-NIH Research Support	93.310				
Pass-Through From:					
Texas Tech University Health Sciences Center	93.107	739		128,834.60	
Totals—U.S. Department of Health and Human Services				<u>128,834.60</u>	
<u>U.S. Department of the Interior</u>					
National Land Remote Sensing Education Outreach &	15.815				
Student Financial Assistance Cluster					
<u>U.S. Department of Education</u>					
Federal Supplemental Education Opportunity Grants	84.007				
Federal Work-Study Program	84.033				
Federal Pell Grant Program	84.063				
Federal Direct Student Loans	84.268				
Teacher Education Assistance for College & HE Grants	84.379				
Total Student Financial Assistance Cluster Programs					
TRIO Cluster					
<u>U.S. Department of Education</u>					
Direct Programs					
TRIO—Student Support Services	84.042				
Total Federal Financial Assistance			<u>\$391,050.86</u>	<u>\$276,586.26</u>	

Midwestern State University

Direct Program	Total of Pass-Through From & Direct Program	Pass-Through To			2022	2021
		Agency or Univ Amount	Non-State Entities Amount	Expenditures	Total PT To and Expenditures Amount	Total PT To and Expenditures Amount
	\$ 389,750.00			\$ 389,750.00	\$ 389,750.00	\$ 1,040,585.00
\$ 5,642,942.00	5,642,942.00			5,642,942.00	5,642,942.00	3,501,715.56
5,977,207.10	5,977,207.10			5,977,207.10	5,977,207.10	6,066,519.66
225,351.75	225,351.75			225,351.75	225,351.75	11,133.74
11,845,500.85	12,235,250.85			12,235,250.85	12,235,250.85	10,619,953.96
	1,300.86			1,300.86	1,300.86	2,788.15
	147,751.66			147,751.66	147,751.66	126,421.40
423.80	423.80			423.80	423.80	
30,129.90	30,129.90			30,129.90	30,129.90	
28,097.91	28,097.91			28,097.91	28,097.91	
58,651.61	58,651.61			58,651.61	58,651.61	151,031.30
495,680.87	495,680.87			495,680.87	495,680.87	435,340.28
40,890.80	40,890.80			40,890.80	40,890.80	
235,629.57	235,629.57			235,629.57	235,629.57	158,271.74
	128,834.60			128,834.60	128,834.60	140,788.12
772,201.24	901,035.84			901,035.84	901,035.84	734,400.14
16,929.29	16,929.29			16,929.29	16,929.29	37,456.38
313,631.00	313,631.00			313,631.00	313,631.00	222,510.00
106,948.66	106,948.66			106,948.66	106,948.66	93,873.42
10,097,588.97	10,097,588.97			10,097,588.97	10,097,588.97	11,099,057.05
25,771,409.00	25,771,409.00			25,771,409.00	25,771,409.00	27,335,306.00
8,933.00	8,933.00			8,933.00	8,933.00	21,206.00
36,298,510.63	36,298,510.63			36,298,510.63	36,298,510.63	38,771,952.47
248,790.80	248,790.80			248,790.80	248,790.80	247,930.35
\$49,240,584.42	\$49,908,221.54			\$49,908,221.54	\$49,908,221.54	\$50,691,934.15

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Note 1: Nonmonetary Assistance

Not Applicable

Note 2: Reconciliation

08/31/2022

Federal Revenues—Per Exhibit II	
Federal Grant Revenue—Operating	\$ 1,526,085.60
Federal Grant Revenue—Non-Operating	21,943,089.82
Federal Pass-through Revenue—Operating	571,086.26
Federal Pass-through Revenue—Non-Operating	96,550.86
Total Federal Revenues	24,136,812.54
Reconciling Items: New Loans Processed	
Federal Direct Student Loans Processed	25,771,409.00
	\$49,908,221.54

Note 3a: Student Loans Processed and Administrative Costs Recovered

	Beginning Balance of Outstanding Loans as of 8/31/2021	New Loans Processed, does not include Admin Cost Recovered	CY Admin Cost Recovered, includes PYs only if applicable
<hr/>			
Federal Grantor/CFDA Number/Program Name			
U.S. Department of Education			
84.038 Federal Perkins Loan Program			
84.268 Federal Direct Student Loans Program		\$25,771,409.00	
Total Department of Education		\$25,771,409.00	
<hr/>			
	Total Loans Processed & Admin Cost Recovered	Repayment/Adjustment Activity (PY + CY)	Outstanding Balance of Loans as of 8/31/2022
Federal Grantor/CFDA Number/Program Name			
U.S. Department of Education			
84.038 Federal Perkins Loan Program			
84.268 Federal Direct Student Loans Program	\$25,771,409.00	\$25,771,409.00	
Total Department of Education	\$25,771,409.00	\$25,771,409.00	

Note 5: Unemployment Insurance

Not Applicable

Note 6: Rebates from the Special Supplemental Food Program for Women, Infants, and Children (WIC)

Not Applicable

Note 7: Federal Deferred Revenue

Not Applicable

Note 8: Disaster Grants—Public Assistance

Not Applicable

Note 9: Economic Adjustment Assistance

Not Applicable

Note 10 - 10% de Minimis Indirect Cost Rate

The university does not elect to use the 10% de minimis indirect cost rate because it has a provisional rate of 50% of direct salaries and wages including all fringe benefits on grants, contracts and other agreements with the Federal Government that was negotiated with the Department of Health and Human Services in 2018, which extends through August 31, 2024, or until a new rate is negotiated. The university submitted a new rate proposal in May of 2022.

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**Schedule 1B - Schedule of State Grant Pass-Through From/To State Agencies
For the Years Ended August 31**

<u>Operating Revenue:</u> Pass-Through From:	2022	2021
UT System (Agy #720)		
Joint Admission Medical Program (JAMP)	\$ 7,105.31	\$ 12,317.48
Texas Military Department (TMD-Agy #401)		
Texas Higher Education Coordinating Board (Agy #781)		
College Work Study Program	33,403.00	28,179.00
Strategic Planning and Funding		
Nursing and Allied Health	4,748.39	36,922.21
Professional Nursing Shortage Reduction Program		
TEXAS Grant Program	4,294,987.00	4,179,715.00
Texas Grants B.1.10	262,084.00	
Top 10% Scholarships		
Texas State Board of Public Accountancy (TSBPA – Agy #457)		
5 th Year Accounting	3,000.00	
Total Operating Pass-Through Revenue (Exhibit II)	\$4,605,327.70	\$4,257,133.69
 Pass-Through To:		
None		
 <u>Non-Operating Revenue:</u> Pass-Through From:		
Texas Commission on the Arts (TCA—Agy #813)		
Various Projects	\$ 5,500.00	\$ 5,400.00
Total Non-Operating Pass-Through Revenue	\$ 5,500.00	\$ 5,400.00
 Pass-Through To:		
None		

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**Midwestern State University
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2022**

Business Type Activities

Description of Issue	Bonds Issued To Date	Range of Interest Rates	Scheduled Maturities		
			First Year	Final Maturity Date	First Call Date
Revenue Bonds:					
Revenue and Refunding Bonds:					
Series 2012B	\$ 5,415,000.00	0.50% - 3.25%	2013	12/01/2024	12/01/2022
Revenue and Refunding Bonds:					
Series 2015A	53,335,000.00	2.00% - 5.00%	2016	12/01/2044	06/01/2025
Revenue and Refunding Bonds:					
Series 2015B	3,755,000.00	0.515% - 2.957%	2016	12/01/2021	None
Revenue and Refunding Bonds:					
Series 2016A	72,250,000.00	2.00% - 5.00%	2016	12/01/2035	12/01/2026
Revenue and Refunding Bonds:					
Series 2016B	11,790,000.00	1.426% - 2.666%	2019	12/01/2034	12/01/2026
Total	\$146,545,000.00				

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Midwestern State University

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Midwestern State University
Schedule 2B - Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2022

Business Type Activities

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Description of Issue	Bonds Outstanding 09-01-2021	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished
Revenue Bonds:				
Revenue Financing System Series 2012B	\$ 2,405,000.00		\$ 575,000.00	
Revenue Financing System Series 2015A	49,130,000.00		1,030,000.00	
Revenue Financing System Series 2015B	490,000.00		490,000.00	
Revenue Financing System Series 2016A	61,455,000.00		3,065,000.00	
Revenue Financing System Series 2016B	10,460,000.00		680,000.00	
Total	<u>\$123,940,000.00</u>	<u>\$0.00</u>	<u>\$5,840,000.00</u>	<u>\$0.00</u>

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Bonds Outstanding 08-31-2022	Unamortized Premium	Unamortized Discount	Net Bonds Outstanding 08-31-2022	Amounts Due Within One Year
\$ 1,830,000.00			\$ 1,830,000.00	\$ 590,000.00
48,100,000.00	\$ 2,093,339.68		50,193,339.68	1,730,151.81
0.00			0.00	0.00
58,390,000.00	8,202,415.62		66,592,415.62	3,800,886.83
9,780,000.00			9,780,000.00	695,000.00
<u>\$118,100,000.00</u>	<u>\$10,295,755.30</u>	<u>\$0.00</u>	<u>\$128,395,755.30</u>	<u>\$6,816,038.64</u>

Midwestern State University

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**Midwestern State University
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2022**

Business Type Activities

Description of Issue	2023	2024	2025	2026	2027
Revenue Financing System Revenue Bonds:					
Series 2012B					
Principal	\$ 590,000.00	\$ 610,000.00	\$ 630,000.00		
Interest	48,854.35	30,150.85	10,209.15		
Revenue Financing System Revenue and Refunding Bonds:					
Series 2015A					
Principal	1,635,000.00	1,750,000.00	1,880,000.00	\$2,020,000.00	\$2,165,000.00
Interest	2,088,231.26	2,003,606.26	1,912,856.26	1,815,356.26	1,710,731.26
Revenue Financing System Revenue and Refunding Bonds:					
Series 2016A					
Principal	3,215,000.00	3,375,000.00	3,545,000.00	3,735,000.00	3,920,000.00
Interest	2,474,275.00	2,309,525.00	2,136,525.00	1,954,525.00	1,763,150.00
Revenue Financing System Revenue and Refunding Bonds:					
Series 2016B					
Principal	695,000.00	715,000.00	735,000.00	750,000.00	770,000.00
Interest	283,390.95	267,669.00	250,369.65	231,684.60	211,798.00
Total	<u>\$11,029,751.56</u>	<u>\$11,060,951.11</u>	<u>\$11,099,960.06</u>	<u>\$10,506,565.86</u>	<u>\$10,540,679.26</u>
Less Interest	<u>(4,894,751.56)</u>	<u>(4,610,951.11)</u>	<u>(4,309,960.06)</u>	<u>(4,001,565.86)</u>	<u>(3,685,679.26)</u>
Total Principal	<u>\$ 6,135,000.00</u>	<u>\$ 6,450,000.00</u>	<u>\$ 6,790,000.00</u>	<u>\$ 6,505,000.00</u>	<u>\$ 6,855,000.00</u>

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Midwestern State University

2028-32	2033-37	2038-42	2043-45	Total Requirements
				\$ 1,830,000.00
				89,214.35
\$ 9,940,000.00	\$ 8,605,000.00	\$11,385,000.00	\$8,720,000.00	48,100,000.00
7,043,056.30	4,974,506.30	3,007,828.18	553,781.29	25,109,953.37
22,150,000.00	18,450,000.00			58,390,000.00
5,986,975.00	1,401,200.00			18,026,175.00
4,025,000.00	2,090,000.00			9,780,000.00
705,382.55	94,408.50			2,044,703.25
\$49,850,413.85	\$35,615,114.80	\$14,392,828.18	\$9,273,781.29	\$163,370,045.97
(13,735,413.85)	(6,470,114.80)	(3,007,828.18)	(553,781.29)	(45,270,045.97)
\$36,115,000.00	\$29,145,000.00	\$11,385,000.00	\$8,720,000.00	\$118,100,000.00

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Midwestern State University

Unaudited

Midwestern State University
Schedule 2D - Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2022

Business Type Activities

Description of Issue

Pledged and Other Sources and Related Expenditures for FY 2022

Net Available for Debt Service

Revenue Financing System Revenue Bonds	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Debt Service	
			Principal	Interest
Revenue and Refunding Bonds: Series 2012B			575,000.00	65,993.18
Revenue and Refunding Bonds: Series 2015A			1,030,000.00	2,154,856.26
Revenue and Refunding Bonds: Series 2015B			490,000.00	7,244.65
Revenue and Refunding Bonds: Series 2016A			3,065,000.00	2,631,275.00
Revenue and Refunding Bonds: Series 2016B			680,000.00	297,349.70
Total for all Revenue Financing System Revenue Bonds	\$85,629,217.92	\$43,164,449.00	\$5,840,000.00	\$5,156,718.79

ANNUAL FINANCIAL REPORT

Midwestern State University

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**Midwestern State University
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2022**

Business Type Activities

Description of Issue	Year Refunded	Par Value Outstanding
Revenue Financing System Revenue and Refunding Bonds Series 2007	2015	\$11,215,000.00
Revenue Financing System Revenue and Refunding Bonds Series 2008	2016	23,995,000.00
Revenue Financing System Revenue and Refunding Bonds Series 2010	2016	4,625,000.00
Total		\$39,835,000.00

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Midwestern State University
Schedule 2F - Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2022

Business Type Activities

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Description of Issue	Category	Amount Extinguished/Refunded	Refunded Issued Par	Cash Flow Increase/(Decrease)	Economic Gain/(Loss)
None for the Year Ended					
		_____	_____	_____	_____
		_____	_____	_____	_____

Midwestern State University

Unaudited

Midwestern State University
Schedule 3 - Reconciliation of Cash in State Treasury
For the Years Ended August 31

Cash in State Treasury	Unrestricted	Restricted	Current Year	Prior Year
General Revenue - Dedicated Fund 0264	\$4,414,304.50		\$4,414,304.50	\$3,640,828.85
Corona Virus Relief Fund—Fund 0325		\$21,901.39	21,901.39	96,235.94
Special Mineral Fund - 0412				5,100.11
Total Cash – State Treasury (Stmnt of Net Position)	\$4,414,304.50	\$21,901.39	\$4,436,205.89	\$3,326,408.09

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255-ACRE CAMPUS

1

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Texas to become
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COLLEGES

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