



**ANNUAL
FINANCIAL REPORT**
For the year ended August 31, 2023



**MIDWESTERN
STATE UNIVERSITY**

A Member of the Texas Tech University System

Table of Contents

Organizational Data.....	1
Basic Financial Statements:	
• Statement of Net Position.....	2-3
• Statement of Revenues, Expenses, and Changes in Net Position.....	4-5
• Matrix of Operating Expenses Reported by Function.....	6-7
• Statement of Cash Flows.....	8-9
Notes to the Financial Statements.....	10-32
Schedules:	
• Schedule 1A - Schedule of Expenditures of Federal Awards.....	34-36
• Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies.....	37
• Schedule 2A - Miscellaneous Bond Information.....	38
• Schedule 2B - Changes in Bonded Indebtedness.....	40-41
• Schedule 2C - Debt Service Requirements.....	42-43
• Schedule 2D - Analysis of Funds Available for Debt Service	44
• Schedule 2E - Defeased Bonds Outstanding.....	45
• Schedule 2F - Early Extinguishment and Refunding.....	46
• Schedule 3 - Reconciliation of Cash in State Treasury.....	47

Midwestern State University

ORGANIZATIONAL DATA
August 31, 2023

THE BOARD OF REGENTS
Texas Tech University System

OFFICERS

Tedd L. Mitchell, M.D.	Chancellor
Mark Griffin	Chairman
Ginger Kerrick Davis	Vice Chairwoman

MEMBERS

<u>Name</u>	<u>Residence</u>	<u>Term Expires</u>
Mr. Mark Griffin	Lubbock	January 31, 2025
Ms. Ginger Kerrick Davis	Webster	January 31, 2025
Mr. Dusty Womble	Lubbock	January 31, 2025
Ms. Arcilia Acosta	Dallas	January 31, 2027
Mr. Cody Campbell	Fort Worth	January 31, 2027
Mr. Pat Gordon	El Paso	January 31, 2027
Mr. Clay Cash	Lubbock	January 31, 2029
Mr. Tim Culp	Midland	January 31, 2029
Ms. Shelley Sweatt	Wichita Falls	January 31, 2029

PRESIDENT

Dr. Stacia Haynie

UNIVERSITY FISCAL OFFICERS

Mr. Chris Stovall, CPA

Assistant Vice President and Controller

Midwestern State University

Statement of Net Position

August 31, 2023

	<u>2023</u>	<u>Restated</u> <u>2022</u>
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
<u>Cash and Cash Equivalents:</u>		
Cash on Hand	\$ 14,650.00	\$ 14,650.00
Cash in Bank	7,548,663.23	3,429,700.08
Cash in State Treasury	5,291,781.94	4,436,205.89
Cash Equivalents	1,356,467.14	2,352,672.21
Short-term Investments	16,211,925.29	9,833,462.86
State Appropriations	2,602,901.68	2,683,765.40
<u>Restricted:</u>		
<u>Cash and Cash Equivalents:</u>		
Cash in Bank	(1,274,225.50)	1,500,253.01
<u>Short-Term Investments:</u>		
Endowment	576,649.70	1,161,517.88
<u>Net Receivables:</u>		
Student Receivables	10,840,144.53	9,549,571.00
Federal Receivables	294,325.43	660,783.14
Interest Receivable	32,470.21	40,478.34
Other Intergovernmental Receivables	174,400.21	315,786.11
Other Receivables	2,667,755.57	3,036,002.84
Pledges Receivable	190,349.11	186,616.77
Consumable Inventories	199,956.37	207,441.30
Prepaid Expenses	12,167,283.65	12,073,999.37
<u>Due from Other Component Institutions:</u>		
Due from TTU – 733	69,821.20	92,857.11
Due from TTUHSC – 739	12,756.78	436.50
Total Current Assets	<u>58,978,076.54</u>	<u>51,576,199.81</u>
Noncurrent Assets:		
<u>Restricted:</u>		
Investments	8,236,777.87	7,472,960.60
Other Long-term Investments	41,379,939.32	52,410,481.77
Pledges Receivable	98,039.21	194,156.09
<u>Capital Assets:</u>		
<u>Non-depreciable and Non-amortizable:</u>		
	13,113,620.19	16,368,204.13
<u>Capital Assets, Depreciable:</u>		
Depreciable or Amortizable, Net	138,807,262.93	148,868,002.46
<u>Right-to-Use Assets</u>		
Amortizable, Net	3,872,117.63	4,835,193.46
Total Noncurrent Assets	<u>205,507,757.15</u>	<u>230,148,998.51</u>
Total Assets	<u>264,485,833.69</u>	<u>281,725,198.32</u>
Deferred Outflows of Resources:		
Pensions		
Unamortized Loss on Debt Refunding	2,144,940.40	2,339,934.98
Total Deferred Outflows of Resources	<u>2,144,940.40</u>	<u>2,339,934.98</u>
Total Assets and Deferred Outflows	<u>\$266,630,774.09</u>	<u>\$284,065,133.30</u>

Midwestern State University

Statement of Net Position

August 31, 2023

	<u>2023</u>	<u>Restated 2022</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable	\$ 2,569,003.98	\$ 1,886,691.23
Accrued Payroll Payable	4,550,814.57	4,777,875.07
Accrued Bond Interest Payable	1,189,261.37	1,258,114.43
Right-to-Use Interest Payable	12,804.01	15,218.83
Employees' Compensable Leave	312,442.82	322,223.03
Right-to-Use Lease Obligations	593,038.98	585,358.31
Right-to-Use Subscription Obligations	393,933.78	344,077.37
Room/Property Deposits	213,399.42	196,205.67
Unearned Revenues	33,710,411.41	34,585,270.44
Retainages and Contracts	10,000.00	206,584.98
Other Current Liabilities	177,902.57	199,678.72
Due to Other Agencies	1,485.66	3,090.46
Unamortized Premium on Revenue Bonds	681,038.64	681,038.64
Revenue Bonds Payable	6,450,000.00	6,135,000.00
Total Current Liabilities	<u>50,865,537.21</u>	<u>51,196,427.18</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	1,723,759.08	1,862,705.57
Right-to-Use Lease Obligations	2,270,673.85	2,863,712.82
Right-to-Use Subscription Obligations	761,366.95	1,155,300.73
Room/Property Deposits	97,183.24	99,137.02
Unamortized Premium on Revenue Bonds	8,933,678.02	9,614,716.66
Revenue Bonds Payable	105,515,000.00	111,965,000.00
Total Noncurrent Liabilities	<u>119,301,661.14</u>	<u>127,560,572.80</u>
Total Liabilities	<u>170,167,198.35</u>	<u>178,756,999.98</u>
Total Liabilities and Deferred Inflows	<u>170,167,198.35</u>	<u>178,756,999.98</u>
NET POSITION		
Net Investment in Capital Assets	32,326,406.92	39,051,911.67
Restricted for:		
Non-expendable	5,519,541.13	5,477,048.06
<u>Expendable:</u>		
Capital Projects	398,183.21	1,532,112.04
Restricted by Contributor	15,982,002.41	15,657,412.03
Unrestricted	42,237,442.07	43,589,649.52
Total Net Position	<u>96,463,575.74</u>	<u>105,308,133.32</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$266,630,774.09</u>	<u>\$284,065,133.30</u>

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

Midwestern State University
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2023

	<u>2023</u>	<u>Restated 2022</u>
Operating Revenues:		
Student Tuition and Fees	\$ 51,504,977.44	\$ 52,011,247.07
Scholarship Discounts and Allowances	(17,567,893.95)	(18,166,477.70)
Net Student Tuition and Fees	33,937,083.49	33,844,769.37
Federal Grants	1,696,515.96	1,526,085.60
Federal Pass-Through Grants	282,556.53	571,086.26
State Pass-Through Grants from Other State Agencies	4,725,502.03	4,605,327.70
Other Grants and Contracts	2,812,156.79	2,024,957.71
Sales and Services of Educational Activities	1,224,461.33	1,235,211.54
Sales and Services of Auxiliary Enterprises	11,728,407.78	11,907,082.56
Other Operating Revenue	1,705,183.13	1,591,587.09
Total Operating Revenues	<u>58,111,867.04</u>	<u>57,306,107.83</u>
Operating Expenses:		
Salaries and Wages	44,077,530.89	44,244,062.83
Payroll-Related Costs	14,653,577.84	14,649,152.87
Professional Fees and Services	6,550,428.78	5,586,869.48
Travel	2,077,478.02	1,906,233.77
Materials and Supplies	8,652,538.05	8,626,672.44
Communications and Utilities	3,001,257.17	3,022,358.64
Repairs and Maintenance	3,075,539.27	3,464,328.69
Rentals and Leases	404,219.33	467,311.51
Printing and Reproduction	135,212.95	196,131.14
Depreciation and Amortization	16,843,278.59	18,339,662.12
Bad Debt Expense	400,964.80	338,256.41
Interest	2,575.30	636.98
Scholarships	13,854,305.42	19,940,886.19
Total Operating Expenses	<u>113,728,906.41</u>	<u>120,782,563.07</u>
Operating Loss	(55,617,039.37)	(63,476,455.24)
Non-Operating Revenues (Expenses):		
State Appropriations	19,682,191.00	19,681,346.00
Additional State Appropriations	5,465,408.65	5,655,131.03
Federal Grants	11,453,649.03	21,943,089.82
Federal Pass-Through Grants	1,278.80	96,550.86
State Pass-Through Grants from Other State Agencies	5,500.00	5,500.00
Gifts	4,648,444.61	4,640,632.53
Investment Income	2,666,485.34	12,426,129.76
Net Increase (Decrease) in Fair Value of Investments	1,971,466.05	(16,390,093.06)
Net Book Value of Capital Asset Disposals		(54,525.92)
Interest Expense on Capital Asset Financing	(4,369,885.98)	(4,644,106.81)
Total Non-Operating Revenues	<u>41,524,537.50</u>	<u>43,359,654.21</u>
Gain (Loss) Before Capital Contributions, Additions to Endowments, Transfers, and Other Revenue	<u>(14,092,501.87)</u>	<u>(20,116,801.03)</u>

Midwestern State University

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended August 31, 2023

	<u>2023</u>	<u>Restated</u> <u>2022</u>
Capital Contributions, Endowments, Transfers, and Other Revenue:		
Capital Contributions, Grants, and Contracts	\$ 4,364,567.00	\$ 250,000.00
HEF Appropriation	4,933,200.00	4,933,200.00
Additions to Endowments	190,552.41	520,460.80
Transfers In	1,130,331.28	58,445.00
Transfers Out	(5,463,138.40)	(918,358.37)
Legislative Transfers In	92,432.00	89,748.00
Legislative Appropriations Lapsed		40,383.57
Total Capital Contributions, Endowments, Transfers, and Other Revenue	5,247,944.29	4,973,879.00
 Increase (Decrease) in Net Position	 (8,844,557.58)	 (15,142,922.03)
 Net Position, Beginning of Year	 105,308,133.32	 67,813,388.75
Restatements		52,637,666.60
Net Position, Beginning of Year, As Restated	105,308,133.32	120,451,055.35
Net Position, End of Year	\$ 96,463,575.74	\$105,308,133.32

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

Midwestern State University

Matrix of Operating Expenses Reported by Function

For the year ended August 31, 2023

	Total Operating Expenses	Instruction	Research	Public Service	Academic Support
Salaries and Wages	\$ 44,077,530.89	\$23,823,081.26	\$463,857.67	\$ 606,708.38	\$4,096,615.23
Payroll-Related Costs	14,653,577.84	7,803,420.15	92,933.15	165,240.11	1,393,475.41
Professional Fees and Services	6,550,428.78	429,236.44	124,818.54	194,482.96	1,059,236.17
Travel	2,077,478.02	765,382.55	33,357.14	13,453.48	279,335.92
Materials and Supplies	8,652,538.05	868,746.61	108,541.98	284,383.11	1,209,538.31
Communications and Utilities	3,001,257.17	26,982.22	2,186.73	7,021.65	6,467.06
Repairs and Maintenance	3,075,539.27	201,806.52	3,200.00	62,971.16	488,605.69
Rentals and Leases	404,219.33	112,320.62	670.00	13,701.74	49,947.38
Printing and Reproduction	135,212.95	11,033.37	326.65	13,148.40	38,519.41
Depreciation and Amortization	16,843,278.59				
Bad Debt Expense	400,964.80				
Interest	2,575.30	153.90	28.70	12.76	245.61
Scholarships	13,854,305.42				
Total Operating Expenses	\$113,728,906.41	\$34,042,163.64	\$829,920.56	\$1,361,123.75	\$8,621,986.19

For the year ended August 31, 2022

	Total Operating Expenses	Instruction	Research	Public Service	Academic Support
Salaries and Wages	\$ 44,244,062.83	\$23,460,853.49	\$506,872.37	\$ 476,476.64	\$4,229,296.18
Payroll-Related Costs	14,649,152.87	7,635,145.25	110,093.11	147,060.43	1,435,166.72
Professional Fees and Services	5,586,869.48	590,784.27	77,166.33	72,988.70	1,232,222.28
Travel	1,906,233.77	655,229.56	66,672.76	12,553.97	192,977.90
Materials and Supplies	8,626,672.44	530,240.04	124,580.52	172,895.93	1,394,035.83
Communications and Utilities	3,022,358.64	56,222.80	156.25	7,240.97	36,001.11
Repairs and Maintenance	3,464,328.69	167,751.17	733.00	49,657.33	833,473.11
Rentals and Leases	467,311.51	68,340.40	175.00	113,928.22	37,067.62
Printing and Reproduction	196,131.14	16,286.26	42.10	4,742.80	36,467.71
Depreciation and Amortization	18,339,662.12				
Bad Debt Expense	338,256.41				
Interest	636.98				
Scholarships	19,940,886.19				
Total Operating Expenses	\$120,782,563.07	\$33,180,853.24	\$886,491.44	\$1,057,544.99	\$9,426,708.46

Midwestern State University

Matrix of Operating Expenses Reported by Function

For the year ended August 31, 2023

Student Services	Institutional Support	Operation & Maintenance	Scholarships	Auxiliary Enterprises	Depreciation
\$ 6,599,147.01	\$4,007,728.15	\$3,040,096.43		\$1,440,296.76	
2,029,391.30	1,380,775.83	1,411,153.50		377,188.39	
1,479,355.70	1,601,423.26	205,286.31		1,456,589.40	
877,716.57	95,929.83			12,302.53	
1,925,165.55	577,937.19	499,798.43		3,178,426.87	
298,889.86	(1,157.38)	1,382,602.40		1,278,264.63	
601,356.99	225,414.69	29,801.36		1,462,382.86	
133,369.08	65,095.67	38,348.71		(9,233.87)	
103,451.93	(50,800.97)	1,252.31		18,281.85	
					\$16,843,278.59
400,964.80					
680.53	305.58	541.28		606.94	
			\$13,854,305.42		
<u>\$14,449,489.32</u>	<u>\$7,902,651.85</u>	<u>\$6,608,880.73</u>	<u>\$13,854,305.42</u>	<u>\$9,215,106.36</u>	<u>\$16,843,278.59</u>

For the year ended August 31, 2022

Student Services	Institutional Support	Operation & Maintenance	Scholarships	Auxiliary Enterprises	Depreciation
\$ 6,776,330.70	\$4,377,515.90	\$2,917,405.76		\$1,499,311.79	
2,028,569.04	1,564,666.55	1,331,582.79		396,868.98	
1,665,246.84	174,431.89	286,914.90		1,487,114.27	
832,617.63	127,506.87	1,253.96		17,421.12	
1,439,144.86	1,100,917.81	614,362.16		3,250,495.29	
388,421.38	(79,827.34)	1,416,607.46		1,197,536.01	
270,336.16	638,708.69	214,575.40		1,289,093.83	
211,856.78	88,271.05	38,919.37		(91,246.93)	
212,035.10	(88,434.62)	2,468.55		12,523.24	
					\$17,983,679.37
338,256.41					
3.45	563.49	58.81		11.23	
			\$19,940,886.19		
<u>\$14,162,818.35</u>	<u>\$7,904,320.29</u>	<u>\$6,824,149.16</u>	<u>\$19,940,886.19</u>	<u>\$9,059,128.83</u>	<u>\$17,983,679.37</u>

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

Midwestern State University

Statement of Cash Flows

For the Year Ended August 31, 2023

	<u>2023</u>	<u>Restated</u> <u>2022</u>
Cash Flows From Operating Activities:		
Proceeds Received From Students	\$ 32,316,174.28	\$ 33,085,808.78
Proceeds Received for Sponsored Programs	8,871,280.91	7,912,371.44
Proceeds Received From Auxiliary Enterprises	12,313,571.74	11,706,851.03
Proceeds From Loan Programs		14,509.21
Proceeds From Other Revenues	2,929,644.46	2,826,798.63
Payments to Employees	(59,106,895.93)	(59,526,346.01)
Payments to Suppliers for Goods and Services	(23,294,393.08)	(23,617,223.04)
Payments for Scholarships	(13,954,125.88)	(19,142,667.75)
Payments for Interest	(2,575.30)	(636.98)
Net Cash Used by Operating Activities	<u>(39,927,318.80)</u>	<u>(46,740,534.69)</u>
Cash Flows From Non-capital Financing Activities:		
Proceeds From State Appropriations	25,228,463.37	24,807,132.56
Proceeds From Endowment Gifts	190,552.41	520,460.80
Proceeds From Gifts	4,631,761.36	4,947,294.67
Proceeds From Non-operating Grants	11,460,427.83	22,045,140.68
Transfers in From Other Funds	156,624.00	148,193.00
Transfers out to Other Funds	(1,098,571.40)	(918,358.37)
Net Cash Provided by Non-capital Financing Activities	<u>40,569,257.57</u>	<u>51,549,863.34</u>
Cash Flows From Capital and Related Financing Activities:		
Proceeds From Capital Gifts, Grants, and Contracts	4,364,567.00	250,000.00
Proceeds From HEF Appropriations	4,933,200.00	4,933,200.00
Proceeds From Interest on Capital Investments	27,281.40	363,063.67
Payments for Additions to Capital Assets	(2,564,879.29)	(3,798,624.44)
Principal Paid on Capital-Related Debt	(6,816,038.64)	(6,521,038.64)
Interest Paid on Capital-Related Debt	(4,246,159.28)	(4,497,786.27)
Payments for Leases	(929,435.67)	(562,667.76)
Transfers in from Other Funds	1,066,139.28	
Transfers out to Other Funds	(4,364,567.00)	
Net Cash (Used) by Capital and Related Financing Activities	<u>(8,529,892.20)</u>	<u>(9,833,853.44)</u>
Cash Flows From Investing Activities:		
Proceeds From Interest and Investment Income	2,579,295.76	8,975,527.67
Proceeds From Sales and Maturities of Investments	24,700,565.98	55,761,847.73
Payments to Acquire Investments	(18,188,052.69)	(58,288,872.60)
Net Cash Provided (Used) by Investing Activities	<u>9,091,809.05</u>	<u>6,448,502.80</u>
Increase (Decrease) in Cash and Cash Equivalents	1,203,855.62	1,423,978.01
Cash and Cash Equivalents, Beginning of Year	<u>11,733,481.19</u>	<u>10,309,503.18</u>
Cash and Cash Equivalents, End of Year	<u>\$ 12,937,336.81</u>	<u>\$ 11,733,481.19</u>

Midwestern State University

Statement of Cash Flows

For the Year Ended August 31, 2023

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

	<u>2023</u>	<u>Restated 2022</u>
Current Assets:		
Cash on Hand	\$ 14,650.00	\$ 14,650.00
Cash in Bank	7,548,663.23	3,429,700.08
Cash in State Treasury	5,291,781.94	4,436,205.89
Cash Equivalents	1,356,467.14	2,352,672.21
Restricted:		
Cash in Bank	(1,274,225.50)	1,500,253.01
Cash and Cash Equivalents, End of Year	<u>\$12,937,336.81</u>	<u>\$11,733,481.19</u>

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

Operating (Loss)	\$(55,617,039.37)	\$(63,476,455.24)
Adjustments:		
Amortization and Depreciation	16,843,278.59	18,339,662.12
Bad Debt Expense	400,964.80	338,256.41
Donations of Non-Capital Assets	109,067.79	109,067.79
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(804,731.82)	139,363.92
(Increase) Decrease in Inventories	7,484.93	(22,069.33)
(Increase) Decrease in Prepaid Expenses	(93,284.28)	804,125.45
Increase (Decrease) in Payables	255,108.69	(854,455.18)
Increase (Decrease) in Unearned Revenues	(874,859.03)	(1,805,987.18)
Increase (Decrease) in Compensated Absences Liability	(148,726.70)	(308,033.49)
Increase (Decrease) in Other Liabilities	(4,582.40)	(4,009.96)
Total Adjustments	<u>15,689,720.57</u>	<u>16,735,920.55</u>
Net Cash (Used) by Operating Activities	<u>\$(39,927,318.80)</u>	<u>\$(46,740,534.69)</u>
Non-Cash Transactions		
Net Increase (Decrease) in FMV of Investments	\$ 1,971,466.05	\$(16,390,093.06)
Gain (Loss) on Asset Disposals		\$ (54,525.92)
Donation of Capital Assets		

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

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Note 1: Summary of Significant Accounting Policies

Reporting Entity

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

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

Basis of Presentation

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

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

The Foundation is a separate legal entity organized and operated exclusively for exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code and for the benefit of MSU and its students. The Foundation is separately governed and operates autonomously from the Board. Its related activities are not included in MSU’s or the State’s financial statements. The Foundation solicits donations and acts as a coordinator of gifts made by other parties.

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

Basis of Accounting—Proprietary Fund Accounting

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

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

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

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

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

Cash and Cash Equivalents

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

Investments

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

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

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

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

Restricted Assets

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

Inventories

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

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Capital Assets

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

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

Right to Use Assets

Right-to-Use (RTU) assets represent the right to use another entity's nonfinancial asset (building, land, equipment, subscription software, etc.) for a specified period of time as defined in the lease or subscription contract. RTU assets and the related lease liability are recognized at the lease or subscription commencement date and measured based on the present value of future lease or subscription payments.

Unearned Revenue

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

Lease and Subscription Liabilities

Lease and subscription liabilities represent MSU's obligation to make lease payments arising from leases meeting the \$100,000 threshold per RTU asset or subscription leases meeting the \$500,000 threshold per contract, excluding short-term leases. Lease and subscription liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. The present value of lease payments is discounted based on a borrowing rate determined by TTUS. Short-term leases with a term less than 12 months are expensed as incurred.

Midwestern State University

Notes to the Financial Statements For the Year Ended August 31, 2023

Employees' Compensable Leave

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

Deferred Outflows and Inflows of Resources

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

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

Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

Other Significant Accounting Policies

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

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2023, is presented below:

BUSINESS-TYPE ACTIVITIES	Balance 09/01/22	Adjustment	Reclassifications Completed CIP
<u>Non-depreciable or Non-amortizable Assets</u>			
Land and Land Improvements	\$ 8,237,658.27		
Construction in Progress	4,596,580.56		\$(4,511,580.56)
Other Tangible Capital Assets	3,533,965.30		
Total Non-depreciable Assets/Non-amortizable Assets	16,368,204.13		(4,511,580.56)
<u>Depreciable Assets</u>			
Buildings and Building Improvements	296,268,042.57		4,511,580.56
Infrastructure	13,351,147.45		
Facilities and Other Improvements	17,759,436.42		
Furniture and Equipment	20,362,997.42		
Vehicles	1,752,035.25		
Other Capital Assets	11,348,264.73		
Total Depreciable Assets	360,841,923.84		4,511,580.56
Less Accumulated Depreciation for:			
Buildings and Building Improvements	(171,003,675.89)		
Infrastructure	(9,500,132.08)		
Facilities and Other Improvements	(8,683,901.93)		
Furniture and Equipment	(15,953,378.74)		
Vehicles	(1,547,551.72)		
Other Capital Assets	(10,216,567.19)		
Total Accumulated Depreciation	(216,905,207.55)		
Depreciable Assets, Net	143,936,716.29		4,511,580.56
<u>Amortizable Assets - Intangible</u>			
Computer Software	28,426,018.46		
Total Amortizable Assets - Intangible	28,426,018.46		
Less Accumulated Amortization for:			
Computer Software	(23,494,732.29)		
Total Accumulated Amortization	(23,494,732.29)		
Amortizable Assets - Intangible, Net	4,931,286.17		
Business-Type Activities Capital Assets, Net	\$ 165,236,206.59		\$ 0.00

Midwestern State University

Notes to the Financial Statements For the Year Ended August 31, 2023

Additions	Deletions	Balance 08/31/23
		\$ 8,237,658.27
\$ 1,256,996.62		1,341,996.62
		3,533,965.30
<u>1,256,996.62</u>		<u>13,113,620.19</u>
535,051.53		301,314,674.66
		13,351,147.45
		17,759,436.42
578,461.73	\$(35,693.20)	20,905,765.95
140,052.19		1,892,087.44
54,317.22	(5,444.00)	11,397,137.95
<u>1,307,882.67</u>	<u>(41,137.20)</u>	<u>366,620,249.87</u>
(10,976,200.61)		(181,979,876.50)
(395,299.02)		(9,895,431.10)
(645,221.26)		(9,329,123.19)
(1,259,002.92)	35,693.20	(17,176,688.46)
(90,472.61)		(1,638,024.33)
(182,786.42)	5,444.00	(10,393,909.61)
<u>(13,548,982.84)</u>	<u>41,137.20</u>	<u>(230,413,053.19)</u>
<u>(12,241,100.17)</u>	<u>0.00</u>	<u>136,207,196.68</u>
		28,426,018.46
		28,426,018.46
(2,331,219.92)		(25,825,952.21)
<u>(2,331,219.92)</u>		<u>(25,825,952.21)</u>
<u>(2,331,219.92)</u>		<u>2,600,066.25</u>
<u>\$(13,315,23.47)</u>	<u>\$ 0.00</u>	<u>\$ 151,920,883.12</u>

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

A summary of changes in RTU Assets for the year ended August 31, 2023, is presented below:

BUSINESS-TYPE ACTIVITIES	Balance 09/01/22	Adjustment	Reclassifications
			Completed CIP
<u>Right-to-Use Assets (RTU) - Amortizable</u>			
RTU Buildings and Building Improvements	\$ 4,407,982.33		
RTU Furniture and Equipment	150,091.22		
RTU Software Subscriptions	1,847,288.82		
Total RTU Assets	6,405,362.37		
Less Accumulated Amortization for:			
RTU Buildings and Building Improvements	(1,137,543.84)		
RTU Furniture and Equipment	(76,642.32)		
RTU Software Subscriptions	(355,982.75)		
Total Accumulated Amortization	(1,570,168.91)		
Business-Type Activities RTU Assets, Net	\$ 4,835,193.46	\$0.00	\$ 0.00
Business-Type Activities Capital Assets and RTU Assets, Net	\$170,071,400.05	\$0.00	\$ 0.00

Midwestern State University

Notes to the Financial Statements For the Year Ended August 31, 2023

Additions	Deletions	Balance 08/31/23
		\$ 4,407,982.33
		150,091.22
		1,847,288.82
		6,405,362.37
\$ (568,771.92)		(1,706,315.76)
(38,321.16)		(114,963.48)
(355,982.75)		(711,965.50)
(963,075.83)		(2,533,244.74)
\$ (963,075.83)	\$0.00	\$ 3,872,117.63
\$(14,278,399.30)	\$0.00	\$155,793,000.75

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Note 3: Deposits and Investments

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

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

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

MSU also employs an investment manager to manage university endowments not invested in the LTIF, which total \$11,971,146.19 and are invested under a separate investment policy that permits equities as well as fixed income and alternative assets. The investments are managed by American National Bank and Trust.

Carrying Amount of Deposits of Cash in Bank as of August 31	<u>2023</u>	<u>2022</u>
Cash on Hand	\$ 14,650.00	\$ 14,650.00
Cash in Bank	6,274,437.73	4,929,953.09
Cash in State Treasury	5,291,781.94	4,436,205.89
Cash Equivalents	<u>1,356,467.14</u>	<u>2,352,672.21</u>
Total Cash and Cash Equivalents	<u>\$12,937,336.81</u>	<u>\$11,733,481.19</u>
Carrying Amount of Cash Deposits as of August 31 by Balance Sheet Category		
Current Assets—Cash and Cash Equivalents:		
Cash on Hand	\$ 14,650.00	\$ 14,650.00
Cash in Bank	7,548,663.23	3,429,700.08
Cash in State Treasury	5,291,781.94	4,436,205.89
Cash Equivalents	<u>1,356,467.14</u>	<u>2,352,672.21</u>
Current Assets—Restricted Cash and Cash Equivalents:		
Cash in Bank	<u>(1,274,225.50)</u>	<u>1,500,253.01</u>
Total Cash and Cash Equivalents	<u>\$12,937,336.81</u>	<u>\$11,733,481.19</u>

Custodial Credit Risk for Deposits

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

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

The university's bank balance at August 31, 2023, was \$7,960,739.96. All of the university's bank deposits in excess of FDIC limits were fully collateralized. The collateral is held in MSU's name by the pledging institution's agent. MSU has no foreign currency risk on deposits.

Fair Value of Investments as of August 31 by Investment Type	2023	2022
U.S. Government Agency Obligations	\$ 481,295.36	\$ 526,776.92
Corporate Bonds	2,600,822.69	2,294,984.00
Equities	8,312,378.44	7,152,424.46
Other Commingled Funds—Texas Tech University System Investment Pool	37,747,730.53	49,502,683.13
Other Commingled Funds—Texpool	3,130,181.10	2,544,974.04
Other Commingled Funds—LOGIC	3,151,716.29	2,057,852.96
Other Commingled Funds—Texas Class	3,675,282.70	2,570,146.64
Other Commingled Funds—American National Bank	3,143,477.98	1,592,079.41
Other Commingled Funds—First National Bank	3,111,267.22	1,068,409.81
Other Commingled Funds—Goldman Sachs	576,649.70	1,135,868.12
CC&E (Money Market Funds)		25,649.76
Alternative Investments (including hedge funds)	474,490.17	406,573.86
Total Investments	\$66,405,292.18	\$70,878,423.11

Fair Value of Investments as of August 31 by Balance Sheet Category		
Current Assets—Short-Term Investments	\$14,161,534.55	\$ 9,284,694.95
Current Assets—Restricted Short-Term Investments	2,627,040.44	1,710,285.79
Non-Current Assets—Restricted Investments	8,236,777.87	7,472,960.60
Non-Current Assets—Other Long-Term Investments	41,379,939.32	52,410,481.77
Total Investments	\$66,405,292.18	\$70,878,423.11

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Investment Type	Fair Value Hierarchy				Fair Value as of August 31, 2023
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	NAV	
U.S. Government Agency Obligations		\$ 481,295.36			\$ 481,295.36
Corporate Bonds		2,600,822.69			2,600,822.69
Equities	\$8,312,378.44				8,312,378.44
Other Commingled Funds -Texas Tech University System Investment Pools					37,747,730.53
Other Commingled Funds - Texpool				\$3,130,181.10	3,130,181.10
Other Commingled Funds - LOGIC				3,151,716.29	3,151,716.29
Other Commingled Funds -Texas Class				3,675,282.70	3,675,282.70
Other Commingled Funds -American National Bank	3,143,477.98				3,143,477.98
Other Commingled Funds - First National Bank	3,111,267.22				3,111,267.22
Other Commingled Funds - Goldman Sachs				576,649.70	576,649.70
Alternative Investments (including hedge funds)		474,490.17			474,490.17
Total Investments					\$66,405,292.18

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, 2023, 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	\$ 48,506.90	\$432,788.46		
Corporate Bonds		118,404.00	\$409,809.60	\$2,072,609.09
Commingled Funds—Texpool, LOGIC, and CLASS	9,957,180.09			

Investment Type	BB	B	Collateralized	Not Rated
Other Commingled Funds—Goldman Sachs				\$ 576,649.70
Flexible Repurchase Agreements				
Money Market—American National Bank			\$3,143,477.98	
Money Market—First National Bank			3,111,267.22	
Other Fixed Income Mutual Funds				
Equities				8,312,378.44
Alternative Investments (including hedge funds)				474,490.17

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2023, MSU's concentration of credit risk is immaterial to any single issuer.

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Interest Rate Risk

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

The university's investments at American National Bank and Trust exposed to interest rate risk as of August 31, 2023, were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration</u>
U.S. Government Agency Obligations	\$ 481,295.36	11.21
Corporate Bonds	\$2,600,822.69	6.59

Note 4: Short-Term Debt

Not Applicable

Note 5: Long-Term Liabilities

During the year ended August 31, 2023, the following changes occurred in Long-term Liabilities:

Business-Type Activities	Balance 09-01-22	Additions	Reductions	Restatement/ Adjustment	Balance 08-31-23	Amounts Due Within One Year
Revenue Bonds Payable	\$118,100,000.00	\$0.00	\$6,135,000.00	\$ 0.00	\$111,965,000.00	\$6,450,000.00
Unamortized Premium	10,295,755.30	0.00	0.00	(681,038.64)	9,614,716.66	681,038.64
Subtotal	128,395,755.30	0.00	6,135,000.00	(681,038.64)	121,579,716.66	7,131,038.64
Right to Use Lease Obligations	3,449,071.13	0.00	585,358.30	0.00	2,863,712.83	593,038.98
Right to Use Subscriptions			344,077.37	1,499,378.10	1,155,300.73	393,933.78
Compensable	2,184,928.60	133,754.59	282,481.29	0.00	2,036,201.90	312,442.82
Total	\$134,029,755.03	\$133,754.59	\$7,346,916.96	\$ 818,339.46	\$127,634,932.12	\$8,430,454.22

Employees' Compensable Leave

Benefit eligible staff and 12-month faculty members can earn annual leave from eight to twenty-one hours per month depending on the respective employee's years of state employment. The state's policy is that an employee may carry his or her accrued leave forward from one fiscal year to another fiscal year with a maximum of hours up to 532 for those employees with thirty-five or more years of state service. A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, separation from state employment, or transfer to a position that no longer accrues vacation, provided the employee has had continuous employment with the state for six months. For proprietary fund types, an expense and a liability are recorded as the benefits accrue to the employee. The liability is determined through the summarization of each employee's annual leave balance multiplied by their respective salary rate. The estimated cumulative amount of this liability is \$2,036,201.90. MSU made lump sum payments totaling \$282,481.29 for accrued vacation to employees who separated from state service during the fiscal year ended August 31, 2023, and payments of \$260,048.41 for August 31, 2022.

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

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Note 6: Bonded Indebtedness

Bonds Payable

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

Revenue and Refunding Bonds, Series 2007

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

Revenue and Refunding Bonds, Series 2008

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

Revenue Financing System Revenue Bonds, Series 2010

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

Midwestern State University

Notes to the Financial Statements For the Year Ended August 31, 2023

Revenue and Refunding Bonds, Series 2012A

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

Revenue and Refunding Bonds, Series 2012B

- Issued by the TPFA on behalf of MSU. To finance advance refunding of \$4,945,000 of MSU Building Revenue and Refunding Bonds, Series 2003, which were used to pay for improving, enlarging, and/or equipping MSU residence halls, including fire safety improvements and other general modernization improvements.
- Issued September 15, 2012
- \$5,415,000; all bonds authorized have been issued.
- Refunding Bond
- Business-Type Activities
- Source of Revenue for Debt Service—Pledged Revenues, consisting of unappropriated fund balances and unrestricted current funds revenues available, but not including remissions, governmental appropriations and gifts, Higher Education Funds, grants and contracts, student service fees, and private gifts.
- Changes in Debt: Principal paid during Fiscal Year—\$590,000; Outstanding at Year End—\$1,240,000.
- Range of Interest Rates: 0.50%- 3.25%

Revenue and Refunding Bonds, Series 2015A

- Issued by the TPFA on behalf of MSU. To finance the construction of a new 500-bed student dormitory and an addition to the Fain Fine Arts building to expand the Mass Communications program; the refunding of \$605,000 of the MSU Building Revenue and Refunding Bonds, Series 2003, which were used to pay for improving, enlarging, and/or equipping MSU residence halls, including fire safety and other general modernization improvements; the refunding of \$6,025,000 of the Series 2007 TRB portion; and the refunding of \$7,195,000 of the Series 2007 Non-TRB portion.
- Issued June 2, 2015
- \$53,335,000; all bonds authorized have been issued.
- Revenue and Refunding Bond
- Business-Type Activities
- The premium on the bonds will be amortized over the life of the debt using the straight-line method.
- The deferred outflow of the loss on the refunding of the bonds will be amortized over the next two fiscal years per the requirements of *Previously Reported as Assets and Liabilities*.
- Source of Revenue for Debt Service—Pledged Revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Funds, grants and contracts, student service fees, and private gifts.
- Changes in Debt: Principal paid during Fiscal Year—\$1,635,000; Outstanding at Year End—\$46,465,000.
- Range of Interest Rates: 2.00% - 5.00%

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Revenue and Refunding Bonds, Series 2015B

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

Revenue and Refunding Bonds, Series 2016A

- Issued by the TPFA on behalf of MSU. \$58,400,000 of the proceeds from the sale of the Series 2016A Bonds will be used for the construction of the new 84,000 gross square foot Gunn Health Sciences and Human Services building with the consolidation of the previously separately housed Simulation Center; along with substantial renovations to Moffett Library; minor renovations and code improvements to Bridwell Hall, Bolin Hall, the Fain Fine Arts Center, and the Hardin Administration Building; the relocation of Information Technology to a more secure building on campus; and other essential electrical, infrastructural, HVAC, and ADA upgrades and improvements.
- Issued September 15, 2016
- \$72,250,000; all bonds authorized have been issued.
- Revenue and Refunding Bond
- Business-Type Activities
- Source of Revenue for Debt Service—The additional debt service for these projects will be funded with tuition revenue bond retirement appropriations authorized by the 84th Texas Legislature.
- Changes in Debt: Principal paid during Fiscal Year—\$3,215,000; Outstanding at Year End—\$55,175,000.
- Range of Interest Rates: 2.00% - 5.00%

Revenue and Refunding Bonds, Series 2016B

- Issued by the TPFA on behalf of MSU. The entire proceeds of \$11,790,000 from the sale of Series 2016B revenue and refunding bonds were used to advance refund the remaining 2008 series revenue bonds on a taxable basis.
- Issued September 15, 2016
- \$11,790,000; all bonds authorized have been issued.
- Refunding Bond
- Business-Type Activities
- Source of Revenue for Debt Service—Pledged revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Funds, grants and contracts, student service fees, and private gifts.
- Changes in Debt: Principal paid during Fiscal Year—\$695,000; Outstanding at Year End—\$9,085,000.
- Range of Interest Rates: 1.43% - 2.67%

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Note 7: Derivative Instruments

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

Note 8: Leases and Software Subscriptions

GASB Statement No. 87, *Leases*, effective 2022, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective 2023, both establish a single model for financial reporting based on the foundational principle that leases and subscription-based IT arrangements (SBITA's) represent financings of the right to use underlying assets. A lessee is required to recognize a lease liability and an intangible right-to-use asset. Exceptions to the single approach guidance are provided for short-term leases, defined as lasting twelve months or less at inception. Additionally, the State of Texas Comptroller's Office has established materiality thresholds for these standards. The thresholds are \$100,000 per leased asset for GASB 87, *Leases*, and \$500,000 per contract for GASB 96, *SBITA's*, which MSU has adopted.

Future minimum lease payments for the university's right-to-use buildings and equipment are presented below for the years ended August 31.

	Principal	Interest	Total Future Minimum Lease Payments
2024	\$ 593,038.98	\$13,754.78	\$ 606,793.76
2025	584,357.18	10,558.49	594,915.67
2026	595,355.31	7,386.71	602,742.02
2027	622,145.91	4,077.92	626,223.83
2028	468,815.45	851.44	469,666.89
Totals	\$2,863,712.83	\$36,629.34	\$2,900,342.17

Future minimum subscription lease payments for right-to-use software are presented below for the years ended August 31.

	Principal	Interest	Total Future Minimum Lease Payments
2024	\$ 393,933.78	\$10,200.01	\$ 404,133.79
2025	186,713.03	7,544.75	194,257.78
2026	189,125.02	5,131.37	194,256.39
2027	191,541.02	2,687.15	194,228.17
2028	193,987.88	211.70	194,199.58
Totals	\$1,155,300.73	\$25,774.98	\$1,181,075.71

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Note 9: Pension Plans

The State has established an Optional Retirement Program (ORP) for institutions of higher education which complies with Internal Revenue Code Section 403(b). Participation in ORP is in lieu of participation in the Teacher Retirement System of Texas Plan and is available to certain eligible employees. The contributions made to the ORP by the members and employer for the fiscal year ended August 31, 2023, compared to the previous year, are shown below:

	Year Ended August 31, 2023	Year Ended August 31, 2022
Member Contributions	\$971,756.44	\$1,008,779.03
Employer Contributions	994,605.61	1,051,612.60
Total Remittance	\$1,966,362.05	\$2,060,391.63

Note 10: Deferred Compensation

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

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

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

Note 11: Postemployment Health Care and Life Insurance Benefits

Not applicable.

Midwestern State University

Notes to the Financial Statements For the Year Ended August 31, 2023

Note 12: Interfund Activity and Transactions

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

Texas Tech University Health Sciences Center, 739 D23 Fund 7999	\$12,756.78		West Texas Area Health Education Center
Texas Tech University, 733 D23 Fund 7999	69,821.20		Small Business Development Center
University of Texas, 721 D23 Fund 7999		\$1,485.66	Joint Admission Medical Program
Total Due To/Due From	\$82,577.98	\$1,485.66	

Operating Transfers:	Transfer In	Transfer Out	
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Texas Higher Education Coordinating Board, 781 D23 Fund 7999		\$ 1,009.00	Dental Hygiene Degree or Certificate Program
Texas Public Finance Authority, 347 D23 Fund 7999		780,431.98	Master Lease Purchase Transfers
Texas State Comptroller's Office, 902 D23 Fund 0210	\$ 64,192.00		Hazlewood Exemption Program
Texas Tech University System, 768 D23 Fund 7999	1,066,139.28	4,364,567.00	Capital Construction Assistance Projects
Texas Tech University System, 768 D23 Fund 7999		317,130.42	System funding
Total Transfers	\$1,130,331.28	\$5,463,138.40	

Legislative Transfers:	Transfer In	Transfer Out	
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Texas State Comptroller's Office, 902 D23 Fund 0001	\$92,432.00		Hazlewood Reimbursement-TVC
Total Transfers	\$92,432.00		

Note 13: Continuance Subject to Review

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

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Note 14: Adjustments to Fund Balance/Net Position

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective 2023, established a single model for technology subscription accounting based on the standards established in GASB Statement No. 87, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset. The Statement also required retroactive restatement for all periods presented in the financial statements.

In addition, MSU discovered a gift recorded in fiscal year 2022 that required a restatement. This resulted in a restatement to restricted net position and to beginning cash and cash equivalents.

The effects of the gift restatement and the implementation of GASB Statement No. 96 on MSU's financial statements for the year ended August 31, 2022 were as follows:

Statement of Net Position as of August 31, 2022

	As Reported in Fiscal Year 2022	Restatements	Restated Fiscal Year 2022
Assets:			
Total Current Assets	\$ 51,806,199.81	\$ (230,000.00)	\$ 51,576,199.81
Right-to-Use Assets, Amortizable	3,343,887.39	1,491,306.07	4,835,193.46
Other Non-current Assets	225,313,805.05		225,313,805.05
Total Assets	280,463,892.25	1,261,306.07	281,725,198.32
Total Deferred Outflows of Resources	2,339,934.98		2,339,934.98
Total Assets and Deferred Outflows	\$282,803,827.23	\$1,261,306.07	\$284,065,133.30
Liabilities:			
Right-to-Use Interest Payable	1,519.90	13,698.93	15,218.83
Right-to-Use Lease Obligations	585,358.31	344,077.37	929,435.68
Other Current Liabilities	50,251,772.67		50,251,772.67
Non-current Right to Use Lease Obligations	2,863,712.82	1,155,300.73	4,019,013.55
Other Non-current Liabilities	123,541,559.25		123,541,559.25
Total Liabilities	177,243,922.95	1,513,077.03	178,756,999.98
Total Liabilities and Deferred Inflows	\$177,243,922.95	\$1,513,077.03	\$178,756,999.98
Net Position:			
Net Investment in Capital Assets	39,073,682.63	(21,770.96)	39,051,911.67
Restricted Non-expendable	5,477,048.06		5,477,048.06
Restricted Expendable	17,419,524.07	(230,000.00)	17,189,524.07
Unrestricted	43,589,649.52		43,589,649.52
Total Net Position	\$105,559,904.28	\$ (251,770.96)	\$105,308,133.32

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Statement of Revenues, Expenses, and Changes in Net Position as of August 31, 2022

	As Reported in Fiscal Year 2022	Restatements	Restated Fiscal Year 2022
Operating Income (Loss):			
Total Operating Revenues	\$ 57,306,107.83		\$ 57,306,107.83
Less Operating Expenses:			
Materials and Supplies	8,976,581.47	\$ (349,909.03)	8,626,672.44
Depreciation and Amortization	17,983,679.37	355,982.75	18,339,662.12
Other Operating Expenses	93,816,228.51		93,816,228.51
Total Operating Expenses	120,776,489.35	6,073.72	120,782,563.07
Operating Income (Loss):	<u>\$ (63,470,381.52)</u>	<u>\$ (6,073.72)</u>	<u>\$ (63,476,455.24)</u>
Non-operating Revenues (Expenses):			
Interest Expense on Capital Asset Financing	(4,628,409.57)	(15,697.24)	(4,644,106.81)
Gifts	4,870,632.53	(230,000.00)	4,640,632.53
Other Non-operating Revenues (Expenses):	43,363,128.49		43,363,128.49
Total Non-operating Revenues (Expenses)	43,605,351.45	(245,697.24)	43,359,654.21
Income/(Loss) Before Capital Contributions, Additions to Endowments, and Transfers	<u>\$ (19,865,030.07)</u>	<u>\$ (251,770.96)</u>	<u>\$ (20,116,801.03)</u>
Other Revenue/Transfers	4,973,879.00		4,973,879.00
Increase (Decrease) in Net Position	(14,891,151.07)	(251,770.96)	(15,142,922.03)
Beginning Net Position	120,451,055.35		120,451,055.35
Ending Net Position	<u>\$105,559,904.28</u>	<u>\$ (251,770.96)</u>	<u>\$105,308,133.32</u>

Note 15: Contingencies and Commitments

Claims and Judgements

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

Federal Assistance

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

Midwestern State University

Notes to the Financial Statements For the Year Ended August 31, 2023

Arbitrage

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

Construction Commitments

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

Note 16: Subsequent Events

There were no material events that occurred subsequent to August 31, 2023.

Note 17: Risk Management

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

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

MSU's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. At August 31, 2023, there were no known claim liabilities.

The State provides coverage for workers' compensation and unemployment benefits from appropriations made to other state agencies for MSU employees. MSU was assessed \$73,477.52 and \$65,250.12 for workers' compensation coverage for fiscal years ending August 31, 2023 and 2022, respectively. Unemployment compensation is funded on a pay-as-you-go method, with the State contributing half of the cost of benefits and MSU contributing the other half for employees paid by State appropriated funds. MSU must pay 100% of the cost of benefits for employees paid from local funds.

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

Note 18: Management's Discussion and Analysis

Management's Discussion and Analysis is included in the TTUS Annual Consolidated Financial Report (ACFR).

Midwestern State University

Notes to the Financial Statements For the Year Ended August 31, 2023

Note 19: The Financial Reporting Entity

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

Note 20: Stewardship, Compliance, and Accountability

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

Note 21: Undefined by the Texas Comptroller

Reserved for future use by the Texas Comptroller.

Note 22: Donor Restricted Endowments

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

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

For the fiscal year ended August 31, 2023, the net appreciation on investments of donor restricted endowments available for authorization of expenditure, after distributions, is as follows:

<u>Donor-Restricted Endowment</u>	<u>Amounts of Net Appreciation</u>	<u>Reported in Net Position</u>
True Endowments	None	Restricted for Nonexpendable
Term Endowments	None	Restricted for Nonexpendable
True Endowments	\$2,646,552.58	Restricted for Expendable
Term Endowments	None	Restricted for Expendable

Note 23: Extraordinary and Special Items

Not Applicable.

Note 24: Disaggregation of Receivable and Payable Balances

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

Midwestern State University

Notes to the Financial Statements

For the Year Ended August 31, 2023

Accounts Receivable Category	Current Amount
3rd Party Contracts on Student Receivables	\$2,450,569.45
Follett Bookstore Receivable	139,341.80
Employee Travel Advances	19,089.52
Employee Payroll Advances	5,801.35
Endowment Distribution Receivable	44,326.96
Other Vendor Receivables	8,626.49
	\$2,667,755.57

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

Note 25: Termination Benefits

Not Applicable.

Note 26: Segment Information

Not Applicable.

Note 27: Service Concession Arrangements

Not Applicable.

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

The ending balance of \$2,144,940.40 in deferred outflows of resources was related to unamortized losses on refunding debt. For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows, depending on whether the net result is a gain or loss. The deferred amount is then amortized over the life of the new debt or the life of the old debt, whichever is shorter. In this case, the deferred outflow will be amortized using the straight-line method over the life of the old debt. The annual amortization expense will be \$194,994.58, and the deferred outflow will be fully amortized in fiscal year 2034.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Unamortized Loss on Debt Refunding	\$2,144,940.40	\$0.00
Total	\$2,144,940.40	\$0.00

Note 29: Troubled Debt Restructuring

Not Applicable.

Note 30: Non-Exchange Financial Guarantees

Not Applicable.

Note 31: Tax Abatements

Not Applicable.

Note 32: Governmental Fund Balances

Not Applicable.

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Midwestern State University

Unaudited

Schedule 1A - Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2023, with Comparative Totals for the Year Ended August 31, 2022

	ALN Number	Agy/Univ #	Pass-Through From	
			Agency or Univ Amount	Non-State Entities
<u>U.S. Department of Education</u>				
School Safety National Activities	84.184			
COVID-19—Governor’s Emergency Education Relief Fund	84.425C		\$ 29,495.33	
COVID-19—Higher Education Emergency Relief Fund	84.425E			
COVID-19—HEERF Institutional Portion	84.425F			
COVID-19—HEERF Strengthening Institutions Program (SIP)	84.425M			
Totals—U.S. Department of Education			29,495.33	
<u>Institute of Museum and Library Services</u>				
Pass-Through From:				
Grants to States				
Texas State Library and Archives Commission (TSLAC)	45.310	306	1,278.80	
<u>Small Business Administration</u>				
Pass-Through From:				
TTU-Small Business Development Center	59.037	733	129,416.09	
<u>National Science Foundation</u>				
Mathematical and Physical Sciences	47.049			
Geosciences	47.050			
Biological Sciences	47.074			
Totals—National Science Foundation				
<u>U.S. Department of Health and Human Services</u>				
Advanced Nursing Education Grant Program	93.247			
Mental and Behavioral Health Education and Training	93.732			
Trans-NIH Research Support	93.310			
Pass-Through From:				
Texas Tech University Health Sciences Center	93.107	739	123,645.11	
Totals—U.S. Department of Health and Human Services			123,645.11	
<u>U.S. Department of the Interior</u>				
National Land Remote Sensing Educ. Outreach & Research	15.815			
<u>U.S. Department of the Treasury</u>				
COVID-19 – Coronavirus State & Local Recovery Funds	21.027	021723		\$3,647.50
Student Financial Assistance Cluster				
<u>U.S. Department of Education</u>				
Federal Supplemental Education Opportunity Grants	84.007			
Federal Work-Study Program	84.033			
Federal Pell Grant Program	84.063			
Federal Direct Student Loans	84.268			
Teacher Education Assistance for College & HE Grants	84.379			
Total Student Financial Assistance Cluster Programs				
TRIO Cluster				
<u>U.S. Department of Education</u>				
Direct Programs				
TRIO—Student Support Services	84.042A			
Total Federal Financial Assistance			\$283,835.33	\$3,647.50

Midwestern State University

Direct Program	Total of Pass-Through From & Direct Program	Pass-Through To		Expenditures	2023	2022
		Agency or Univ Amount	Non-State Entities Amount		Total PT To and Expenditures Amount	Total PT To and Expenditures Amount
\$ 18,274.76	\$ 18,274.76			\$ 18,274.76	\$ 18,274.76	\$ 389,750.00
	29,495.33			29,495.33	29,495.33	5,642,942.00
358,739.15	358,739.15			358,739.15	358,739.15	5,977,207.10
683,153.25	683,153.25			683,153.25	683,153.25	225,351.75
1,060,167.16	1,089,662.49			1,089,662.49	1,089,662.49	12,235,250.85
	1,278.80			1,278.80	1,278.80	1,300.86
	129,416.09			129,416.09	129,416.09	147,751.66
44,766.08	44,766.08			44,766.08	44,766.08	423.80
						30,129.90
44,766.08	44,766.08			44,766.08	44,766.08	28,097.91
						58,651.61
514,197.35	514,197.35			514,197.35	514,197.35	495,680.87
285,516.20	285,516.20			285,516.20	285,516.20	40,890.80
123,087.23	123,087.23			123,087.23	123,087.23	235,629.57
	123,645.11			123,645.11	123,645.11	128,834.60
922,800.78	1,046,445.89			1,046,445.89	1,046,445.89	901,035.84
30,115.82	30,115.82			30,115.82	30,115.82	16,929.29
	3,647.50			3,647.50	3,647.50	
232,002.00	232,002.00			232,002.00	232,002.00	313,631.00
178,527.26	178,527.26			178,527.26	178,527.26	106,948.66
10,411,756.63	10,411,756.63			10,411,756.63	10,411,756.63	10,097,588.97
24,408,386.00	24,408,386.00			24,408,386.00	24,408,386.00	25,771,409.00
2,829.00	2,829.00			2,829.00	2,829.00	8,933.00
35,233,500.89	35,233,500.89			35,233,500.89	35,233,500.89	36,298,510.63
263,552.76	263,552.76			263,552.76	263,552.76	248,790.80
\$37,554,903.49	\$37,842,386.32			\$37,842,386.32	\$37,842,386.32	\$49,908,221.54

Midwestern State University

Note 1: Nonmonetary Assistance

Not Applicable

Note 2: Reconciliation

08/31/2023

Federal Revenues—Per Exhibit II	
Federal Grant Revenue—Operating	\$ 1,696,515.96
Federal Grant Revenue—Non-Operating	11,453,649.03
Federal Pass-through Revenue—Operating	282,556.53
Federal Pass-through Revenue—Non-Operating	1,278.80
Total Federal Revenues	13,434,000.32
Reconciling Items: New Loans Processed	
Federal Direct Student Loans Processed	24,408,386.00
	\$37,842,386.32

Note 3a: Student Loans Processed and Administrative Costs Recovered

Federal Grantor/CFDA Number/Program Name	Beginning Balance of Outstanding Loans as of 8/31/2022	New Loans Processed, does not include Admin Cost Recovered	CY Admin Cost Recovered, includes PYs only if applicable
U.S. Department of Education			
84.038 Federal Perkins Loan Program			
84.268 Federal Direct Student Loans Program		\$24,408,386.00	
Total Department of Education		\$24,408,386.00	

Federal Grantor/CFDA Number/Program Name	Total Loans Processed & Admin Cost Recovered	Repayment/Adjustment Activity (PY + CY)	Outstanding Balance of Loans as of 8/31/2023
U.S. Department of Education			
84.038 Federal Perkins Loan Program			
84.268 Federal Direct Student Loans Program	\$24,408,386.00	\$24,408,386.00	
Total Department of Education	\$24,408,386.00	\$24,408,386.00	

Note 5: Unemployment Insurance

Not Applicable

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

Not Applicable

Note 7: Federal Deferred Revenue

Not Applicable

Note 8: Disaster Grants—Public Assistance

Not Applicable

Note 9: Economic Adjustment Assistance

Not Applicable

Note 10 - 10% de Minimis Indirect Cost Rate

The university does not elect to use the 10% de minimis indirect cost rate because it has a negotiated rate of 45% of modified total direct costs on grants, contracts and other agreements with the Federal Government that was negotiated with the Department of Health and Human Services in 2022, which extends through August 31, 2026, or until a new rate is negotiated.

Midwestern State University

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

<u>Operating Revenue:</u>	2023	2022
Pass-Through From:		
UT System (Agy #720)		
Joint Admission Medical Program (JAMP)	\$ 12,044.34	\$ 7,015.31
Texas Higher Education Coordinating Board (Agy #781)		
College Work Study Program	24,100.55	33,403.00
Nursing and Allied Health	27,449.24	4,748.39
Professional Nursing Shortage Reduction Program	82,145.90	
TEXAS Grant Program	4,393,962.00	4,294,987.00
Texas Grants B.1.10	185,800.00	262,084.00
Texas State Board of Public Accountancy (TSBPA – Agy #457)		
5 th Year Accounting		3,000.00
Total Operating Pass-Through Revenue (Exhibit II)	\$4,725,502.03	\$4,605,327.70

Pass-Through To:

None

Non-Operating Revenue:

Pass-Through From:

Texas Commission on the Arts (TCA—Agy #813)		
Various Projects	\$ 5,500.00	\$ 5,500.00
Total Non-Operating Pass-Through Revenue	\$ 5,500.00	\$ 5,500.00

Pass-Through To:

None

Midwestern State University

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**Midwestern State University
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2023**

Business Type Activities

Description of Issue	Bonds Issued To Date	Range of Interest Rates	<u>Scheduled Maturities</u>		
			First Year	Final Maturity Date	First Call Date
<u>Revenue Bonds:</u>					
Revenue and Refunding Bonds:					
Series 2012B	\$ 5,415,000.00	0.50% - 3.25%	2013	12/01/2024	12/01/2022
Revenue and Refunding Bonds:					
Series 2015A	53,335,000.00	2.00% - 5.00%	2016	12/01/2044	06/01/2025
Revenue and Refunding Bonds:					
Series 2016A	72,250,000.00	2.00% - 5.00%	2016	12/01/2035	12/01/2026
Revenue and Refunding Bonds:					
Series 2016B	11,790,000.00	1.426% - 2.666%	2019	12/01/2034	12/01/2026
Total	\$142,790,000.00				

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Midwestern State University

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**Midwestern State University
Schedule 2B - Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2023**

Business Type Activities

Description of Issue	Bonds Outstanding 09-01-2022	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished
Revenue Bonds:				
Revenue Financing System Series 2012B	\$ 1,830,000.00		\$ 590,000.00	
Revenue Financing System Series 2015A	48,100,000.00		1,635,000.00	
Revenue Financing System Series 2016A	58,390,000.00		3,215,000.00	
Revenue Financing System Series 2016B	9,780,000.00		695,000.00	
Total	\$118,100,000.00	\$0.00	\$6,135,000.00	\$0.00

Midwestern State University

Bonds Outstanding 08-31-2023	Unamortized Premium	Unamortized Discount	Net Bonds Outstanding 08-31-2023	Amounts Due Within One Year
\$ 1,240,000.00			\$ 1,240,000.00	\$ 610,000.00
46,465,000.00	\$ 1,998,187.87		48,463,187.87	1,845,151.81
55,175,000.00	7,616,528.79		62,791,528.79	3,960,886.83
9,085,000.00			9,085,000.00	715,000.00
<u>\$111,965,000.00</u>	<u>\$9,614,716.66</u>	<u>\$0.00</u>	<u>\$121,579,716.66</u>	<u>\$7,131,038.64</u>

Midwestern State University

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**Midwestern State University
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2023**

Business Type Activities

Description of Issue	2024	2025	2026	2027	2028
Revenue Financing System Revenue Bonds:					
Series 2012B					
Principal	\$ 610,000.00	\$ 630,000.00			
Interest	30,150.85	10,209.15			
Revenue Financing System Revenue and Refunding Bonds:					
Series 2015A					
Principal	1,750,000.00	1,880,000.00	\$2,020,000.00	\$2,165,000.00	\$2,320,000.00
Interest	2,003,606.26	1,912,856.26	1,815,356.26	1,710,731.26	1,598,606.26
Revenue Financing System Revenue and Refunding Bonds:					
Series 2016A					
Principal	3,375,000.00	3,545,000.00	3,735,000.00	3,920,000.00	4,115,000.00
Interest	2,309,525.00	2,136,525.00	1,954,525.00	1,763,150.00	1,562,275.00
Revenue Financing System Revenue and Refunding Bonds:					
Series 2016B					
Principal	715,000.00	735,000.00	750,000.00	770,000.00	790,000.00
Interest	267,669.00	250,369.65	231,684.60	211,798.00	190,331.70
Total	<u>\$11,060,951.11</u>	<u>\$11,099,960.06</u>	<u>\$10,506,565.86</u>	<u>\$10,540,679.26</u>	<u>\$10,576,212.96</u>
Less Interest	<u>(4,610,951.11)</u>	<u>(4,309,960.06)</u>	<u>(4,001,565.86)</u>	<u>(3,685,679.26)</u>	<u>(3,351,212.96)</u>
Total Principal	<u>\$ 6,450,000.00</u>	<u>\$ 6,790,000.00</u>	<u>\$ 6,505,000.00</u>	<u>\$ 6,855,000.00</u>	<u>\$ 7,225,000.00</u>

Midwestern State University

2029-33	2034-38	2039-43	2044-45	Total Requirements
				\$ 1,240,000.00
				40,360.00
\$ 9,435,000.00	\$ 8,790,000.00	\$12,120,000.00	\$5,985,000.00	46,465,000.00
6,579,731.30	4,617,531.30	2,532,812.56	250,490.65	23,021,722.11
22,985,000.00	13,500,000.00			55,175,000.00
5,063,700.00	762,200.00			15,551,900.00
4,100,000.00	1,225,000.00			9,085,000.00
574,883.55	34,575.80			1,761,312.30
\$48,738,314.85	\$28,929,307.10	\$14,652,812.56	\$6,235,490.65	\$152,340,294.41
(12,218,314.85)	(5,414,307.10)	(2,532,812.56)	(250,490.65)	(40,375,294.41)
\$36,520,000.00	\$23,515,000.00	\$12,120,000.00	\$5,985,000.00	\$111,965,000.00

Midwestern State University

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Midwestern State University
Schedule 2D - Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2023

Business Type Activities
Description of Issue

	Pledged and Other Sources and Related Expenditures for FY 2023			
	Net Available for Debt Service			
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Debt Service	
			Principal	Interest
Revenue Financing System Revenue Bonds				
Revenue and Refunding Bonds: Series 2012B			590,000.00	48,854.35
Revenue and Refunding Bonds: Series 2015A			1,635,000.00	2,088,231.26
Revenue and Refunding Bonds: Series 2016A			3,215,000.00	2,474,275.00
Revenue and Refunding Bonds: Series 2016B			695,000.00	283,390.95
Total for all Revenue Financing System Revenue Bonds	\$54,820,782.58	\$43,615,141.38	\$6,135,000.00	\$4,894,751.56

Midwestern State University

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Midwestern State University
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2023

Business Type Activities

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Revenue Financing System Revenue and Refunding Bonds Series 2007	2015	\$10,060,000.00
Revenue Financing System Revenue and Refunding Bonds Series 2008	2016	22,480,000.00
Revenue Financing System Revenue and Refunding Bonds Series 2010	2016	4,380,000.00
	Total	<u>\$36,920,000.00</u>

Midwestern State University

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Midwestern State University
Schedule 2F - Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2023

Business Type Activities

<u>Description of Issue</u>	<u>Category</u>	<u>Amount Extinguished/Refunded</u>	<u>Refunded Issued Par</u>	<u>Cash Flow Increase/(Decrease)</u>	<u>Economic Gain/(Loss)</u>
None for the Year Ended August 31, 2023					

Midwestern State University

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

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year</u>	<u>Prior Year</u>
General Revenue - Dedicated Fund 0264	\$5,290,206.51		\$5,290,206.51	\$4,414,304.50
Corona Virus Relief Fund—Fund 0325		\$1,575.43	1,575.43	21,901.39
Total Cash – State Treasury (Stmt of Net Position)	\$5,290,206.51	\$1,575.43	\$5,291,781.94	\$4,436,205.89

MSU TEXAS FUN FACTS



1922
established

5,900

AVERAGE ENROLLMENT
44 states & 54 countries

255-ACRE CAMPUS



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