

**Midwestern State University**  
**Financial Report**  
**(Unaudited)**  
**For The Year Ended**  
**August 31, 2015**



# Midwestern State University

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**Office of the President**

3410 Taft Boulevard Wichita Falls, Texas 76308-2099  
o 940.397.4211 f 940.397.4010

November 18, 2015

Honorable Greg Abbott, Governor  
Honorable Glenn Hegar, State Comptroller  
Ursula Parks, Director, Legislative Budget Board  
John Keel, CPA, State Auditor

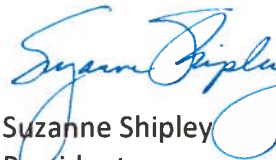
Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of Midwestern State University for the year ended August 31, 2015, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (CAFR). Therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Mr. Chris Stovall at (940) 397-4273.

Sincerely,



Suzanne Shipley  
President





**Business Affairs and Finance**  
3410 Taft Boulevard Wichita Falls, Texas 76308-2099  
o 940.397.4117 f 940.397.4302

November 18, 2015

Dr. Suzanne Shipley, President  
Midwestern State University  
Wichita Falls, TX 76308

Dear Dr. Shipley,

Submitted herein is the Annual Financial Report of Midwestern State University for the fiscal year ended August 31, 2015.

The financial statements in this report have been prepared in conformity with the General Provisions of the Appropriations Act, Article IX, and in accordance with the requirements established by the Comptroller of Public Accounts.

The accompanying Annual Financial Report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (CAFR). Therefore, an opinion has not been expressed on the statements and related information contained in this report.

We are prepared to answer any questions you may have about the Annual Financial Report or the Schedule of Expenditures of Federal Awards.

Respectfully Submitted,

  
Chris Stovall  
Controller

Approved:



Marilyn Fowlé, Vice President  
Business Affairs and Finance

**mwsu.edu**

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# Midwestern State University

## ORGANIZATIONAL DATA August 31, 2015

### THE BOARD OF REGENTS

#### Term Expires May 31, 2016

Ms. Megan Piehler, Student Regent	Wichita Falls
-----------------------------------	---------------

#### Term Expires February 25, 2016

Mr. Michael Bernhardt	Wichita Falls
Mr. J. Kenneth Bryant	Wichita Falls
Ms. Tiffany D. Burks	Grand Prairie

#### Term Expires February 25, 2018

Dr. F. Lynwood Givens	Plano
Mr. Jeff Gregg	Seymour
Mr. Samuel M. Sanchez	Keller

#### Term Expires February 25, 2020

Mr. R. Caven Crosnoe	Wichita Falls
Mr. Shawn G. Hessing	Fort Worth
Ms. Nancy Marks	Wichita Falls

Ms. Kathryn A. Yeager, Regent Emeritus  
Mr. Mac Cannedy, Jr., Regent Emeritus

### PRESIDENT

Dr. Suzanne Shipley

### UNIVERSITY FISCAL OFFICERS

Dr. Marilyn Fowlé	Vice President for Business Affairs & Finance
Mr. Chris Stovall, CPA	Controller

# Midwestern State University

## Management's Discussion & Analysis - Unaudited

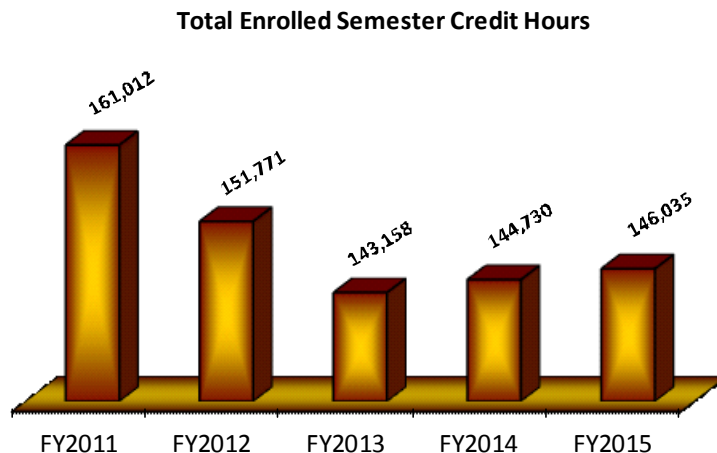
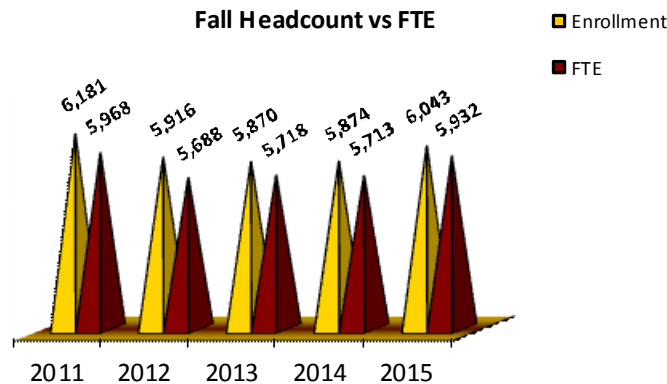
The objective of Management's Discussion and Analysis is to help readers of Midwestern State University's financial statements better understand the financial position and operating activities of the university for the fiscal years ended August 31, 2015 and 2014.

Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with university administration.

The following discussion should be read in conjunction with the accompanying transmittal letter, financial statements, and note disclosures.

The following graph illustrates the comparison and movement of total student enrollment and full time equivalent (FTE) student growth since 2011. Increased academic standards and a decline in local college age population help explain the enrollment decline through 2014. The recent increase in enrollment and semester credit hours can be attributed to an aggressive recruitment plan including more concentrated efforts to recruit students from the DFW Metroplex. The university expects large incoming residential classes to continue. The addition of a new 500-bed freshman residence hall is projected to open for the fall 2016 semester and will create more capacity for the university to house residential students from outside of the local geographic area.

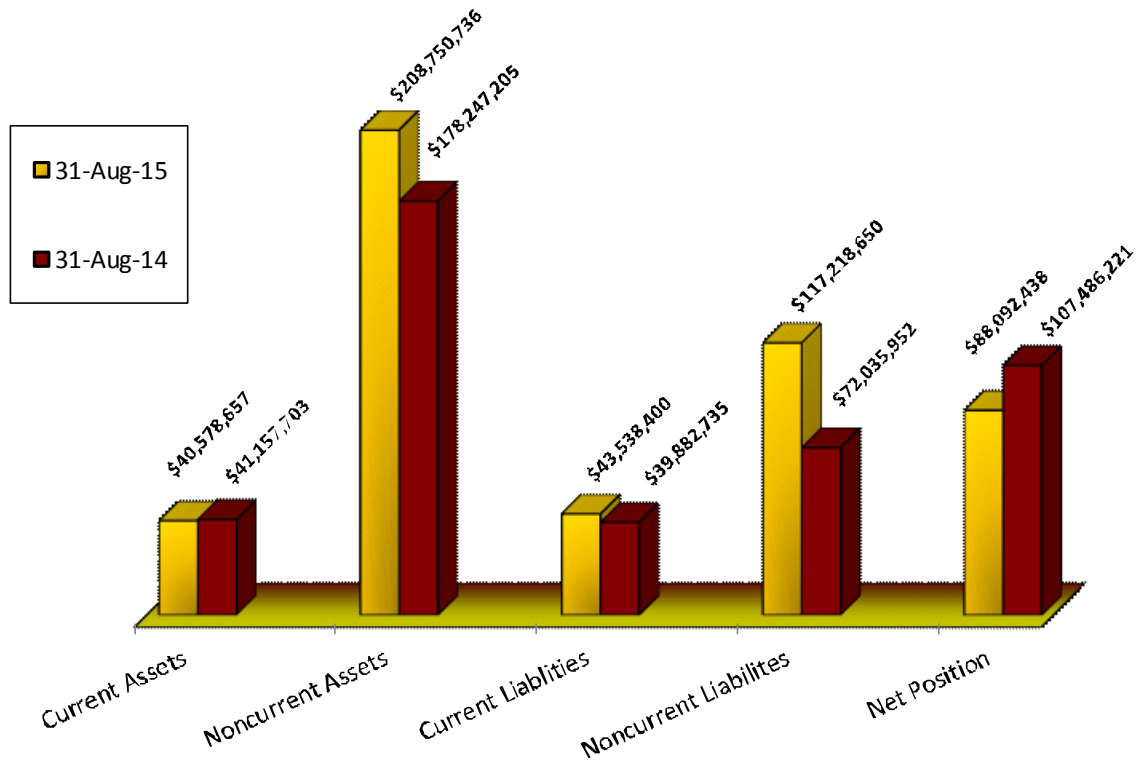
In 2011, the university changed its academic standards to ensure students were prepared to pursue higher education. The increase in standards has created growth in student retention as more of our freshmen are better prepared for college which also improves graduation rates. Graduation rates may become financially important to the university as future state appropriations are contingent on such successful outcomes. In addition, the university is one of the few institutions in Texas capable of offering in-state tuition rates plus a \$65.00/semester credit hour assessment to all US citizens, which is a great positive impact on future enrollment.



# Midwestern State University

## Management's Discussion & Analysis - Unaudited

The Statement of Net Position



By reporting information on the university as a whole, these comparative statements highlight for the reader whether or not the year's activities strengthened or weakened the university'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 the university's operating results.

These comparative statements report the current status and changes to the university'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 the university's financial position. Increases in net position show an improvement in financial health while decreases often indicate declining financial stability. However, many other non-financial factors, such as the trend in admission applicants, enrollment, student retention, and condition of the buildings must be considered to accurately assess the overall health of the university. One of the primary reasons for the unusually large decrease in net position from 2014 to 2015 was due to the implementation of GASB Statement No. 68, *Accounting and Reporting for Pensions—An Amendment of GASB Statement No. 27* and the simultaneous implementation of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. More specific information about this change in accounting principle can be found in Note 9. As the statement on the adjacent page shows, the university's net position decreased a total of \$19,393,782.45, from \$107,486,220.84 in 2014 to \$88,092,438.39 in 2015.

# Midwestern State University

## Management's Discussion & Analysis - Unaudited

### The Statement of Net Position

	<u>2015</u>	<u>2014</u>
<b>Current Assets</b>	\$ 40,578,657.40	\$ 41,157,702.66
<b>Noncurrent Assets:</b>		
Capital Assets	124,052,995.91	128,809,959.12
Other	84,697,739.91	49,437,246.25
<b>Total Assets</b>	<u>249,329,393.22</u>	<u>219,404,908.03</u>
<b>Deferred Outflows of Resources:</b>		
Related to Pension Contributions	618,431.72	
Unamortized Loss on Debt Refunding	1,251,364.61	
<b>Total Deferred Outflows of Resources</b>	<u>1,869,796.33</u>	<u>0.00</u>
<b>Total Assets and Deferred Outflows</b>	<u>251,199,189.55</u>	<u>219,404,908.03</u>
<b>Current Liabilities</b>	43,538,399.53	39,882,734.79
<b>Noncurrent Liabilities</b>	117,218,650.25	72,035,952.40
<b>Total Liabilities</b>	<u>160,757,049.78</u>	<u>111,918,687.19</u>
<b>Deferred Inflows of Resources:</b>		
Related to Pension Contributions	2,349,701.38	
<b>Total Deferred Inflows of Resources</b>	<u>2,349,701.38</u>	<u>0.00</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>163,106,751.16</u>	<u>111,918,687.19</u>
<b>Net Position:</b>		
Invested in Capital Assets	49,444,345.29	54,838,878.39
Restricted for:		
Debt Retirement		
Nonexpendable	4,463,100.97	4,375,727.45
Expendable:		
Capital Projects	748,463.68	1,842,365.98
Restricted by Contributor	11,669,327.71	12,880,943.23
Unrestricted	21,767,200.74	33,548,305.79
<b>Total Net Position</b>	<u>88,092,438.39</u>	<u>107,486,220.84</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$251,199,189.55</u>	<u>\$219,404,908.03</u>

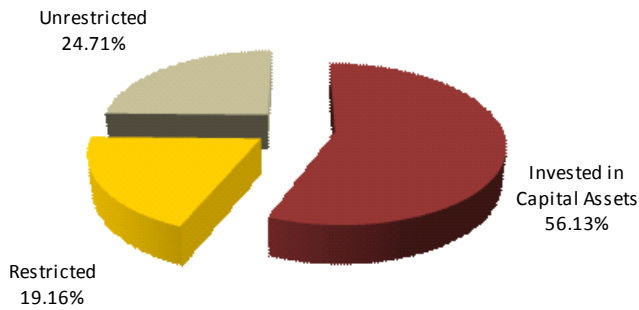


# Midwestern State University

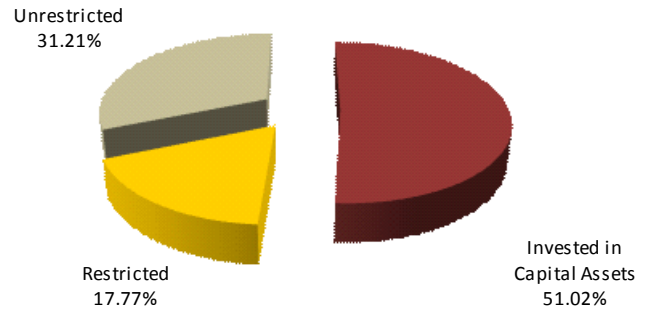
## Management's Discussion & Analysis - Unaudited

The following charts indicate the changes in net position for the year ended August 31, 2015 as compared to the previous year.

**Net Position - August 31, 2015**

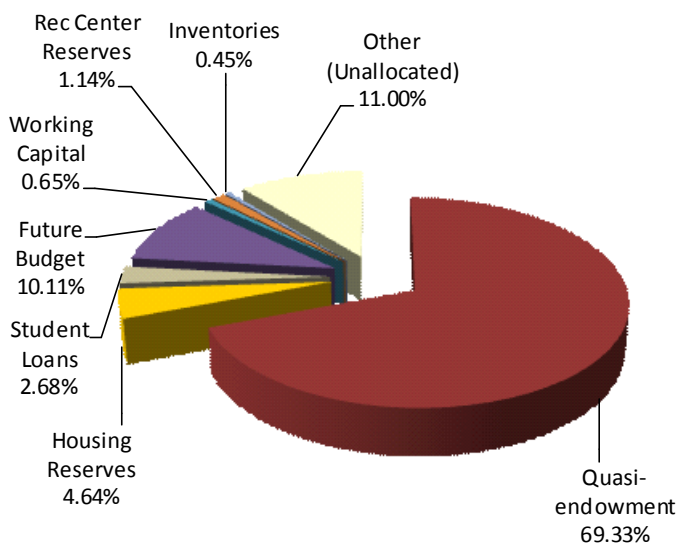


**Net Position - August 31, 2014**

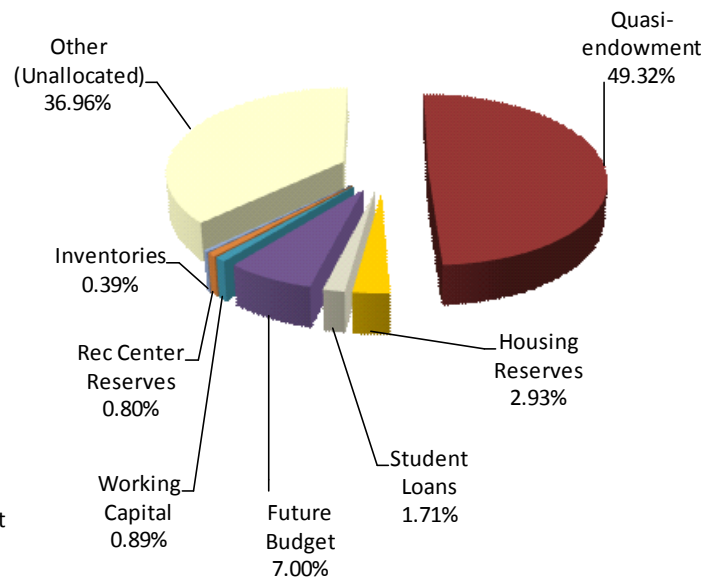


The university reports unrestricted net position of 24.71% of total net position for the year ended August 31, 2015 and 31.21% for the prior year. Although unrestricted, most of these funds have been designated for specific purposes. The following charts show how funds have been allocated:

**Allocation of Unrestricted Net Position  
August 31, 2015**



**Allocation of Unrestricted Net Position  
August 31, 2014**



# Midwestern State University

## Management's Discussion & Analysis - Unaudited

### The University's Results of Operations

The statement of revenues, expenses, and changes in net position reflects the university's operating results for the fiscal years ended August 31, 2015 and 2014. The comprehensive statements indicate the financial condition of the university, and comparatively analyze in what direction the university is moving. The following statements reveal the operating results of the university, 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. Annual state appropriations, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

The statement below compares the operating results of the university for the years ended August 31, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
<b>Operating Revenue:</b>		
Net tuition and fees	\$ 32,477,812.01	\$ 31,281,819.39
Grants and contracts	4,610,873.81	5,189,141.94
Sales and Service of Educational Activities	1,541,883.97	1,517,370.52
Sales and Services of Auxiliary Enterprises	9,988,279.06	9,165,772.35
Other	1,322,818.00	1,413,256.24
Total Operating Revenue	<u>49,941,666.85</u>	<u>48,567,360.44</u>
<b>Total Operating Expenses</b>	<u>(96,044,267.39)</u>	<u>(91,816,157.83)</u>
Operating Loss	(46,102,600.54)	(43,248,797.39)
<b>Non-Operating Revenues (Expenses):</b>		
State Appropriations	17,012,175.00	17,039,451.35
Other State Appropriations	5,052,929.85	4,901,343.38
Federal Grants	8,474,924.37	8,316,438.01
Federal Pass-Through Grants	7,552.94	2,000.00
State Pass-Through Grants from Other Agencies	99,871.00	270,071.00
Gifts	5,091,510.26	7,380,693.44
Insurance Recovery in Subsequent Year		1,795,531.14
Other Non-Operating Revenues (Expenses)	22,030.48	(15,357.50)
Investment Income	1,622,537.91	1,618,380.81
Net Increase (Decrease) in Fair Value of Investments	(2,423,268.69)	3,434,194.59
Debt Issuance Costs	(510,499.52)	
Net Book Value of Capital Asset Disposals	(1,589.78)	(134,005.13)
Interest Expense on Capital Asset Financing	(3,060,795.48)	(3,247,235.29)
Total Non-Operating Revenue (Expense)	<u>31,387,378.34</u>	<u>41,361,505.80</u>
Income (Loss) Before Capital Contributions, Additions to Endowments, and Special Items	(14,715,222.20)	(1,887,291.59)
Capital Contributions, Additions to Endowments, & Special Items		
Capital Contributions	759,760.00	9,268,395.65
HEAF Appropriation	3,559,433.00	3,559,433.00
Additions to Endowments	465,998.96	337,110.60
Transfers In	84,890.00	0.99
Transfers Out	(840,840.94)	(777,587.85)
<b>Increase (Decrease) in Net Position</b>	<u>(10,685,981.18)</u>	<u>10,500,060.80</u>
<b>Net Position, Beginning of Year</b>	107,486,220.84	97,003,660.04
Restatements	(8,707,801.27)	(17,500.00)
Net Position, Beginning of Year, Restated	98,778,419.57	96,986,160.04
<b>Net Position, End of Year</b>	<u>\$ 88,092,438.39</u>	<u>\$107,486,220.84</u>

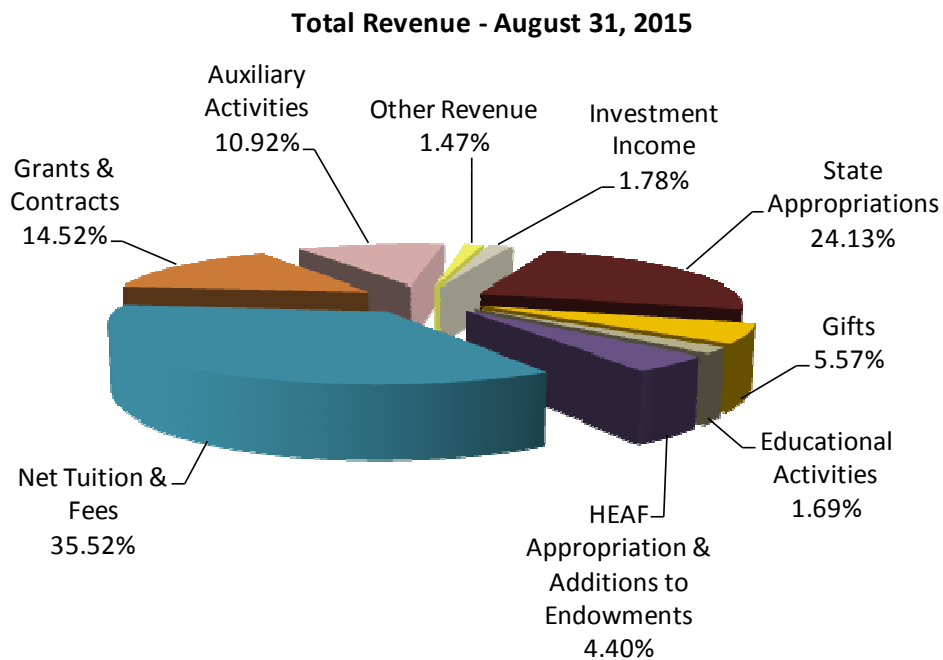
Year  
Ended  
8-31-2015  
(UNAUDITED)

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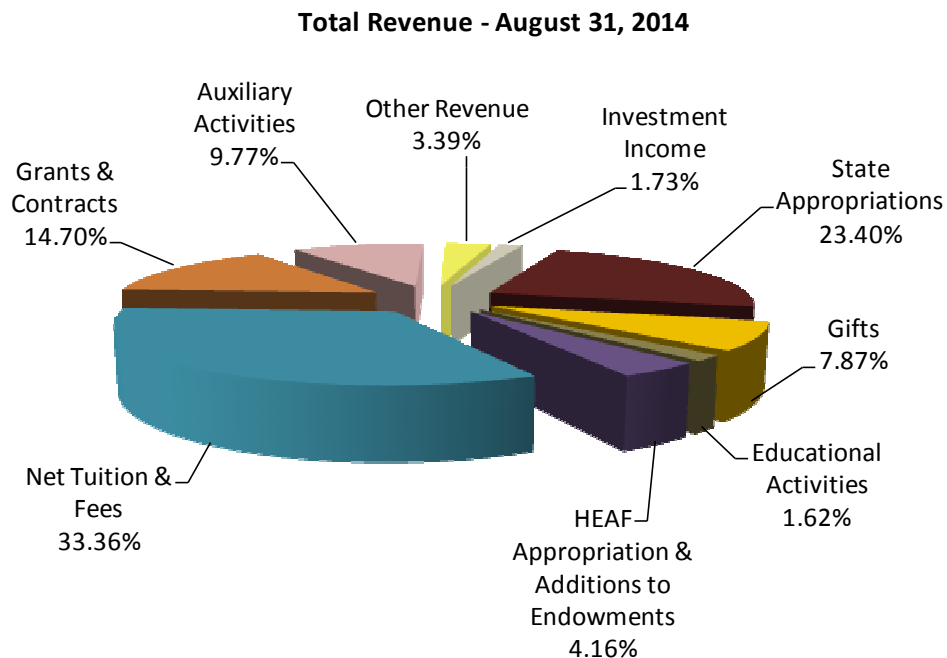
# Midwestern State University

## Management's Discussion & Analysis - Unaudited

This chart identifies the components of total revenue for the year ended August 31, 2015.



This chart reflects the same information for the year ended August 31, 2014.



# Midwestern State University

## Management's Discussion & Analysis - Unaudited

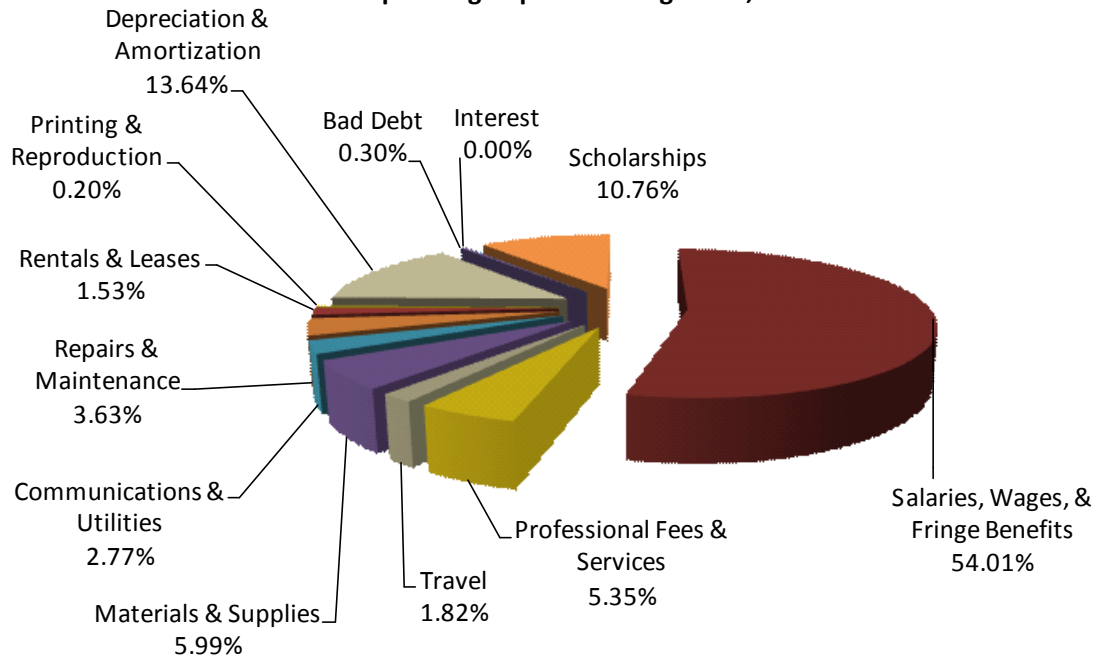
Total operating expenses for the year ended August 31, 2015 were \$96,044,267.39 as compared to \$91,816,157.83 for the previous year. The following charts compare the distribution of operating expenses between fiscal year 2015 and fiscal year 2014.

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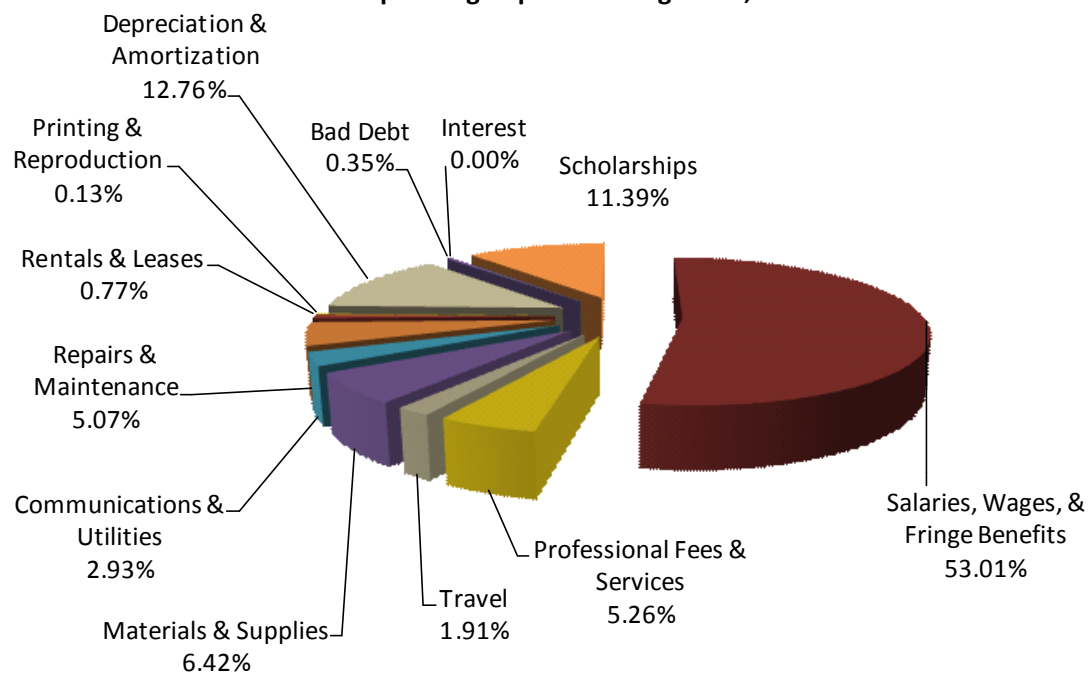
F  
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C  
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A  
L

R  
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P  
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T

**Total Operating Expenses - August 31, 2015**



**Total Operating Expenses - August 31, 2014**





# Midwestern State University

## Management's Discussion & Analysis - Unaudited

### The University's Cash Flows

The Statement of Cash Flows represents the university's significant sources and uses of cash. It is designed to help users assess the university's ability to generate future cash flows, its ability to meet obligations as they come due, and its need for external financing.

	<u>Cash Flows</u>	
	<u>2015</u>	<u>2014</u>
Cash provided (used) by:		
Operating activities	\$(28,023,345.25)	\$(30,362,385.42)
Noncapital financing activities	34,226,166.27	38,494,348.79
Capital and related financing activities	29,119,828.81	(7,854,099.85)
Investing activities	<u>(34,287,813.95)</u>	<u>(1,056,488.65)</u>
Net increase (decrease) in cash	1,034,835.88	(778,625.13)
 Cash – Beginning of year	 <u>7,206,625.74</u>	 <u>7,985,250.87</u>
 Cash – End of year	 <u>\$ 8,241,461.62</u>	 <u>\$ 7,206,625.74</u>

There was a net increase in cash of \$1,034,835.88.

Exhibit III, 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 \$33.26 million, grants accounted for \$4 million, and auxiliary enterprises, including housing and dining, accounted for \$10.4 million.

State appropriations in the amount of \$21.7 million were the primary sources of non-capital financing. Although the university 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 \$4.7 million, additions to endowments in the amount of \$466 thousand, and \$8.6 million in Federal non-operating grants.

The primary source of capital and related financing activities was the proceeds received from debt issuance to construct a new 500-bed freshman residence hall and renovate the Fain Fine Arts Center to expand the mass communication program. Other uses of capital and related financing activities came from the completion of the Dalquest Desert Research Station, major exterior renovations to the Wichita Falls Museum of Art at Midwestern State University, and the renovation of the West Campus Annex.

Cash transactions within the investing section of the cash flow statement include the investment of construction bond proceeds in a flexible purchase agreement with Bayerische Landesbank (BLB) and the liquidation of the Redwine Quasi Endowment investment with Luther King Capital Management and subsequent reinvestment in the Texas A&M University System Endowment Fund.

# Midwestern State University

## Management's Discussion & Analysis - Unaudited

### Capital Assets and Debt Administration

#### Capital Assets

As of August 31, 2015, the university had \$124 million invested in capital assets. This figure is net of accumulated depreciation and amortization of \$140.8 million. Depreciation and amortization charges totaled \$13.1 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>2015</u>	<u>2014</u>
Land and Land Improvements	\$ 5,946,107.70	\$ 5,919,952.66
Construction in Progress	4,795,023.22	479,967.98
Buildings and Building Improvements	191,031,306.65	189,483,965.51
Infrastructure	12,823,874.86	12,823,874.86
Facilities Improvements	8,768,106.97	7,341,589.58
Furniture and Equipment	13,499,924.46	12,770,561.16
Vehicles	1,981,491.79	1,966,127.79
Computer Software	10,730,009.48	10,730,009.48
Other Capital Assets	<u>15,353,889.47</u>	<u>15,376,381.22</u>
<b>Total</b>	<u><b>\$264,929,734.60</b></u>	<u><b>\$256,892,430.24</b></u>

Additions to assets of \$8.3 million during fiscal year 2015 included: completion of the Dalquest Desert Research Station, significant exterior renovations to the Wichita Falls Museum of Art at Midwestern State University, the purchase of land adjacent to the museum property for a parking lot addition, a renovation to the West Campus Annex property in order to relocate football administrative offices, and the addition of a parking lot just south of the Prothro Yeager College of Humanities and Social Sciences.

The construction in progress at the end of the year includes construction of a new 500-bed freshman residence hall, renovations to the Fain Fine Arts Center to expand the mass communications program, and exterior improvements to the Prothro Yeager College of Humanities and Social Sciences.

Further financial information about the university's capital assets is presented in Note 2 of the notes to the financial statements.

#### Debt

At year-end, the university had \$172 million in outstanding debt. Outstanding debt for the year ended August 31, 2014 was \$106.2 million. The table below summarizes the amount of outstanding debt by type of instrument for the year ended August 31, 2015 compared with August 31, 2014.

	<u>2015</u>	<u>2014</u>
Revenue Bonds	\$107,938,327.61	\$ 73,124,784.49
General Obligation Bonds (HEAF)		
Accrued long term interest payable on bonds	<u>64,151,824.60</u>	<u>33,174,046.66</u>
<b>Total</b>	<u><b>\$172,090,152.21</b></u>	<u><b>\$106,298,831.15</b></u>

Debt repayments made during the year included principal in the amount of \$4,215,000.00 and interest in the amount of \$2,995,649.06.

Moody's Investor Services has assigned an A1 bond rating to the university's bonds, and Fitch has assigned an AA- rating. More detailed bond information is disclosed in Schedule 2A, 2B, 2C, 2D, 2E and 2F.

# Midwestern State University

## Management's Discussion & Analysis - Unaudited

### Factors Affecting the Future of Midwestern State University

Midwestern State University (MSU), like universities throughout the United States, faces numerous future challenges. MSU has developed a strategic plan to provide a framework to address these challenges with an eye to the long-term prosperity of the university.

#### INTERNAL STRENGTHS

The following are areas of strength that MSU can use to advance itself toward its goals.

Positive reputation – MSU has a positive reputation and a loyal base of donors. This strength enhances the ability to recruit students and benefit from external gifts. MSU has received substantial gifts from members of the local community.

Council of Public Liberal Arts Colleges (COPLAC) membership – MSU is a member of COPLAC, which complements the university's standing as a public liberal arts institution. MSU is committed to a strong liberal arts experience for students in all majors. COPLAC values interdisciplinary opportunities, close faculty and student interactions, and opportunities for faculty-supervised research.

Educational value – MSU, given its student orientation and highly qualified faculty, is able to provide excellent educational outcomes at a moderate price. In 2013, MSU was ranked a top college in Texas for greatest lifetime return on investment by AffordableCollegesOnline.org (AC Online). The ranking identified the 49 colleges in Texas where degrees pay off the most and MSU ranked No. 15 on the list.

#### EXTERNAL ENVIRONMENT

A number of patterns in the operating environment will affect MSU in the future.

#### LOCAL AND STATE DEMOGRAPHICS

The local area's population growth is expected to remain flat during the next 10 years.

The proportion of the local population that will be college age in the next decade is declining. Census data from 2000 and 2010 indicate that the number of 10- to 14-year-olds dropped from just more than 9,000 to just more than 8,000, and the number of 15- to 19-year-olds declined from approximately 12,000 to approximately 10,500.

Texas state population will continue to grow into the next decade. The rate of growth may be slightly lower than in the past, but it will remain robust. Much of the population growth will occur in Texas' metropolitan areas including Dallas/Fort Worth, Austin, San Antonio, and Houston.

#### PREPARATION OF STUDENTS

A sizable proportion of students seeking admission to MSU will continue to be under-prepared for college-level work. Texas ranks in the middle of states on measures of math and reading proficiency for fourth- and eighth-graders and mean SAT scores for Texas indicate that Texas students are under-performing compared to students throughout the United States.

Students admitted to MSU will continue to be from groups for which retention is challenging, including first-generation college students, students from low-wage families, and students with outside employment.

# Midwestern State University

## Management's Discussion & Analysis - Unaudited

### TECHNOLOGY

Technological change will continue to be very rapid, requiring frequent updates and additions to keep pace with technological applications outside of the university.

Entering students will expect the use of technology such as social networking, computer-based interactive educational programs, webinars, and learning modules that can be downloaded to smart phones. Required investments in technology will not only be for discipline-specific purposes, but also for all areas of instruction.

### FINANCIAL

MSU continues to receive less than 25% of its funding from the State of Texas, while costs increase. Capital investment to keep pace with technology is needed and, as federal financial aid dollars are diminished, the demand for university financial aid support increases.

Midwestern State University continues to seek private funding to supplement tuition and fees and state funding in order to provide the rigorous education that will allow students to compete in an ever increasingly competitive job environment.

### ENROLLMENT

MSU realized increased enrollment of 2.8%, or 169 students, for the fall 2015 term. Of this, the first-time full-time (FTFT) cohort was again large (820), continuing a trend first realized in fall 2013. In addition, transfer students increased by some 14 students, and Graduate School enrollment increased 26 students to 756 students.

The incoming FTFT cohort is largely residential in nature with 71.8% of students originating in areas other than Wichita Falls. The proportion of the class includes 35% from DFW; 5.4% from Houston; 4.4% from Austin, which is an increase of 2.6%; and 28.2% from Wichita County, which is an increase of 1.4%. As such, MSU again finds itself in a housing deficit, with occupancy at 112% of capacity, the overflow being housed at a nearby privatized student housing complex.

In addition to domestic students, international student enrollment has increased and now represents 9.5% of overall enrollment. The incoming international student class is comprised of 141 students from a record 35 different countries. Overall, there are 577 international students from 54 different countries.

MSU expects the large incoming residential classes to continue, largely fueled by MSU's unique offerings and niche, proximity to DFW, and the growth expected to continue in the DFW Metroplex. To this end, a DFW-based Assistant Director of Admissions began in October 2015, with plans to add DFW-based Admissions Counselors over the next three years. A new 500-bed residence hall will open for the fall 2016 term, and projections have MSU at a housing deficit again in fall 2018, despite a 143% increase in housing capacity since 2002.

# Midwestern State University

Unaudited

**Midwestern State University**  
**Exhibit I**  
**Comparative Statement of Net Position**  
**August 31**

**ASSETS AND DEFERRED OUTFLOWS**

<b>Current Assets:</b>	<b>2015</b>	<b>2014</b>
<u>Cash and Cash Equivalents:</u>		
Cash on Hand	\$ 16,300.00	\$ 16,300.00
Cash in Bank	6,622,911.07	8,310,466.68
Cash in State Treasury	3,227,195.04	4,394,330.56
Short-term Investments	9,173,213.92	9,990,287.80
State Appropriations	2,549,821.09	2,233,497.01
<u>Restricted:</u>		
Cash and Cash Equivalents:		
Cash in Bank	(1,624,944.49)	(5,514,471.50)
Notes and Loans Receivable	10,217.29	10,097.79
<u>Net Receivables:</u>		
Student Receivables	8,545,439.32	8,190,492.17
Federal Receivables	262,695.87	241,709.18
Other Intergovernmental Receivables	98,352.16	0.99
Interest and Dividends	14,788.95	41,022.14
Other Receivables	1,314,056.25	1,473,851.24
Pledges Receivable	627,587.85	2,146,500.55
Consumable Inventories	223,123.25	237,954.62
Prepaid Expenses	9,517,899.83	9,385,663.43
<b>Total Current Assets</b>	<b>40,578,657.40</b>	<b>41,157,702.66</b>
<b>Noncurrent Assets:</b>		
<u>Restricted:</u>		
Short-term Investments	37,295,363.60	(35,068.37)
Investments	5,865,167.62	7,042,125.19
Loans and Contracts	37,882.51	48,219.30
Other Long-term Investments	38,651,303.09	40,495,803.59
Pledges Receivable	1,857,770.56	840,892.67
Other Noncurrent Assets	990,252.53	1,045,273.87
<u>Capital Assets, Non-depreciable:</u>		
Land and Land Improvements	\$5,946,107.70	\$5,919,952.66
Construction in Progress	4,795,023.22	479,967.98
Other Capital Assets	3,533,965.30	3,533,965.30
<u>Capital Assets, Depreciable:</u>		
Buildings & Building Improvements	191,031,306.65	189,483,965.51
Less Accumulated Depreciation	(101,228,112.33)	(93,397,355.95)
Infrastructure	12,823,874.86	12,823,874.86
Less Accumulated Depreciation	(6,329,966.08)	(5,885,639.56)
Facilities and Other Improvements	8,768,106.97	7,341,589.58
Less Accumulated Depreciation	(4,647,684.97)	(4,313,001.82)
Furniture and Equipment	13,499,924.46	12,770,561.16
Less Accumulated Depreciation	(11,163,495.85)	(10,197,189.31)
Vehicles	1,981,491.79	1,966,127.79
Less Accumulated Depreciation	(1,142,521.89)	(1,007,847.06)
Other Capital Assets	11,819,924.17	11,842,415.92
Less Accumulated Depreciation	(10,287,080.71)	(10,161,577.84)
<u>Intangible Capital Assets, Amortizable:</u>		
Computer Software	10,730,009.48	10,730,009.48
Less Accumulated Amortization	(6,077,876.86)	(3,119,859.58)
<b>Total Noncurrent Assets</b>	<b>208,750,735.82</b>	<b>178,247,205.37</b>
<b>Total Assets</b>	<b>\$249,329,393.22</b>	<b>\$219,404,908.03</b>

Year  
Ended  
8-31-2015  
(UNAUDITED)



<b>Deferred Outflows of Resources:</b>	<b>2015</b>	<b>2014</b>
Deferred Outflows-Related to Pension Contributions	\$ 618,431.72	
Deferred Outflows-Unamortized Loss on Debt Refunding	1,251,364.61	
<b>Total Deferred Outflows of Resources</b>	<b>1,869,796.33</b>	<b>\$ 0.00</b>
<b>Total Assets and Deferred Outflows</b>	<b>251,199,189.55</b>	<b>219,404,908.03</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable	6,572,412.31	4,659,516.93
Accrued Payroll Payable	4,538,469.02	4,242,984.03
Employees' Compensable Leave	164,468.13	163,730.88
Room/Property Deposits	67,489.39	64,470.14
Unearned Revenues	27,187,568.53	26,003,261.97
Retainages and Contracts	213,934.54	7,447.14
Funds Held for Others	128,672.98	116,199.25
Capital Lease	27,508.82	74,460.92
Due to Other Agencies (SECO Loan)	266,821.51	261,551.13
Unamortized Discount on 2007 Rev Bonds		(12,344.13)
Unamortized Premium on 2008 Rev Bonds	105,902.49	86,456.53
Unamortized Premium on 2015A Rev Bonds	95,151.81	
Revenue Bonds Payable	4,170,000.00	4,215,000.00
<b>Total Current Liabilities</b>	<b>43,538,399.53</b>	<b>39,882,734.79</b>
<b>Noncurrent Liabilities:</b>		
Employees' Compensable Leave	1,553,537.19	1,454,626.85
Net Pension Liability	7,687,154.17	
Room/Property Deposits	192,799.15	190,095.40
Capital Lease	34,326.25	
Due to Other Agencies (SECO Loan)	1,256,980.95	1,523,802.46
Unamortized Discount on 2007 Rev Bonds		(209,533.69)
Unamortized Premium on 2008 Rev Bonds	61,274.39	167,176.89
Unamortized Premium on 2015A Rev Bonds	2,664,250.54	
Revenue Bonds Payable	103,768,327.61	68,909,784.49
<b>Total Noncurrent Liabilities</b>	<b>117,218,650.25</b>	<b>72,035,952.40</b>
<b>Total Liabilities</b>	<b>160,757,049.78</b>	<b>111,918,687.19</b>
<b>Deferred Inflows of Resources:</b>		
Deferred Inflows-Related to Pension Contributions	2,349,701.38	
<b>Total Deferred Inflows of Resources</b>	<b>2,349,701.38</b>	<b>0.00</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>163,106,751.16</b>	<b>111,918,687.19</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	49,444,345.29	54,838,878.39
Restricted for:		
Debt Retirement		
Nonexpendable	4,463,100.97	4,375,727.45
Expendable:		
Capital Projects	748,463.68	1,842,365.98
Restricted by Contributor	11,669,327.71	12,880,943.23
Unrestricted	21,767,200.74	33,548,305.79
<b>Total Net Position</b>	<b>88,092,438.39</b>	<b>107,486,220.84</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$251,199,189.55</b>	<b>\$219,404,908.03</b>

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

# Midwestern State University

Unaudited

## Midwestern State University

### Exhibit II

#### Comparative Statement of Revenues, Expenses, and Changes in Net Position For the Years Ended August 31

	<u>2015</u>	<u>2014</u>
<b>Operating Revenues:</b>		
Student Tuition and Fees (net of scholarship allowances of \$11,906,532.28 and \$10,812,823.65, respectively)	\$32,477,812.01	\$31,281,819.39
Federal Grants	613,880.35	533,422.28
Federal Pass-Through Grants	120,828.05	127,044.31
State Pass-Through Grants from Other State Agencies	3,326,187.85	3,552,864.18
Other Grants and Contracts	549,977.56	975,811.17
Sales and Services of Educational Activities	1,541,883.97	1,517,370.52
Sales and Services of Auxiliary Enterprises	9,988,279.06	9,165,772.35
Other Operating Revenue	1,322,818.00	1,413,256.24
<b>Total Operating Revenues</b>	<b>49,941,666.85</b>	<b>48,567,360.44</b>
<b>Operating Expenses:</b>		
Salaries and Wages	39,781,931.21	37,387,992.74
Payroll Related Costs	12,089,905.23	11,283,877.96
Professional Fees and Services	5,136,289.17	4,831,819.16
Travel	1,752,044.43	1,742,968.00
Materials and Supplies	5,751,701.44	5,894,134.71
Communications and Utilities	2,659,866.40	2,692,743.63
Repairs and Maintenance	3,483,818.91	4,651,994.95
Rentals and Leases	1,470,843.76	707,362.64
Printing and Reproduction	197,216.53	121,852.08
Depreciation and Amortization	13,102,589.95	11,717,162.53
Bad Debt Expense	286,150.73	324,984.94
Interest	1,378.62	1,331.88
Scholarships	10,330,531.01	10,457,932.61
<b>Total Operating Expenses</b>	<b>96,044,267.39</b>	<b>91,816,157.83</b>
<b>Operating Loss</b>	<b>(46,102,600.54)</b>	<b>(43,248,797.39)</b>
<b>Non-Operating Revenues (Expenses):</b>		
State Appropriations	17,012,175.00	17,039,451.35
Additional State Appropriations	5,052,929.85	4,901,343.38
Federal Grants	8,474,924.37	8,316,438.01
Federal Pass-Through Grants	7,552.94	2,000.00
State Pass-Through Grants from Other State Agencies	99,871.00	270,071.00
Gifts	5,091,510.26	7,380,693.44
Insurance Recovery in Subsequent Year		1,795,531.14
Other Non-Operating Revenues (Expenses)	22,030.48	(15,357.50)
Investment Income	1,622,537.91	1,618,380.81
Net Increase (Decrease) in Fair Value of Investments	(2,423,268.69)	3,434,194.59
Debt Issuance Costs	(510,499.52)	
Net Book Value of Capital Asset Disposals	(1,589.78)	(134,005.13)
Interest Expense on Capital Asset Financing	(3,060,795.48)	(3,247,235.29)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>31,387,378.34</b>	<b>41,361,505.80</b>
<b>Income (Loss) Before Capital Contributions, Additions to Endowments, and Special Items</b>	<b>(14,715,222.20)</b>	<b>(1,887,291.59)</b>

	<u>2015</u>	<u>2014</u>
Capital Contributions	\$ 759,760.00	\$ 9,268,395.65
HEAF Appropriation	3,559,433.00	3,559,433.00
Additions to Endowments	465,998.96	337,110.60
Transfers In	84,890.00	0.99
Transfers Out	<u>(840,840.94)</u>	<u>(777,587.85)</u>
<b>Increase (Decrease) in Net Position</b>	(10,685,981.18)	10,500,060.80
Net Position, Beginning of Year	107,486,220.84	97,003,660.04
Restatements	(8,707,801.27)	(17,500.00)
Net Position, Beginning of Year, Restated	98,778,419.57	96,986,160.04
Net Position, End of Year	<u>\$ 88,092,438.39</u>	<u>\$ 107,486,220.84</u>

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

# Midwestern State University

Unaudited

## Midwestern State University Matrix of Operating Expenses Reported by Function For the Year Ended August 31, 2015

A N N U A L  F I N A N C I A L  R E P O R T		Total Operating Expenses	Instruction	Research	Public Service	Academic Support
	Salaries and Wages	\$39,781,931.21	\$20,940,797.29	\$420,832.88	\$307,514.92	\$2,825,480.61
	Payroll Related Costs	12,089,905.23	6,525,183.36	44,928.80	82,181.38	927,641.23
	Professional Fees and Services	5,136,289.17	677,900.15	21,073.25	34,841.21	1,098,485.41
	Travel	1,752,044.43	522,872.55	121,764.06	17,922.05	278,435.04
	Materials and Supplies	5,751,701.44	687,668.85	123,739.88	140,174.15	703,013.96
	Communications and Utilities	2,659,866.40	54,217.81	139.60	2,695.70	16,489.56
	Repairs and Maintenance	3,483,818.91	198,168.56	945.69	37,970.65	1,098,820.37
	Rentals and Leases	1,470,843.76	150,847.43	572.08	89,822.24	42,355.38
	Printing and Reproduction	197,216.53	46,460.17	2,043.40	9,096.49	48,472.35
	Depreciation and Amortization	13,102,589.95				
	Bad Debt Expense	286,150.73				
	Interest	1,378.62	12.51			77.67
	Scholarships	10,330,531.01				
	Total Operating Expenses	<u>\$96,044,267.39</u>	<u>\$29,804,128.68</u>	<u>\$736,039.64</u>	<u>\$722,218.79</u>	<u>\$7,039,271.58</u>

## Midwestern State University Matrix of Operating Expenses Reported by Function For the Year Ended August 31, 2014

R E P O R T		Total Operating Expenses	Instruction	Research	Public Service	Academic Support
	Salaries and Wages	\$37,387,992.74	\$20,166,741.61	\$ 228,652.51	\$342,417.95	\$2,771,908.72
	Payroll Related Costs	11,283,877.96	5,947,866.86	31,101.78	82,880.69	830,341.46
	Professional Fees and Services	4,831,819.16	627,247.01	13,247.32	146,929.74	1,056,339.70
	Travel	1,742,968.00	623,492.94	70,913.08	23,706.88	211,252.28
	Materials and Supplies	5,894,134.71	684,093.69	119,634.12	183,435.97	451,414.66
	Communications and Utilities	2,692,743.63	57,532.72	1,644.04	2,680.67	19,780.87
	Repairs and Maintenance	4,651,994.95	169,342.25	7,269.89	40,838.49	445,839.52
	Rentals and Leases	707,362.64	194,259.41	531.75	7,786.08	39,264.05
	Printing and Reproduction	121,852.08	46,075.36	6,948.03	9,493.46	31,985.02
	Depreciation and Amortization	11,717,162.53				
	Bad Debt Expense	324,984.94				
	Interest	1,331.88	0.77	23.55	7.36	108.48
	Scholarships	10,457,932.61				
	Total Operating Expenses	<u>\$91,816,157.83</u>	<u>\$28,516,652.62</u>	<u>\$479,966.07</u>	<u>\$840,177.29</u>	<u>\$5,858,234.76</u>

Year  
Ended  
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<u>Student Services</u>	<u>Institutional Support</u>	<u>Operation &amp; Maintenance</u>	<u>Scholarships</u>	<u>Auxiliary Enterprises</u>	<u>Depreciation</u>
\$ 5,811,830.80	\$5,557,805.89	\$2,378,904.01		\$1,538,764.81	
1,790,599.09	1,175,003.94	1,124,186.68		420,180.75	
1,830,708.55	200,630.26	421,496.27		851,154.07	
621,506.26	149,834.44	9,784.39		29,925.64	
828,614.06	589,209.97	535,142.00		2,144,138.57	
237,851.09	(14,876.58)	1,393,160.63		970,188.59	
179,667.20	776,600.25	825,643.45		366,002.74	
162,467.56	43,560.64	6,552.43		974,666.00	
210,631.01	(132,385.32)	1,475.75		11,422.68	
					\$13,102,589.95
286,150.73					
444.86	516.75	320.12		6.71	
			\$10,330,531.01		
<u>\$11,960,471.21</u>	<u>\$8,345,900.24</u>	<u>\$6,696,665.73</u>	<u>\$10,330,531.01</u>	<u>\$7,306,450.56</u>	<u>\$13,102,589.95</u>

<u>Student Services</u>	<u>Institutional Support</u>	<u>Operation &amp; Maintenance</u>	<u>Scholarships</u>	<u>Auxiliary Enterprises</u>	<u>Depreciation</u>
\$ 5,349,215.24	\$4,811,183.51	\$2,288,713.45		\$1,429,159.75	
1,602,525.84	1,379,752.49	1,030,015.06		379,393.78	
2,029,849.66	(55,441.87)	410,251.16		603,396.44	
653,332.13	128,767.13	5,026.53		26,477.03	
954,138.66	732,267.60	646,128.03		2,123,021.98	
186,991.77	(16,816.20)	1,622,949.68		817,980.08	
205,694.73	713,975.83	2,623,065.51		445,968.73	
220,248.68	42,841.21	9,481.80		192,949.66	
109,041.75	(109,480.91)	1,416.61		26,372.76	
					\$11,717,162.53
324,984.94					
593.51	210.63	58.28		329.30	
			\$10,457,932.61		
<u>\$11,636,616.91</u>	<u>\$7,627,259.42</u>	<u>\$8,637,106.11</u>	<u>\$10,457,932.61</u>	<u>\$6,045,049.51</u>	<u>\$11,717,162.53</u>



# Midwestern State University

Unaudited

**Midwestern State University**  
**Exhibit III**  
**Statement of Cash Flows**  
**For the Years Ended August 31**

ANNUAL FINANCIAL REPORT

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities:</b>		
Proceeds Received from Students	\$ 33,260,734.69	\$ 29,878,822.90
Proceeds Received for Sponsored Programs	4,036,734.97	5,869,550.43
Proceeds Received from Auxiliary Enterprises	10,363,161.03	9,608,124.78
Proceeds From Loan Programs	16,004.89	21,581.05
Proceeds From Other Revenues	2,864,701.97	2,930,626.76
Payments to Employees	(50,766,081.30)	(49,353,291.31)
Payments to Suppliers for Good and Services	(17,352,652.20)	(18,069,694.97)
Payments for Scholarships	(10,444,570.68)	(11,246,773.18)
Payments for Interest	(1,378.62)	(1,331.88)
Net Cash Provided (Used) by Operating Activities	<u>(28,023,345.25)</u>	<u>(30,362,385.42)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	21,748,780.77	20,677,740.22
Proceeds from Endowment Gifts	465,998.96	337,110.60
Proceeds from Gifts	4,673,458.21	7,888,402.18
Proceeds (Payments) from Other Noncapital Financing Activities	(488,469.04)	1,780,173.64
Proceeds from Nonoperating Grants	8,582,348.31	8,588,509.01
Transfers in from Other Funds	84,890.00	0.99
Transfers out to Other Funds	(840,840.94)	(777,587.85)
Net Cash Provided by Noncapital Financing Activities	<u>34,226,166.27</u>	<u>38,494,348.79</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Debt Issuance	42,569,287.55	
Proceeds from Capital Gifts	741,760.00	736,294.33
Proceeds from HEAF Appropriations	3,559,433.00	3,559,433.00
Proceeds From Interest on Capital Investments	15,628.74	1,067.90
Payments for Additions to Capital Assets	(8,329,216.52)	(3,165,204.23)
Principal Paid on Capital Related Debt	(5,135,097.78)	(5,729,490.41)
Interest Paid on Capital Related Debt	(4,301,966.18)	(3,256,200.44)
Net Cash Provided by Capital and Related Financing Activities	<u>29,119,828.81</u>	<u>(7,854,099.85)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Interest and Investment Income	662,935.35	3,049,572.56
Proceeds from Sales and Maturities of Investments	81,597,069.39	39,835,240.97
Payments to Acquire Investments	(116,547,818.69)	(43,941,302.18)
Net Cash Provided (Used) by Investing Activities	<u>(34,287,813.95)</u>	<u>(1,056,488.65)</u>
Increase (Decrease) in Cash and Cash Equivalents	1,034,835.88	(778,625.13)
Cash and Cash Equivalents, September 1, 2014	<u>7,206,625.74</u>	<u>7,985,250.87</u>
Cash and Cash Equivalents, August 31, 2015	<u>\$ 8,241,461.62</u>	<u>\$ 7,206,625.74</u>

Year  
Ended  
8-31-2015  
(UNAUDITED)

	<u>2015</u>	<u>2014</u>
<b>Reconciliation to Cash and Cash Equivalents as Displayed on the Statement of Net Position:</b>		
<b>Current Assets:</b>		
Cash On Hand	\$ 16,300.00	\$ 16,300.00
Cash In Bank	6,622,911.07	8,310,466.68
Cash in State Treasury	3,227,195.04	4,394,330.56
<b>Restricted:</b>		
Cash In Bank	(1,624,944.49)	(5,514,471.50)
	<u>\$ 8,241,461.62</u>	<u>\$ 7,206,625.74</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$(46,102,600.54)	\$(43,248,797.39)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	13,102,589.95	11,717,162.53
Bad Debt Expense	286,150.73	324,984.94
Net Pension Expenses Reported in Payroll Related Costs	710,622.56	
Donations of Non-Capital Assets	920,086.86	241,435.04
(Increase) Decrease in Receivables	(584,516.36)	(2,319,106.42)
(Increase) Decrease in Inventories	14,831.37	28,461.20
(Increase) Decrease in Prepaid Expenses	(132,236.40)	(796,363.56)
(Increase) Decrease in Loans	(119.50)	(5,656.40)
Increase (Decrease) in Payables	2,465,418.20	1,461,859.15
Increase (Decrease) in Unearned Revenues	1,184,306.56	2,066,108.30
Increase (Decrease) in Other Liabilities	112,121.32	167,527.19
Total Adjustments	18,079,255.29	12,886,411.97
Net Cash Used by Operating Activities	<u>\$(28,023,345.25)</u>	<u>\$(30,362,385.42)</u>
<b>Non Cash Transactions</b>		
Net Increase (Decrease) in FMV of Investments	\$(2,423,268.69)	\$3,434,194.59
(Loss) Gain on Asset Disposals	(1,589.78)	(134,005.13)
Nonmonetary Gifts, Including Capital Assets	938,086.86	9,315,975.69
Refunding of Long Term Debt	17,595,000.00	

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Note 1: Summary of Significant Accounting Policies

#### Introduction

Midwestern State University is a public institution of higher education and is an agency of the State of Texas. The university's Board of Regents is appointed by the Governor of the State. Accordingly, the university's financial position is in the State of Texas' Consolidated Annual Financial Report. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

#### Basis of Presentation

The financial statements of Midwestern State University 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 as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999, Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities* issued in November 1999, and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* issued in June 2011. The financial statements also incorporate the requirements set forth in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which was issued by the GASB on December 30, 2010 and significantly reduces the need to rely on sources outside of the GASB's literature to locate the necessary accounting guidance for the governmental environment. The university does not apply FASB pronouncements issued after November 30, 1989 in the preparation of the accompanying financial statements.

The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas' Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

The university follows the "business-type activities" reporting requirement of GASB Statement No. 34 that provides a comprehensive one-line look at the university's financial activities. Accordingly, the university's 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 the university 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 they are earned or when the university has a right to receive the revenues. Expenses are recognized when they are 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 diminished 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.

# Midwestern State University

## Notes To The Financial Statements - Unaudited

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. GASB Statement No. 34 indicates that a consideration for defining a proprietary fund's operating revenues and expenditures is how individual transactions would be classified for purposes of preparing a statement of cash flows according to GASB Statement No. 9.

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.

### **Net Position**

GASB Statement No. 63 reports equity as "Net Position" rather than "Net Assets," as previously required under GASB Statement No. 34. Net position is classified according to external donor restrictions or availability of assets for satisfaction of university obligations.

### **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. Nonexpendable restricted net position includes gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted for specific purposes. Restricted Net Position includes the university's permanent endowments and donor restricted funds.

### **Unrestricted Net Position**

Unrestricted net position consists of resources that are available for university use, and have been internally designated or reserved for specific purposes such as renewals and replacements, quasi-endowments, capital projects, student loans, budget commitments, and reserves for working capital.

### **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 is not included in cash and cash equivalents as it is held for investing purposes.

### **Investments**

The university reports investments at fair value in the Statement of Net Position. Fair value is defined as the amount at which an investment could be exchanged in a current transaction between parties, other than in a forced or liquidation sale.

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Note 1: Continued

#### 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.

#### 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 bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those 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. Depreciation is provided on physical properties on a straight-line basis over the estimated useful life of the asset.

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

The university 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.



# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Deferred Outflows and Inflows of Resources

Deferred Outflows of Resources are presented in separate sections on the Statement of Net Position effective fiscal year 2013, in compliance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and 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.

The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, resulted in deferred outflows of resources and deferred inflows of resources related to the new pension reporting requirements, as detailed in Note 28. The advance refunding of existing debt in 2015, which resulted in an unamortized loss, also resulted in a deferred outflow. 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, in the Statement of Revenues, Expenses, and Changes in Net Position as a component of interest expense.

### Other Significant Accounting Policies

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

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# Midwestern State University

## Notes To The Financial Statements - Unaudited

### NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2015, is presented below.

BUSINESS-TYPE ACTIVITIES		Balance 09/01/14	Adjustment	Reclassifications Completed CIP
<b><u>Non-depreciable or Non-Amortizable Assets:</u></b>				
Land and Land Improvements	\$	5,919,952.66		
Construction in Progress		479,967.98		\$(2,162,206.87)
Other Tangible Capital Assets		3,533,965.30		
Total Non-depreciable Assets or Non-Amortizable Assets:		9,933,885.94	\$0.00	(2,162,206.87)
<b><u>Depreciable Assets:</u></b>				
Buildings and Building Improvements		189,483,965.51		1,243,938.14
Infrastructure		12,823,874.86		
Facilities and Other Improvements		7,341,589.58		918,268.73
Furniture and Equipment		12,770,561.16		
Vehicles		1,966,127.79		
Other Capital Assets		11,842,415.92		
Total Depreciable Assets:		236,228,534.82	0.00	2,162,206.87
Less Accumulated Depreciation for:				
Buildings and Building Improvements		(93,397,355.95)		
Infrastructure		(5,885,639.56)		
Facilities and Other Improvements		(4,313,001.82)		
Furniture and Equipment		(10,197,189.31)		
Vehicles		(1,007,847.06)		
Other Capital Assets		(10,161,577.84)		
Total Accumulated Depreciation		(124,962,611.54)	0.00	0.00
Depreciable Assets, Net		111,265,923.28	0.00	2,162,206.87
<b><u>Amortizable Assets - Intangible</u></b>				
Computer Software		10,730,009.48		
Total Amortizable Assets - Intangible		10,730,009.48	0.00	0.00
Less Accumulated Amortization for:				
Computer Software		(3,119,859.58)		
Total Accumulated Amortization		(3,119,859.58)	0.00	0.00
Amortizable Assets - Intangible, Net		7,610,149.90	0.00	0.00
<b>Business-Type Activities Capital Assets, Net</b>		<b>\$128,809,959.12</b>	<b>\$0.00</b>	<b>\$ 0.00</b>

Additions	Deletions	Balance 08/31/15
\$ 26,155.04		\$ 5,946,107.70
6,477,262.11		4,795,023.22
		3,533,965.30
6,503,417.15	\$ 0.00	14,275,096.22
303,403.00		191,031,306.65
		12,823,874.86
508,248.66		8,768,106.97
831,812.25	(102,448.95)	13,499,924.46
49,674.00	(34,310.00)	1,981,491.79
150,661.46	(173,153.21)	11,819,924.17
1,843,799.37	(309,912.16)	239,924,628.90
(7,830,756.38)		(101,228,112.33)
(444,326.52)		(6,329,966.08)
(334,683.15)		(4,647,684.97)
(1,067,165.71)	100,859.17	(11,163,495.85)
(168,984.83)	34,310.00	(1,142,521.89)
(298,656.08)	173,153.21	(10,287,080.71)
(10,144,572.67)	308,322.38	(134,798,861.83)
(8,300,773.30)	(1,589.78)	105,125,767.07
		10,730,009.48
0.00	0.00	10,730,009.48
(2,958,017.28)		(6,077,876.86)
(2,958,017.28)	0.00	(6,077,876.86)
(2,958,017.28)	0.00	4,652,132.62
\$ (4,755,373.43)	\$ (1,589.78)	\$124,052,995.91

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Note 3: Deposits, Investments and Repurchase Agreements

#### Authorized Investments

Midwestern State University is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Governmental Code). Such investments include:

1. Obligations of the United States or its agencies,
2. Direct obligations of the State of Texas or its agencies,
3. Obligations of political subdivisions rated not less than A by a national investment rating firm,
4. Certificates of deposit,
5. Investment pools managed by State of Texas universities exempt from this act (see additional disclosures), and
6. Other instruments and obligations authorized by statute.

The university also employs an investment manager to manage the assets of the university's endowments which total \$8,139,427.69 and are invested under a separate investment policy that permits equities as well as fixed income and alternative assets. Additionally, the university entered into a contract with the Texas A&M University System in September 2013 to manage university investments in the Texas A&M Cash Concentration Pool. A second contract with the Texas A&M University System was executed in December 2014 that allows investment of endowment assets in the Texas A&M System Endowment Fund. The fair value of the investments in the Cash Concentration Pool and the A&M System Endowment fund managed by the Texas A&M University System at August 31, 2015 was \$22,719,066.89 and \$11,709,433.81, respectively. Additional information about these investments is disclosed separately on pages 32-34.

#### Deposits of Cash in Bank

At August 31, the carrying amount of the university's deposits is presented below:

	<u>2015</u>	<u>2014</u>
Cash on Hand	\$ 16,300.00	\$ 16,300.00
Cash in Bank	4,997,966.58	2,795,995.18
Cash in State Treasury	3,227,195.04	4,394,330.56
Total Cash and Cash Equivalents	<u>\$8,241,461.62</u>	<u>\$7,206,625.74</u>
Current Assets—Cash and Cash Equivalents		
Cash on Hand	\$ 16,300.00	\$ 16,300.00
Cash in Bank	6,622,911.07	8,310,466.68
Cash in State Treasury	3,227,195.04	4,394,330.56
Current Assets—Restricted Cash and Cash Equivalents		
Cash in Bank	<u>(1,624,944.49)</u>	<u>(5,514,471.50)</u>
Total Cash and Cash Equivalents	<u>\$8,241,461.62</u>	<u>\$7,206,625.74</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 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.

The university's bank balance at August 31, 2015 was \$5,805,674.79. \$250,000 of this amount was covered by FDIC Insurance, and \$5,555,674.79 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 university also entered into a flexible purchase agreement with Bayerische Landesbank (BLB) for investment of construction bond proceeds. The value of the investments at August 31, 2015 was \$37,888,721.09. Per the contract, Wells Fargo Bank acts as the third party custodial agent for all purchased securities pledged as collateral in the university's name. The value of the collateral must be no less than 102% of the value of the investments. Eligible securities are obligations of the United States of America or any agency or instrumentality of the United States of America that are wireable through the Federal Reserve System. The collateral market value at August 31, 2015 was \$41,662,674.74, or 109.96% of the value of the investments in the flexible repurchase agreement.

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Investments

At August 31, the fair value of the university's investments is presented below:

	<u>2015</u>	<u>2014</u>
U.S. Government Agency Obligations	\$ 2,088,654.43	\$ 5,994,155.58
Corporate Obligations	2,303,962.20	2,093,482.10
Municipal Bonds		
Equities	4,922,707.70	14,426,387.89
Other Fixed Income Mutual Funds	205,861.11	3,518,790.73
Other Commingled Funds—Texas A&M System Investment Pool*	34,428,500.70	20,885,258.26
Other Commingled Funds - Texpool	501,723.91	3,001,080.35
Other Commingled Funds - LOGIC	505,118.88	6,001,425.05
Other Commingled Funds - Goldman Sachs	569,336.46	400,271.49
Other Certificates of Deposit		490,000.00
Money Market - JP Morgan Chase		10,662.41
Money Market—Wells Fargo Bank	7,003,677.18	
Other Money Market funds		51,049.11
Flexible Repurchase Agreements	37,888,721.09	
Alternative Investments (including hedge funds)	566,784.57	620,585.24
Total Investments	<u>\$90,985,048.23</u>	<u>\$57,493,148.21</u>
Current Assets—Short-Term Investments	\$ 9,173,213.92	\$ 9,990,287.80
Non-Current Assets—Restricted Short Term Investments	37,295,363.60	(35,068.37)
Non-Current Assets—Restricted Investments	5,865,167.62	7,042,125.19
Non-Current Assets—Other Long Term Investments	38,651,303.09	40,495,803.59
Total Investments	<u>\$90,985,048.23</u>	<u>\$57,493,148.21</u>

\*See additional disclosures on pages 32-34 for investments managed by the Texas A&M University System.

### 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, 2015, 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 (FNMA, FHLB, FFCB, FHLMC)	\$2,088,654.43			
Corporate Bonds			\$ 807,913.20	\$1,496,049.00
Comingled Funds—Texpool and LOGIC	1,006,842.79			

Investment Type	BB	B	Collateralized	Not Rated
Other Commingled Funds-Goldman Sachs				569,336.46
Money Market—Wells Fargo			7,003,677.18	
Flexible Repurchase Agreements			37,888,721.09	
Other Fixed Income Mutual Funds				205,861.11
Equities				4,922,707.70
Alternative Investments (including hedge funds)				566,784.57

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2015, the university's concentration of credit risk is immaterial to any single issuer.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. 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 exposed to interest rate risk as of August 31, 2015, were as follows:

Investment Type	Fair Value	Modified Duration
U.S. Government Agency Obligations	\$2,088,654.43	5.58
Corporate Bonds	\$2,303,962.20	3.76

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### **Note 3: Continued**

#### **The Texas A&M University System—Investments for Midwestern State University**

##### **Investment Fair Value**

U.S. Treasury Securities	\$ 1,047,188.70
U.S. Treasury TIPS	26,212.66
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, etc.)	1,596,318.38
Corporate Obligations	2,782,381.87
Corporate Asset and Mortgage Backed Securities	1,521,707.52
US Equity	5,845,151.65
International Obligations (Govt and Corp)	1,139,572.50
International Equity	3,290,210.94
Fixed Income Money Market and Bond Mutual Funds	384,378.75
Mutual Funds—International Equity	4,197,908.50
Other Commingled Funds—Equity	304,376.17
Derivatives	13,387.50
Alternative Investments—Hedge Funds	7,145,201.66
Alternative Investments—Limited Partnerships—Private Equity	1,673,249.00
Alternative Investments—Limited Partnerships—International Private Equity	449,648.49
Alternative Investments—Limited Partnerships—Real Estate	216,368.64
Alternative Investments—Limited Partnerships—International Real Estate	35,427.09
Alternative Investments—Natural Resources	1,245,546.94
Miscellaneous	
Political Subdivisions and other investments	9,327.59
Bank Loans	1,644,552.95
Total Investments	\$34,568,117.50
<u>Cash and Accruals</u>	
Foreign Currency Presented as Cash	761.20
Receivables	
Interest/Dividends Receivable	61,821.12
Foreign Currency Fluctuations—Receivable	(402.34)
FFX Contract Receivable	194,662.69
Pending Sale	241,027.78
New Deposit	10,000.00
Total Receivables	507,109.25
Payables	
Payable for Manager Fees	(13,494.21)
Payable for 4th quarter SEF distribution	(127,480.83)
Foreign Currency Fluctuations—Payable	21.67
FFX Contract Payable	(194,662.69)
Pending Purchase	(311,873.97)
Rounding due to allocation	2.78
Total Payable	(647,487.25)
Total Cash and Accruals	(139,616.80)
Total Net Asset Value	<u>\$34,428,500.70</u>

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Investments Exposed to Credit Risk

Investment Type	AAA	AA	A	BBB
U.S. Government Agency Obligations		\$1,596,318.38		
Corporate Obligations		52,228.39	\$445,574.88	\$1,790,093.61
Corporate Asset & Mortgage Backed Securities	\$195,548.43	169,433.25	298,702.79	7,510.48
International Obligations	109,106.12	200,259.05	352,326.70	261,388.43
Investment Type	BB	B	CCC	Not Rated
Corporate Obligations	254,014.65	78,861.61		161,608.73
Corporate Asset & Mortgage Backed Securities	4,018.52	3,933.23	45,979.06	796,581.76
International Obligations	39,703.65	51,389.39		125,399.16
Miscellaneous (municipals and CDs)				1,653,880.54
Fixed Income Money Market & Bond Mutual Fund				384,378.75

### Investments Exposed to Foreign Currency Risk

Fund Type	GAAP Fund	Foreign Currency	International Obligation (Govt & Corp & MF)	International Equity	International Other Commingled Funds (Equity)
05	9999	U.S. Dollar Denominated Foreign Securities	\$ 969,293.31	\$1,388,993.57	\$4,515,368.09
05	9999	Australian Dollar	85,430.53		
05	9999	Brazil Real		19,816.03	
05	9999	British Pound Sterling	5,196.86	379,776.56	
05	9999	Canadian Dollar		53,116.44	
05	9999	Euro Currency Unit		473,926.94	167,615.99
05	9999	Hong Kong Dollar		31,502.98	
05	9999	Japanese Yen		567,518.86	
05	9999	New Zealand	79,651.80		
05	9999	Singapore Dollar		10,627.72	
05	9999	South Korean Won		28,058.00	
05	9999	Swedish Krona		18,299.01	
05	9999	Swiss Franc		318,574.83	
		<b>TOTAL</b>	<b>\$1,139,572.50</b>	<b>\$3,290,210.94</b>	<b>\$4,682,984.08</b>



# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Note 3: Continued

#### Investments Exposed to Interest Rate Risk

Investment Types	Effective Duration	Market Value
U.S. Treasury Securities	6.327	\$1,047,188.70
U.S. Treasury TIPS	3.514	26,212.66
U.S. Government Agency Obligations		
Agencies and Other U.S. Government Obligations	4.005	105,377.54
CMO Government Agencies	3.389	12,172.57
U.S. Government Mortgages	3.264	1,478,768.27
Corporate Obligations		
Corporate and Other Credit	5.659	2,782,381.87
Corporate Asset and Mortgage Backed Securities		
CMBS and CMO Corporate	6.452	943,989.84
Asset Backed Securities	4.646	577,717.68
International Obligations	4.449	1,139,572.50
Miscellaneous		
Political subdivision	3.629	9,327.59
Bank Loans	0.100	1,644,552.95
<b>Total Fair Value</b>		<b>\$9,767,262.17</b>

#### Derivative Investing

Midwestern State University invests funds in The Texas A&M University System's (A&M System) investment pool, which includes investment derivatives in the form of forward currency exchange contracts used for the purchase or sale of a specific foreign currency at a fixed quantity and price on a future date as a hedge against either specific transactions or portfolio positions. Additional information on these contracts can be found in the A&M System's financial statement note disclosures.

The table below summarizes MSU's share of the pending foreign exchange contracts as of August 31, 2015.

Currency	Sell	Buy	Unrealized Gain on Foreign Exchange Contract	Unrealized Loss on Foreign Exchange Contract
Australian Dollar	\$110,048.95		\$ 4,742.26	
New Zealand Dollar	84,613.74		8,645.24	
	<b>\$194,662.69</b>		<b>\$13,387.50</b>	

Midwestern State University's share of the fair value of open foreign currency exchange contracts as of August 31, 2015 was \$13,387.50, which is included in the net increase (decrease) in fair value of investments on the statement of revenues, expenses, and changes in net position.

The gross counter party exposure related to MSU's share of these contracts as of August 31, 2015 is presented below:

Assets Notional	Liabilities Notional	Assets Fair Value as of August 31, 2015	Liabilities Fair Value as of August 31, 2015	Counterparty Rating
\$194,662.69		\$13,387.50		AA-
<b>\$194,662.69</b>		<b>\$13,387.50</b>		

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Note 4: Short-Term Debt

Not Applicable

### Note 5: Long-Term Liabilities

#### Changes in Long-Term Liabilities

During the year ended August 31, 2015, the following changes occurred in liabilities:

	Balance 09-01-14	Restatement	Additions	Reductions	Balance 08-31-15	Amounts Due Within One Year
Business-Type Activities						
Revenue Bonds Payable	\$73,124,784.49		\$57,223,543.12 *	\$22,410,000.00	\$107,938,327.61	\$4,170,000.00
Unamortized Premium on Revenue Bonds	253,633.42		2,759,402.35	86,456.54	2,926,579.23	201,054.30
Unamortized Discount on Revenue Bonds	(221,877.82)			221,877.82		
Subtotal	73,156,540.09		59,982,945.47	22,718,334.36	110,864,906.84	4,371,054.30
Compensable Leave	1,618,357.73		230,178.12	130,530.53	1,718,005.32	164,468.13
Capital Lease Obligations	74,460.92		45,436.87	58,062.72	61,835.07	27,508.82
SECO Federal Revolving Loan	1,785,353.59			261,551.13	1,523,802.46	266,821.51
Total	<u>\$76,634,712.33</u>	<u>\$0.00</u>	<u>\$60,258,560.46</u>	<u>\$23,168,478.74</u>	<u>\$114,168,549.69</u>	<u>\$4,829,852.76</u>

\*See Note 6

#### 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 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 \$1,718,005.32. The university made lump sum payments totaling \$130,530.53 for accrued vacation to employees who separated from state service during the fiscal year ended August 31, 2015, and payments of \$98,555.86 for August 31, 2014.

The university has an undetermined and unrecorded liability for employee's earned sick leave. Sick leave 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 an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. The University'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 - Unaudited

### Note 6: Bonded Indebtedness

#### Bonds Payable

Detailed supplemental bond information is disclosed in:

- Schedule 2A—Miscellaneous Bond Information
- Schedule 2B—Changes in Bonded Indebtedness
- Schedule 2C—Debt Service Requirements
- Schedule 2D—Analysis of Funds Available for Debt Service
- Schedule 2E—Defeased Bonds Outstanding
- Schedule 2F—Early Extinguishment and Refunding

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

#### Revenue and Refunding Bonds, Series 2003

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To pay for improving, enlarging and/or equipping residence halls, including fire safety improvements and other general modernization improvements, and advance refunding Building Revenue and Refunding Bonds, Series 1996
- Issued August 1, 2003
- \$13,180,000; 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 and unappropriated fund balances available, but not including remissions, governmental appropriations and gifts, grants and contracts, Higher Education Assistance Funds, student service fees, and private gifts
- \$4,945,000 of the 2003 Series was advance refunded in October 2012 (see Series 2012B)
- \$600,000 of the 2003 Series was current refunded in June 2015 (see Series 2015A)
- Changes in Debt: Principal paid during Fiscal Year—\$830,000; Outstanding at Year End—\$0.

#### 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, grants and contracts, Higher Education Assistance Funds, 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—\$1,400,000; Outstanding at Year End—\$2,970,000.

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### 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, grants and contracts within the Educational and General Fund Group, Higher Education Assistance Funds, student service fees, and private gifts in the Auxiliary Fund Group
- The Bonds are issued in part as current interest bonds, \$37,955,000, and in part as premium capital appreciation bonds, \$345,136
- Changes in Debt: Principal paid during Fiscal Year—\$1,140,000; Outstanding at Year End—\$32,833,327.

<u>Premium Capital Appreciation Bonds</u>			<u>Unamortized Premium on CAB</u>			<u>Combined Totals</u>
Beginning Principal Amount		(829,784.48)	Beginning Premium		(253,633.43)	(1,083,417.91)
Amortization Entries	FY15	(133,543.12)	Amortization Entries	FY15	86,456.54	(47,086.58)
Balance at Year End		(963,327.60)	Balance at Year End		(167,176.89)	(1,130,504.49)
Future Entries: FY16		(155,035.16)	Future Entries: FY16		105,902.49	(49,132.67)
	FY17	(86,637.24)		FY17	61,274.40	(25,362.84)
		(241,672.40)			167,176.89	(74,495.51)
Maturity Value		(1,205,000.00)			0.00	(1,205,000.00)

### Revenue Financing System Revenue Bonds, Series 2010

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To pay for improving, renovating, enlarging, and/or equipping the university'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, grants and contracts within the Educational and General Fund Group, Higher Education Assistance Funds, student service fees, and private gifts in the Auxiliary Fund Group
- Changes in Debt: Principal paid during Fiscal Year—\$170,000; Outstanding at Year End—\$6,065,000.

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Note 6: Continued

#### Revenue and Refunding Bonds, Series 2012A

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. 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 unrestricted current funds revenues and unappropriated fund balances available, but not including remissions, governmental appropriations and gifts, grants and contracts, Higher Education Assistance Funds, student service fees, and private gifts
- Changes in Debt: Principal paid during Fiscal Year—\$605,000; Outstanding at Year End—\$3,825,000.

#### Revenue and Refunding Bonds, Series 2012B

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. 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 university 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 unrestricted current funds revenues and unappropriated fund balances available, but not including remissions, governmental appropriations and gifts, grants and contracts, Higher Education Assistance Funds, student service fees, and private gifts
- Changes in Debt: Principal paid during Fiscal Year—\$70,000; Outstanding at Year End—\$5,155,000.

#### Revenue and Refunding Bonds, Series 2015A

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. 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 university residence halls, including fire safety improvements 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 requirements of 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, grants and contracts, Higher Education Assistance Funds, student service fees, and private gifts.

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Revenue and Refunding Bonds, Series 2015B

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the university. To finance the refunding of \$1,710,000 of the Series 2007 TRB portion and the refunding of \$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, grants and contracts, Higher Education Assistance Funds, student service fees, and private gifts.

### Note 7: Derivative Instruments

Midwestern State University invests funds in The Texas A&M University System's (A&M System) investment pools, which include investment derivatives in the form of forward currency exchange contracts used for the purchase or sale of a specific foreign currency at a fixed quantity and price on a future date as a hedge against either specific transactions or portfolio positions. Additional information on these contracts can be found in the A&M System's financial statement note disclosures.

The following disclosure summarizes MSU's share of the A&M System's derivative activity. Note 3 also discloses details about these investment derivatives.

	Changes in Fair Value		Fair Value as of 8/31/2015		
	Classification	Amount	Classification	Amount	Notional Amount
<b>Investment Derivatives</b>					
FX Contracts	Investment Income	\$13,387.50	Investment	\$13,387.50	\$194,662.69

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Note 8: Leases

Midwestern State University has entered into a long-term lease for financing the purchase of a capital asset. Such leases are classified as capital leases for accounting purposes; therefore, such leases are recorded at the present value of the future minimum lease payments at the inception of the lease. The following is the original capitalized cost of such property under lease in addition to the accumulated depreciation as of 8/31/15.

Business-Type Activities		Year Ended August 31, 2015	
<u>Class of Property</u>	<u>Assets under Capital Lease</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Vehicles	\$128,586.10	\$(85,728.64)	\$42,857.46

Future minimum lease payments under this capital lease, together with the present value of the net minimum lease payments at fiscal year-end, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$27,508.82	\$3,372.10	\$30,880.92
2017	34,326.25	1,073.75	35,400.00
Total Minimum Lease Payments	\$61,835.07	\$4,445.85	\$66,280.92
Less: Amount Representing Interest at Various Rates			4,445.85
Present Value of Net Minimum Lease Payments			<u>\$61,835.07</u>

### Operating Leases

Future minimum lease rental payments under non-cancellable operating leases having an initial term in excess of one year are as follows:

<u>Year</u>	<u>Total</u>
2016	\$163,784.17
2017	139,056.48
2018	93,897.30
2019	50,234.58
2020	11,493.48
Total Future Minimum Lease Payments	<u>\$458,466.01</u>

### Note 9: Pension Plans

#### Teacher Retirement System Pension Plan

Teacher Retirement System is the administrator of the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. The employers of the TRS Plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, community and junior colleges. TRS membership is in employee class. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard work load and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS plan.

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefit formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs).



# Midwestern State University

## Notes To The Financial Statements - Unaudited

The Audited Comprehensive Annual Financial Report (CAFR) for Teacher Retirement System may be obtained from: Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701-2698.

During the measurement period of 2014 for fiscal 2015 reporting, the amount of Midwestern State University's contributions recognized by the plan was \$1,143,258.99. The contribution rates for the state and the members in the measurement period are presented in the table below:

### Required Contribution Rates

	TRS Plan
Contribution Rates	
Employer	6.8%
Employees	6.7%

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2015 measurement date.

### Actuarial Methods and Assumptions

	TRS Plan
Actuarial Valuation Date	August 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Open
Actuarial Assumptions:	
Discount Rate	8.0%
Investment Rate of Return	8.0%
Inflation	3.00%
Salary Increase	4.25% to 7.25% including inflation
Mortality	
Active	1994 Group Annuity Mortality Table set back 6 years for males and females.
Post-Retirement	Client specific tables multiplied by 80%
Ad Hoc Post-Employment Benefit Changes	None

The actuarial assumptions used in valuation were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2014, the methods and assumptions are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained significant margin for possible future mortality improvements. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees have decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards practice No. 35.

There have been no changes to the benefit and contribution provisions of the plan since the prior measurement date.

The discount rate of 8% was applied to measure the total pension liability. There has been no change in the discount rate since the prior measurement period. The projected cash flows into and out of the pension plan assumed that members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. Under this assumption, the pension plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments of current plan members. Therefore, the 8% long-term expected rate of return on pension plan investments was used as the discount rate without incorporating the municipal bond rate.

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Note 9: Continued

The long-term expected rate of return on plan investments was developed using a coding-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan's investment portfolio are presented below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
<b>Global Equity</b>		
U.S.	18%	4.6%
Non-U.S. Developed	13%	5.1%
Emerging Markets	9%	5.9%
Directional Hedge Funds	4%	3.2%
Private Equity	13%	7.0%
<b>Stable Value</b>		
U.S. Treasury	11%	0.7%
Absolute Return	0%	1.8%
Stable Value Hedge Funds	4%	3.0%
Cash	1%	-0.2%
<b>Real Return</b>		
Global Inflation Linked Bonds	3%	0.9%
Real Assets	16%	5.1%
Energy and Natural Resources	3%	6.6%
Commodities	0%	1.2%
<b>Risk Parity</b>		
Risk Parity	5%	6.7%
<b>Total</b>	<b>100%</b>	

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by Teacher Retirement System. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. The framework for measuring fair value is based on a hierarchy that gives the highest priority to the use of observable inputs in an active market and lowest priority to the use of unobservable inputs. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2014 Comprehensive Annual Financial Report.

At August 31, 2015, Midwestern State University reported a liability of \$7,687,154.17 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Midwestern State University's proportion at August 31, 2014 was 0.02877 percent. Midwestern State University's proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2013 through August 31, 2014.

# Midwestern State University

## Notes To The Financial Statements - Unaudited

For the year ending August 31, 2015, Midwestern State University recognized pension expense of \$710,622.56. At August 31, 2015, Midwestern State University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$118,860.08	
Changes of assumptions	499,571.64	
Net difference between projected & actual investment return		\$2,349,028.95
Change in proportion and contribution difference		672.43
Total	<u>\$618,431.72</u>	<u>\$2,349,701.38</u>

### Optional Retirement Program

The state has established an Optional Retirement Program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher Retirement System and is available to certain eligible employees. The ORP is authorized by the Texas Government Code, Chapter 830, and is administered by the University, subject to policies, practices, and procedures developed by the Texas Higher Education Coordinating Board to provide greater uniformity in the administration of the program. The ORP provides for the purchase of annuity contracts and mutual funds. The contributory percentages of participant salaries provided by the State and by each participant enrolled in the plan on or before August 31, 1995, are 8.5% and 6.65%, respectively. The 8.5% is composed of 6.6% contributed by the State and an additional 1.9% contributed by the University. For participants who enrolled after September 1, 1995, State and participant contributions are 6.6%, and 6.65%, respectively. Because there are individual annuity contracts, the State has no additional or unfunded liability for this program, and the University bears no responsibility for retirement commitments beyond contributions.

The contributions made to the ORP by the plan members and employer for the fiscal year ended August 31, 2015 compared to the previous year, are shown below:

	<u>Year Ended August 31, 2015</u>	<u>Year Ended August 31, 2014</u>
Member Contributions	\$1,086,370.86	\$1,092,969.35
Employer Contributions	1,188,584.56	1,205,946.26
Total Remittance	<u>\$2,274,955.42</u>	<u>\$2,298,915.61</u>

### **Note 10: Deferred Compensation**

University 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. Deferred compensation plans are administered by the Employees Retirement System.

The State's 457 Plan complies with Internal Revenue Code, Section 457. This 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 plan are equal to those of the general creditors of the State in an amount equal to the fair market value of the 457 account for each participant. The State has no liability under the 457 Plan, and it is unlikely that plan assets will be used to satisfy the claims of general creditors in the future.

The university 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 this plan do not belong to the university, and thus it does not have a liability related to this plan.

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Note 11: Postemployment Health Care and Life Insurance Benefits

Not Applicable.

### Note 12: Interfund Activity and Transactions

University transactions with other state agencies are as follows:

<u>Name of State Agency, Agency Number</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Purpose</u>
<b><u>Interfund Receivables and Payables—Current:</u></b>			
State Energy Conservation Office, 907			
D23 Fund 7999		<u>\$ 266,821.51</u>	SECO Federal Revolving Loan

#### **Interfund Receivables and Payables—Non Current:**

State Energy Conservation Office, 907

D23 Fund 7999		<u>\$1,256,980.95</u>	SECO Federal Revolving Loan
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<u>Name of State Agency, Agency Number</u>	<u>Due From Other Agencies</u>	<u>Due To Other Agencies</u>	<u>Purpose</u>
<b><u>Due to Due From:</u></b>			
Texas Department of Motor Vehicles, 608			
D23 Fund 0802	\$ 0.99		Texas Collegiate License Plate Fund
Texas State Comptroller's Office, 902			
D23 Fund 0210	84,890.00		Hazlewood Exemption Program
Texas Tech University, 733			
D23 Fund 7999	<u>108,401.54</u>		Small Business Development Center
<b>Total Due From/To</b>	<u>\$193,292.53</u>		

	<u>Transfer In</u>	<u>Transfer Out</u>
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#### **Operating Transfers:**

Texas Higher Education Coordinating Board, 781

D23 Fund 2604		\$ 1,104.00	Dental Hygiene Degree or Certification Program
D23 Fund 5103		394,495.58	Texas B-On-Time Loan Program
Texas Public Finance Authority, 347			
D23 Fund 7999		445,241.36	Master Lease Purchase Payment
Texas State Comptroller's Office, 902			
D23 Fund 0210	<u>\$84,890.00</u>		Hazlewood Exemption Program
<b>Total Transfers</b>	<u>\$84,890.00</u>	<u>\$840,840.94</u>	

The detailed State Grant Pass-Through information is listed on Schedule 1B-Schedule of State Grant Pass-Through From/To State Agencies.

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Note 13: Continuance Subject to Review

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

### Note 14: Adjustments to Fund Balance/Net Position

The university implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015. This pronouncement established new accounting and financial reporting requirements for institutions that provide their employees with pensions. The university participates in the Teacher Retirement System, which is considered a multiple-employer cost-sharing retirement plan. The implementation of GASB Statement No. 68 resulted in a restatement in the amount of \$8,707,801.27 to previous net position. This amount was determined to be the university's proportionate share of the overall restatement by the Texas State Comptroller's Office using the university's contributions to the retirement plan as a basis for the calculation.

### Note 15: Contingencies and Commitments

There is no pending or threatened litigation.

### Note 16: Subsequent Events

During the 84<sup>th</sup> session of the Texas Legislature, Midwestern State University requested authorization for an Academic Expansion and Revitalization Project totaling \$73 million. Funding was authorized for a project totaling \$58.4 million. At its November meeting, the Board of Regents approved a proposed plan for the project to include the construction of a new, 84,000 gross square foot health sciences and human services building along with the consolidation of the Simulation Center, 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 infrastructure, electrical, HVAC and ADA upgrades and improvements across campus. A final recommendation regarding the use of the vacated space in Bridwell Hall, which currently houses the Gunn College of Health Sciences and Human Services, will be presented to the board at a later time.

Significant progress has been made on the construction of a new 500-bed freshman dormitory. The new housing facility will be located east of Sunwatcher Village and adjacent to McCullough-Trigg hall. The Board of Regents previously approved an approximately 18,500 sq. ft. addition to the Fain Fine Arts Center to accommodate the growth of the mass communications department. At its November meeting, the Board of Regents authorized the administration to enter into a contract with Buford Thompson Construction for the addition at a guaranteed maximum price (GMP) not to exceed \$4.6 million. Furniture and equipment for the expansion will be paid from Higher Education Assistance Funds (HEAF).

### Note 17: Risk Management

The university is exposed to a variety of civil claims resulting from the performance of its duties. It is the university's policy to periodically assess 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 for the university. The university participates in the statewide property insurance program and purchases educators legal liability insurance. The university also purchases Directors' and Officers' Liability insurance through the State Office of Risk Management. 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.

The university'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, 2015, there were no known claim liabilities.

# Midwestern State University

## Notes To The Financial Statements - Unaudited

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The State provides coverage for worker's compensation and unemployment benefits from appropriations made to other state agencies for university employees. The university was assessed \$86,158.18 and \$75,710.50 for worker's compensation coverage for fiscal years ending August 31, 2015 and 2014, respectively. Unemployment compensation is funded on a pay as you go method, with the State contributing half of the cost of benefits and the university contributing the other half for employees paid by State appropriated funds. The university 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, the university 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.

### **Note 18: Management's Discussion and Analysis**

See Introduction.

### **Note 19: The Financial Reporting Entity**

The university is an agency of the State of Texas. The ten members of its Board of Regents are appointed by the Governor, and include one non-voting student Regent. The university has no component units, joint ventures, or related parties; however, there are two affiliated parties described below.

The Midwestern State University Foundation and MSU Charitable Trust are nonprofit organizations with the sole purpose of supporting the educational and other activities of the university. The Foundation solicits donations and acts as coordinator of gifts made by other parties. The Foundation remitted restricted gifts of \$809,372 to the university during the year ended August 31, 2015, and \$1,366,493 for the prior year. The MSU Charitable Trust remitted restricted gifts of \$877,711 to the university during the year ended August 31, 2015 and \$812,134 for the prior year. The assets of the Midwestern State University Foundation and the MSU Charitable Trust as of August 31, 2015 are reported by their trustees in the amount of \$21,579,000 and \$27,021,372, respectively.

### **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: Not Applicable to the AFR**

# Midwestern State University

## Notes To The Financial Statements - Unaudited

### Note 22: Donor Restricted Endowments

The university is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Property Code Chapter 163. UPMIFA allows the university 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.

For the fiscal year ended August 31, 2015, 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	\$443,202.48	Restricted for Nonexpendable
True Endowments	None	Restricted for Expendable

### Note 23: Extraordinary and Special Items

Not Applicable.

### Note 24: Disaggregation of Receivable and Payable Balances

#### Accounts Receivables

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

<u>Accounts Receivable Category</u>	<u>Current Amount</u>
3rd Party Contracts on Student Receivables	\$1,051,424.87
Summer Camp Programs Receivable	18,374.25
Follett Bookstore Receivable	118,241.19
Employee Travel Advances	258.28
Payroll Advances and Receivables	200.18
Endowment Distribution Receivable	123,057.48
Other Grants and Contracts Receivable	2,500.00
<b>Total</b>	<b>\$1,314,056.25</b>

Of these amounts, there are no significant receivable balances that the university 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.



# Midwestern State University

## Notes To The Financial Statements - Unaudited

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Inflows and Outflows Related to Pensions:		
Difference between expected and actual experience	\$ 118,860.08	
Changes of assumptions	499,571.64	
Net difference between projected and actual investment return		\$2,349,028.95
Change in proportion and contribution difference		672.43
Unamortized Loss on Debt Refunding	<u>1,251,364.61</u>	
Total	<u>\$1,869,796.33</u>	<u>\$2,349,701.38</u>

Deferred outflows of resources in the amount of \$118,860.08 and \$499,571.64 and deferred inflows of resources in the amount of \$2,349,028.95 and \$672.43 were related to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and the simultaneous implementation of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The amounts reported in FY15 were provided by the Texas State Comptroller's Office and represent changes in assumptions, projections, and other differences attributable to future reporting periods. The deferred items related to pension reporting will be amortized as a component of pension expense in future reporting periods, as provided by the Texas State Comptroller's Office.

Deferred outflows of resources in the amount of \$1,251,364.61 were 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 over the next two fiscal years, since the remaining life of the old debt is shorter than that of the new debt. The old debt will be extinguished in 2017, so the amortization of the deferred outflow to a component of interest expense will occur equally in FY16 and FY17.

### Note 29: Troubled Debt Restructuring

Not Applicable.

### Note 30: Non-Exchange Financial Guarantees

Not Applicable.

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# Midwestern State University

Unaudited

**Schedule 1A - Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2015, with Comparative Totals for the Year Ended August 31, 2014**

ANNUAL FINANCIAL REPORT		CFDA Number	ID #	Univ/ Agy #	Pass-Through From		
					Agency Amount	University Amount	Non-State Entities
	<u>National Endowment for the Humanities</u>						
	Promotion of the Humanities-Federal/State Partnership	45.129					
	Direct Program:						
	Promotion of the Humanities-Public Programs	45.164					
	Totals - National Endowment for the Humanities						
	<u>Institute of Museum and Library Services</u>						
	Pass-Through From:						
	Texas State Library and Archives Commission	45.310		306	\$7,552.94		
	<u>Small Business Administration</u>						
	Pass-Through From:						
	TTU-Small Business Development Center	59.037		733		\$120,828.05	
	<u>U.S. Department of Education</u>						
	Pass-Through From:						
	Statewide Data Systems—THECB	84.372		781			
	Totals - U.S. Department of Education						
	<u>National Science Foundation</u>						
	Education and Human Resources	47.076					
	<b>Student Financial Assistance Cluster</b>						
	<u>U.S. Department of Education</u>						
	Direct Programs:						
	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 (TEACH)	84.379					
	Total Student Financial Assistance Cluster Programs						
	<b>TRIO Cluster</b>						
	<u>U.S. Department of Education</u>						
	Direct Programs						
	TRIO-Student Support Services	84.042					
	Total Federal Financial Assistance				\$7,552.94	\$120,828.05	

Year Ended 31-2015 (AUDITED)

Year  
Ended  
8-31-2015  
(UNAUDITED)

<u>Direct Program</u>	<u>Total Pass-Through From &amp; Direct Program</u>	<u>Pass-Through To</u>		<u>Expenditures</u>	<u>2015</u>	<u>2014</u>
		<u>Agency or Univ Amount</u>	<u>Non-State Entities Amount</u>		<u>Total PT To and Expenditures Amount</u>	<u>Total PT To and Expenditures Amount</u>
						\$ 5,126.00
\$ 3,261.37	\$ 3,261.37			\$ 3,261.37	\$ 3,261.37	1,500.00
3,261.37	3,261.37			3,261.37	3,261.37	6,626.00
	7,552.94			7,552.94	7,552.94	
	120,828.05			120,828.05	120,828.05	121,918.31
						2,000.00
						2,000.00
3,781.62	3,781.62			3,781.62	3,781.62	
129,158.00	129,158.00			129,158.00	129,158.00	142,948.00
159,356.70	159,356.70			159,356.70	159,356.70	96,630.89
8,474,924.37	8,474,924.37			8,474,924.37	8,474,924.37	8,316,438.01
28,207,746.00	28,207,746.00			28,207,746.00	28,207,746.00	27,610,488.00
100,895.00	100,895.00			100,895.00	100,895.00	81,301.00
37,072,080.07	37,072,080.07			37,072,080.07	37,072,080.07	36,247,805.90
217,427.66	217,427.66			217,427.66	217,427.66	211,042.39
\$37,296,550.72	\$37,424,931.71			\$37,424,931.71	\$37,424,931.71	\$36,589,392.60

# Midwestern State University

## Schedule 1A—Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2015

### Note 1: Nonmonetary Assistance

Not Applicable

### Note 2: Reconciliation

	08/31/2015
Federal Revenues - Per Exhibit II	
Federal Grant Revenue - Operating	\$ 613,880.35
Federal Grant Revenue - Non-Operating	8,474,924.37
Federal Pass-through Revenue-Operating	120,828.05
Federal Pass-through Revenue-Non-Operating	7,552.94
Total Federal Revenues	9,217,185.71
Reconciling Items: New Loans Processed	
Federal Perkins Loans Processed	
Federal Direct Student Loans Processed	28,207,746.00
	<u>\$37,424,931.71</u>

### Note 3a: Student Loans Processed and Administrative Costs Recovered

Federal Grantor/CFDA Number/Program Name	New Loans Processed	Admin Costs Recovered	Total Loans Processed and Admin Costs Recovered	Ending Balances of Previous Years' Loans
U.S. Department of Education				
84.038 Federal Perkins Loan Program				\$48,099.80
84.268 Federal Direct Student Loans Program	<u>\$28,207,746.00</u>		<u>\$28,207,746.00</u>	
Total Department of Education	<u>\$28,207,746.00</u>		<u>\$28,207,746.00</u>	<u>\$48,099.80</u>

### Note 4: Depository Libraries for Government Publications

Midwestern State University participates in the Government Printing Office's Depository Libraries for Government Publications Program, CFDA #40.001. The university is the legal custodian of government publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

### 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

CFDA Number/Program Name	Federal Deferred Revenue 09/01/14	Increase / (Decrease)	Federal Deferred Revenue 08/31/15
<b>Exempt for the Year Ended August 31, 2015</b>			

# Midwestern State University

## Unaudited

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

A N N U A L  F I N A N C I A L  R E P O R T	<u>Operating Revenue:</u>	<u>2015</u>	<u>2014</u>
	Pass-Through From:		
	UT System (Agy #720) - Joint Admission Medical Program (JAMP)	\$ 4,850.23	\$ 8,780.92
	Texas Commission on the Arts (TCA—Agy #813)		
	Arts Create	5,000.00	5,000.00
	Arts Respond	3,500.00	5,000.00
	Texas State Board of Public Accountancy (TSBPA—Agy #457)		
	5th Year Accounting	4,000.00	3,500.00
	Texas Higher Education Coordinating Board (Agy #781)		
	College Work Study Program	31,126.00	35,513.26
	Engineering Recruitment Program	10,311.62	12,500.00
	Professional Nursing Shortage Reduction Program		64,403.00
	TEXAS Grant Program	3,220,000.00	3,331,667.00
	Top 10% Scholarships	47,400.00	86,500.00
	Total Operating Pass-Through Revenue (Exhibit II)	<u>\$3,326,187.85</u>	<u>\$3,552,864.18</u>
	<u>Non-Operating Revenue:</u>		
	Pass-Through From:		
	Texas Higher Education Coordinating Board (Agy #781)		
	Nursing & Allied Health	\$99,871.00	
	Hazlewood Exemption HB1025		\$270,071.00
	Total Non-Operating Pass-Through Revenue (Exhibit II)	<u>\$99,871.00</u>	<u>\$270,071.00</u>
	Pass-Through To:		
	None		

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# Midwestern State University

Unaudited

**Midwestern State University**  
**Schedule 2A - Miscellaneous Bond Information**  
**For the Fiscal Year Ended August 31, 2015**

**Business Type Activities**

Description of Issue	Bonds Issued To Date	Range of Interest Rates	Scheduled Maturities		First Call Date
			First Year	Last Year	
<b><u>Revenue Bonds:</u></b>					
<b>Revenue and Refunding Bonds:</b> Series 2003	\$ 13,180,000.00	4.00% - 4.25%	2015	2017	12-01-16
<b>Revenue and Refunding Bonds:</b> Series 2007	28,855,000.00	4.00% - 4.25%	2015	2017	12-01-16
<b>Revenue and Refunding Bonds:</b> Series 2008	38,548,709.68	3.00% - 5.25%	2008	2034	12-01-18
<b>Revenue Bonds:</b> Series 2010	6,700,000.00	4.00% - 5.00%	2012	2036	12-01-20
<b>Revenue and Refunding Bonds:</b> Series 2012A	4,710,000.00	2.00% - 2.25%	2013	2020	12-01-20
<b>Revenue and Refunding Bonds:</b> Series 2012B	5,415,000.00	0.50% - 3.25%	2013	2024	12-01-24
<b>Revenue and Refunding Bonds:</b> Series 2015A	53,335,000.00	2.00%-5.00%	2016	2045	06-01-25
<b>Revenue and Refunding Bonds:</b> Series 2015B	3,755,000.00	0.515%-2.957%	2016	2022	None
Total	<u>\$154,498,709.68</u>				

Year  
Ended  
8-31-2015  
(UNAUDITED)



# Midwestern State University

Unaudited

**Midwestern State University**  
**Schedule 2B - Changes in Bonded Indebtedness**  
**For the Fiscal Year Ended August 31, 2015**

ANNUAL FINANCIAL REPORT	Business Type Activities						Amounts
		Bonds Outstanding	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding	Due Within One Year
	Description of Issue	09-01-2014				08-31-2015	
	<b><u>Revenue Bonds:</u></b>						
	Revenue Financing System Revenue & Refunding Bonds:						
	Series 2003	\$ 1,430,000.00		\$ 830,000.00	\$ 600,000.00	\$ 0.00	
	Revenue Financing System Revenue & Refunding Bonds:						
	Series 2007	21,965,000.00		1,400,000.00	17,595,000.00	2,970,000.00	\$1,455,000.00
	Revenue Financing System Revenue & Refunding Bonds:						
	Series 2008	33,839,784.49	\$ 133,543.12 *	1,140,000.00		32,833,327.61	1,180,000.00
	Revenue Financing System Revenue Bonds:						
	Series 2010	6,235,000.00		170,000.00		6,065,000.00	180,000.00
	Revenue Financing System Revenue & Refunding Bonds:						
	Series 2012A	4,430,000.00		605,000.00		3,825,000.00	615,000.00
	Revenue Financing System Revenue & Refunding Bonds:						
	Series 2012B	5,225,000.00		70,000.00		5,155,000.00	70,000.00
	Revenue Financing System Revenue & Refunding Bonds:						
	Series 2015A		53,335,000.00			53,335,000.00	630,000.00
	Revenue Financing System Revenue & Refunding Bonds:						
	Series 2015B		3,755,000.00			3,755,000.00	40,000.00
	<b>Total</b>	<b>\$73,124,784.49</b>	<b>\$57,223,543.12</b>	<b>\$4,215,000.00</b>	<b>\$18,195,000.00</b>	<b>\$107,938,327.61</b>	<b>\$4,170,000.00</b>

\*Accretion on Capital Appreciation Bonds

<u>Unamortized Premium</u>	<u>Unamortized Discount</u>	<u>Unamortized Gain (Loss) On Refunding</u>	<u>Net Bonds Outstanding 08-31-2015</u>	<u>Amounts Due Within One Year</u>
			\$ 0.00	
			2,970,000.00	
\$ 167,176.88			33,000,504.49	\$105,902.49
			6,065,000.00	
			3,825,000.00	
			5,155,000.00	
2,759,402.35		\$(1,251,364.61)	54,843,037.74	95,151.81
			<u>3,755,000.00</u>	
<u>\$2,926,579.23</u>	<u>\$0.00</u>	<u>\$(1,251,364.61)</u>	<u>\$109,613,542.23</u>	<u>\$201,054.30</u>

# Midwestern State University

Unaudited

Midwestern State University  
Schedule 2C - Debt Service Requirements  
For the Fiscal Year Ended August 31, 2015

Business Type Activities

Description of Issue	2016	2017	2018	2019	2020
<b>Revenue Financing System Revenue and Refunding Bonds:</b>					
<b>Series 2007</b>					
Principal	\$1,455,000.00	\$1,515,000.00			
Interest	91,518.75	30,300.00			
<b>Revenue Financing System Revenue and Refunding Bonds:</b>					
<b>Series 2008</b>					
Principal	1,180,000.00	1,205,000.00	\$1,230,000.00	\$1,285,000.00	\$1,335,000.00
Interest	1,476,857.50	2,313,121.40	1,428,657.50	1,378,357.50	1,325,957.50
<b>Revenue Financing System Revenue Bonds:</b>					
<b>Series 2010</b>					
Principal	180,000.00	185,000.00	195,000.00	205,000.00	215,000.00
Interest	276,606.26	267,481.26	257,981.26	247,981.26	237,481.26
<b>Revenue Financing System Revenue and Refunding Bonds:</b>					
<b>Series 2012A</b>					
Principal	615,000.00	630,000.00	645,000.00	660,000.00	675,000.00
Interest	71,850.00	59,400.00	46,650.00	33,600.00	20,250.00
<b>Revenue Financing System Revenue and Refunding Bonds:</b>					
<b>Series 2012B</b>					
Principal	70,000.00	515,000.00	520,000.00	535,000.00	550,000.00
Interest	130,337.00	126,113.43	117,778.56	107,612.61	95,594.16
<b>Revenue Financing System Revenue and Refunding Bonds:</b>					
<b>Series 2015A</b>					
Principal	630,000.00	240,000.00	305,000.00	875,000.00	880,000.00
Interest	2,152,837.14	2,332,106.26	2,323,931.26	2,297,481.26	2,253,606.26
<b>Revenue Financing System Revenue and Refunding Bonds:</b>					
<b>Series 2015B</b>					
Principal	40,000.00	10,000.00	1,550,000.00	1,055,000.00	460,000.00
Interest	65,463.97	71,063.27	60,504.26	39,922.80	24,204.70
Total	8,435,470.62	9,499,585.62	8,680,502.84	8,719,955.43	8,072,093.88
Less Interest	(4,265,470.62)	(5,199,585.62)	(4,235,502.84)	(4,104,955.43)	(3,957,093.88)
Total Principal	<u>\$4,170,000.00</u>	<u>\$4,300,000.00</u>	<u>\$4,445,000.00</u>	<u>\$4,615,000.00</u>	<u>\$4,115,000.00</u>

Year  
Ended  
8-31-2015  
(UNAUDITED)

<u>2021-25</u>	<u>2026-30</u>	<u>2031-35</u>	<u>2036-40</u>	<u>2041-45</u>	<u>Total Requirements</u>
					\$ 2,970,000.00 121,818.75
\$ 7,610,000.00 5,687,335.00	\$ 9,430,000.00 3,720,468.75	\$ 9,800,000.00 1,181,775.00			33,075,000.00 18,512,530.15
1,225,000.00 1,020,631.30	1,515,000.00 701,987.55	1,905,000.00 328,509.38	\$ 440,000.00 10,175.00		6,065,000.00 3,348,834.53
600,000.00 6,750.00					3,825,000.00 238,500.00
2,965,000.00 236,903.39					5,155,000.00 814,339.15
7,570,000.00 10,365,656.30	10,045,000.00 8,032,156.30	9,060,000.00 5,727,581.30	10,030,000.00 3,865,331.30	\$13,700,000.00 1,480,190.69	53,335,000.00 40,830,878.07
640,000.00 23,764.95					3,755,000.00 284,923.95
37,951,040.94 (17,341,040.94)	3,444,612.60 (12,454,612.60)	28,002,865.68 (7,237,865.68)	14,345,506.30 (3,875,506.30)	15,180,190.69 (1,480,190.69)	172,331,824.60 (64,151,824.60)
<u>\$20,610,000.00</u>	<u>\$20,990,000.00</u>	<u>\$20,765,000.00</u>	<u>\$10,470,000.00</u>	<u>\$13,700,000.00</u>	<u>\$108,180,000.00</u>
				Less Unamortized Accretion	(241,672.39)
					<u>\$107,938,327.61</u>

# Midwestern State University

Unaudited

**Midwestern State University**  
**Schedule 2D - Analysis of Funds Available for Debt Service**  
**For the Year Ended August 31, 2015**

ANNUAL

FINANCIAL

REPORT

**Business Type Activities**

**Description of Issue**

Pledged and Other Sources and Related Expenditures for FY 2015

Net Available for Debt Service

	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	<u>Debt Service</u>	
			Principal	Interest
<b><u>Revenue Financing System Revenue Bonds</u></b>				
<b>Revenue and Refunding Bonds:</b>				
Series 2003			\$ 830,000.00	\$ 47,887.50
<b>Revenue and Refunding Bonds:</b>				
Series 2007			1,400,000.00	924,932.50
<b>Revenue and Refunding Bonds:</b>				
Series 2008			1,140,000.00	1,523,257.50
<b>Revenue Bonds</b>				
Series 2010			107,000.00	284,506.26
<b>Revenue and Refunding Bonds:</b>				
Series 2012A			605,000.00	84,050.00
<b>Revenue and Refunding Bonds:</b>				
Series 2012B			70,000.00	131,015.30
<b>Revenue and Refunding Bonds:</b>				
Series 2015A		\$5,142,573.66		
<b>Revenue and Refunding Bonds:</b>				
Series 2015B				
<b>Total for all Revenue Financing System Revenue Bonds</b>	<b><u>\$39,009,113.82</u></b>	<b><u>\$5,142,573.66</u></b>	<b><u>\$4,215,000.00</u></b>	<b><u>\$2,995,649.06</u></b>

# Midwestern State University

Unaudited

**Midwestern State University**  
**Schedule 2E - Defeased Bonds Outstanding**  
**For the Fiscal Year Ended August 31, 2015**

ANNUAL FINANCIAL REPORT

**Business Type Activities**

Description of Issue	Year <u>Refunded</u>	Par Value <u>Outstanding</u>
Revenue Financing System Revenue and Refunding Bonds		
Series 2002	2013	\$ 4,115,000.00
Revenue Financing System Revenue and Refunding Bonds		
Series 2003	2013	4,945,000.00
Series 2003	2015	600,000.00
Revenue Financing System Revenue and Refunding Bonds		
Series 2007	2015	17,595,000.00
Total		<u>\$ 27,255,000.00</u>

# Midwestern State University

Unaudited

**Midwestern State University**  
**Schedule 2F - Early Extinguishment and Refunding**  
**For the Fiscal Year Ended August 31, 2015**

**Business Type Activities**

Description of Issue	Category	Amount Extinguished or Refunded	Refunded Issued Par Value	Cash Flow Increase (Decrease)	Economic Gain/(Loss)
<u>Revenue and Refunding Bonds:</u>					
Revenue Financing System Bonds					
<b>Series 2003</b>	Current Refunding	\$ 600,000.00	\$ 605,000.00		\$ 2,945.26
<b>Series 2007</b>	Advance Refunding	17,595,000.00	16,975,000.00	\$(514,060.81)	749,957.03
		<u>\$18,195,000.00</u>	<u>\$17,580,000.00</u>	<u>\$(514,060.81)</u>	<u>\$752,902.29</u>

# Midwestern State University

Unaudited

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

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Cash in State Treasury	Unrestricted	Restricted	Current Year 2015	Prior Year 2014
General Revenue - Dedicated Fund 0264	\$3,216,892.05		\$3,216,892.05	\$4,377,642.15
Special Mineral Fund - Fund 0412	10,302.99		10,302.99	16,688.41
Total Cash— State Treasury (Stmnt of Net Position)	<u>\$3,227,195.04</u>		<u>\$3,227,195.04</u>	<u>\$4,394,330.56</u>

Year  
Ended  
8-31-2015  
(UNAUDITED)



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