



**\$8,965,000**  
**TEXAS PUBLIC FINANCE AUTHORITY**  
**Midwestern State University**  
**Revenue Financing System**  
**Revenue Bonds, Series 2002**



**Dated Date:** June 15, 2002

**Due:** December 1, as shown herein

The bonds described herein (the "Bonds") are issued by the Texas Public Finance Authority (the "Authority") on behalf of the Board of Regents (the "Board") of Midwestern State University (the "University"). The Bonds are payable from and secured by a lien on "Pledged Revenues" (as defined herein) of the University. **THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE BOARD, THE AUTHORITY, THE UNIVERSITY OR ANY PART THEREOF, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE BOARD NOR THE AUTHORITY HAS ANY TAXING POWER, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED AS SECURITY FOR THE BONDS. THE BREACH OF ANY COVENANT, AGREEMENT, OR OBLIGATION CONTAINED IN THE RESOLUTION WILL NOT IMPOSE OR RESULT IN GENERAL LIABILITY ON OR A CHARGE AGAINST THE GENERAL CREDIT OF THE BOARD, THE AUTHORITY, OR THE UNIVERSITY. THE OWNERS OF THE BONDS WILL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THE BONDS FROM ANY SOURCE OTHER THAN PLEDGED REVENUES. See "SECURITY FOR THE BONDS."**

The proceeds from the sale of the Bonds will be used for the purpose of providing funds for paying 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, security, lighting, and to pay the costs of issuing the Bonds. See "PLAN OF FINANCING."

Interest on the Bonds will accrue from the dated date, and is payable on December 1, 2002 and each June 1 and December 1 thereafter, calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds are initially issuable only to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the purchasers thereof. Interest on and principal of the Bonds will be payable by The Bank of New York, Jacksonville, Florida, the initial Paying Agent/Registrar, to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the bonds. See "DESCRIPTION OF THE BONDS-Book-Entry Only System."

Payment of the principal of and interest on the Bonds when due will be insured by a municipal bond insurance policy to be insured by Financial Security Assurance simultaneously with the delivery of the Bonds.



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See Inside Cover for Maturity Schedule

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The Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE BONDS - Redemption."

*The Bonds are offered when, as and if issued, subject to approval of legality by the Attorney General of the State of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, as to the validity of the issuance of the Bonds under the Constitution and the laws of the State of Texas and to the effect that, assuming continuing compliance by the Authority and the Board with certain requirements contained in the Resolution of the Authority and the Board authorizing the Bonds and subject to certain matters discussed under "TAX MATTERS" herein, interest on the Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes and will not be included in computing the alternative minimum taxable income of owners thereof who are individuals or, except as herein described, corporations. See "TAX MATTERS" herein. The Bonds are expected to be available for delivery through DTC on or about July 9, 2002.*

## MATURITY SCHEDULE <sup>(1)</sup>

<u>Due December 1</u>	<u>Maturing Amounts</u>	<u>Interest Rates</u>	<u>Yield</u>	<u>CUSIP</u>
2002	\$ 265,000	4.000%	1.450%	882756LJ
2003	290,000	4.000%	1.700%	882756LK
2004	305,000	4.000%	2.120%	882756LL
2005	320,000	4.000%	2.630%	882756LM
2006	335,000	4.000%	2.940%	882756LN
2007	355,000	4.000%	3.230%	882756LP
2008	370,000	4.000%	3.510%	882756LQ
2009	385,000	4.125%	3.690%	882756LR
2010	405,000	4.250%	3.900%	882756LS
2011	425,000	4.250%	4.010%	882756LT
2012	445,000	4.500%	4.110%	882756LU
2013	465,000	4.250%	4.250%	882756LV
2014	485,000	4.350%	4.380%	882756LW
2015	505,000	4.450%	4.500%	882756LX
2016	530,000	4.550%	4.600%	882756LY
2017	555,000	4.650%	4.700%	882756LZ
2018	585,000	4.750%	4.800%	882756MA
2019	615,000	4.850%	4.900%	882756MB
2020	645,000	5.000%	5.000%	882756MC
2021	680,000	5.000%	5.050%	882756MD

**(plus accrued interest from June 15, 2002)**

<sup>(1)</sup> The Bonds are subject to redemption as set forth herein in the section “DESCRIPTION OF THE BONDS – Redemption.”

**TEXAS PUBLIC FINANCE AUTHORITY**

**Board of Directors**

Mr. John C. Kerr, Chair  
Mr. H. L. Bert Mijares, Vice Chair  
Ms. Cynthia L. Meyer, CPA, Secretary

Mr. J. Vaughn Brock, Member  
Mr. R. David Kelly, Member  
Ms. Helen Huey, Member  
Mr. Daniel T. Serna, Member

**Certain Appointed Officers**

Kimberly K. Edwards, Executive Director

Judith Porras, General Counsel

**MIDWESTERN STATE UNIVERSITY**

**Board of Regents**

<b><u>Name</u></b>	<b><u>Residence</u></b>	<b><u>Term Expiration</u></b>
Mr. Mac W. Cannedy, Jr., Chairperson	Wichita Falls	February 25, 2006
Dr. Jaime A. Davidson	Dallas	February 25, 2004
Mr. Munir A. Lalani	Wichita Falls	February 25, 2004
Mr. Chaunce O. Thompson, Jr.	Breckenridge	February 25, 2004
Mr. John C. Bridgman	Wichita Falls	February 25, 2006
Mr. David L. Stephens	Plano	February 25, 2006
Ms. Donna Arp	Colleyville	February 25, 2008
Ms. Pat Haywood	Wichita Falls	February 25, 2008
Mr. Don Ross Malone	Vernon	February 25, 2008

**Certain Appointed Officials**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Length of Service</u></b>
Dr. Jesse W. Rogers	President	34 Years
Dr. John Alexander	Vice President, Administration and Finance	1 Year
Ms. Gail Ferguson	Controller	13 Years

**Consultants**

**Co-Financial Advisor**  
First Southwest Company  
Houston and Dallas, Texas  
and  
CKW Financial Group  
Fort Worth, Texas

**Bond Counsel**  
McCall, Parkhurst & Horton L.L.P.  
Austin, Texas

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*This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman, or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of these Bonds, and if given or made, such information or representation must not be relied upon. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof.*

*Other than with respect to information concerning Financial Security Assurance, Inc. (“Financial Security”) contained under the caption “BOND INSURANCE” and Exhibit D specimen “Municipal Bond Insurance Policy” herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax exempt status of the interest on the Bonds.*

*For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), this document constitutes a preliminary official statement of the University and the Authority with respect to the Bonds that has been “deemed final” by the Authority and the Board as of its date except for the omission of no more than the information permitted by the Rule.*

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**OFFICIAL STATEMENT**  
**relating to**  
  
**\$8,965,000**  
**TEXAS PUBLIC FINANCE AUTHORITY**  
**MIDWESTERN STATE UNIVERSITY REVENUE FINANCING SYSTEM**  
**REVENUE BONDS, SERIES 2002**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to provide certain information regarding the issuance by the Texas Public Finance Authority (the "Authority"), on behalf of the Board of Regents of Midwestern State University (the "Board"), of a series of its bonds entitled "Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Bonds, Series 2002" (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in APPENDIX A, except as otherwise indicated herein.

Midwestern State University (the "University") was established pursuant to the provisions of the Constitution and the laws of the State of Texas (the "State") as an institution of higher education. For the 2001 Fall Semester, the University had a total enrollment of approximately 5,999 students. The 2001-2002 budget of the University is approximately \$45,205,801. The Board is the governing body of the University and its members are officers of the State, appointed by the Governor with the advice and consent of the State Senate. For a general description of the University, see "MIDWESTERN STATE UNIVERSITY" herein.

The Authority is the issuer of bonds for the benefit of the University pursuant to an Act of the Texas Legislature adopted in 1997. This Official Statement contains summaries and descriptions of the Plan of Financing, the Bonds, the University, the Authority, and other related matters. All references to and descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the Vice President for Administration and Finance, Midwestern State University, 3410 Taft Boulevard, Wichita Falls, Texas 76308-2099; (940) 397-4105. Copies of documents relating to the Authority may be obtained from the Executive Director, Texas Public Finance Authority, 300 West 15<sup>th</sup> Street, Suite 411, Austin, Texas 78701, (512) 463-5544.

**PLAN OF FINANCING**

**Authority for Issuance of the Bonds**

The Bonds are being issued in accordance with the general laws of the State of Texas, Chapter 55, Texas Education Code, as amended, including particularly Sections 55.13(c) and 55.1737, Texas Education Code, Section 1232.101 of Chapter 1232, Texas Government Code ("Section 1232.101"), and Chapter 1201, Texas Government Code, and additionally pursuant to a resolution (the "Resolution") adopted by both the Board and the Authority's governing body.

**Purpose**

Proceeds of the Bonds will be used for the purpose of providing funds for paying 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, security, lighting, and to pay the costs of issuing the Bonds.

Pursuant to Section 1232.101, the Authority has the exclusive authority to issue bonds on behalf of the University. Further, Section 55.13(c) of the Texas Education Code provides that the Authority must exercise the authority of the Board to issue bonds on behalf of the University, and the Authority has all the rights and duties granted or assigned to and is subject to the same conditions as the Board under Chapter 55, Texas Education Code. The University submitted to the Authority, and the Authority approved, a request for financing in the amount of \$8,965,000 of the Bonds.

## THE AUTHORITY

The Authority is a public authority and body politic and corporate originally created in 1984 by an act of the Texas Legislature as the Texas Public Building Authority. The Authority (formerly known as the Texas Public Building Authority) succeeded to the ownership of all property of and all lease and rental contracts entered into by, the Texas Public Building Authority, and all of the obligations contracted or assumed by the Texas Public Building Authority became obligations of the Authority.

The Authority is currently governed by a board of directors (the "Authority Board") composed of seven members appointed by the Governor of the State (the "Governor") with the advice and consent of the State Senate. The Governor designates one member to serve as Chair at the will of the Governor. Board members whose terms have expired continue to serve on the Authority Board, until a successor therefore has been appointed by the Governor. The current members of the Authority Board, the office held by each member, and the date on which each member's term expires are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expires (February 1)</u>
John C. Kerr	Chair*	2001
H.L. Bert Mijares, Jr.	Vice-Chair	2005
Cynthia L. Meyer, CPA	Secretary	2003
J. Vaughn Brock	Member	2007
Helen Huey	Member	2005
R. David Kelly	Member	2007
Daniel T. Serna	Member	2003

\* Appointed to serve at the pleasure of the Governor.

The Authority employs an executive director (the "Executive Director") who is charged with managing the affairs of the Authority, subject to and under the direction of the Authority Board. The Executive Director is Kimberly K. Edwards. Ms. Edwards has been with the Authority since March 1997.

Pursuant to the Enabling Act and Chapters 1401 and 1403, Texas Government Code, the Authority issues general obligation and revenue bonds for designated State agencies (including certain institutions of higher education) and administers the Master Lease Purchase Program, a revenue commercial paper program, primarily to finance equipment acquisitions by State agencies. Under these authorities, the Authority has issued revenue bonds on behalf of the Texas Parks and Wildlife Department, the Texas Building and Procurement Commission (formerly the Texas General Services Commission), the State Preservation Board, the Texas Department of Criminal Justice, the Texas Department of Health, the Texas Military Facilities Commission (formerly, the National Guard Armory Board), the Texas Department of Agriculture, the Department of Human Services, the Texas State Technical College System, Texas Southern University, Stephen F. Austin State University, and the University. The Authority has also issued general obligation bonds for the Texas Parks and Wildlife Department, the Texas Department of Criminal Justice, the Texas Department of Mental Health and Mental Retardation, the Texas Department of Public Safety, the Texas Youth Commission, the Texas National Research Laboratory Commission and the Texas Juvenile Probation Commission.

Before the Authority may issue bonds for the acquisition or construction of a building, the Legislature must have authorized the specific project for which the bonds are to be issued and the estimated cost of the project or the maximum amount of bonded indebtedness that may be incurred by the issuance of bonds. The Texas Supreme Court, in *Texas Public Building Authority v. Mattox*, 686 S.W.2d 924 (1985), ruled that revenue bonds issued by the Authority do not constitute debt of the State within the meaning of the State Constitution. As set forth in the Enabling Act, revenue obligations issued thereunder are not a debt of the State or any State agency, political corporation or political subdivision of the State and are not a pledge of the full faith and credit of them.

### Sunset Review

In 1977, the Texas Legislature enacted the Texas Sunset Act (Chapter 325, Texas Government Code, as amended) which provides that virtually all agencies of the State, including the Authority, are subject to periodic review of the Legislature and that each agency subject to sunset review will be abolished unless the Legislature specifically determines to continue its existence. The Authority was reviewed during the 1997 legislative session under the Texas Sunset Act, and the next scheduled review of the Authority is during the legislative session in 2009. The Enabling Act of the Authority, as amended by the 75<sup>th</sup> Legislature, provides that if the Authority is not continued in existence, the Authority will cease to exist as of September 1, 2009; however, the Texas Sunset Act provides that the Authority will exist until September 1 of the following year (September 1, 2010) in order to conclude its business.

In the event the Authority is abolished pursuant to the Texas Sunset Act in 2009, the Governor is required to designate an appropriate State agency to carry out the Authority's covenants contained in the Bonds and in the documents authorizing the Bonds. In such event, the Authority's General Counsel has opined (1) the Bonds would remain valid and binding obligations, subject to all applicable terms and conditions of the laws and proceedings authorizing the Bonds and (2) such designated agency would be obligated and authorized to carry out all such covenants and to provide payment from the sources pledged to the Bonds in accordance with the terms thereof until the Bonds are paid in full.

**Relationship With Other State Agencies**

Under the Enabling Act, the Authority's power is limited to financing projects and does not affect the power of the Board to carry out its statutory authority, including its authority to construct buildings. Accordingly, the Authority will not be responsible for supervising the construction and maintenance of any of the projects of the University. See also "THE UNIVERSITY" herein for a discussion of the University's relationship with other state agencies.

Payments on the Bonds are expected to be made solely from the Pledged Revenues. See "SECURITY FOR THE BONDS." Any default in payments on the Bonds will not affect the payment of any other obligations of the Authority.

With certain exceptions, bonds issued by State agencies and institutions, including bonds issued by the Authority, must be approved by the Texas Bond Review Board prior to their issuance. The Texas Bond Review Board is composed of the Governor, the Lieutenant Governor, the Speaker of the House of Representatives and the Comptroller of Public Accounts. The Governor is the Chairman of the Texas Bond Review Board. Each member of the Texas Bond Review Board may, and frequently does, act through a designee. An application was submitted to the Texas Bond Review Board and approved on May 23, 2002. In the case of bonds issued by institutions of higher education, such as the University, the projects to be financed by the bonds are also reviewed or approved by the Texas Higher Education Coordinating Board (the "Coordinating Board"). The projects (that exceed two million dollars) to be financed by the Bonds were approved by the Coordinating Board as required by law.

**DESCRIPTION OF THE BONDS**

**General**

The Bonds will be issued only as fully registered bonds, without coupons, in any integral multiple of \$5,000 principal amount within a stated maturity, will be dated June 15, 2002, will accrue interest from their dated date, and will bear interest at the per annum rates shown on the inside cover page hereof. Interest on the Bonds is payable on December 1 and June 1 of each year, commencing December 1, 2002, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds mature on December 1, in the years and in the principal amounts set forth on the inside cover page hereof.

If the specified date for any payment of principal or interest on the Bonds is a Saturday, Sunday, or legal holiday or equivalent (other than a moratorium) for banking institutions in the City of New York, New York or in the city of the Designated Payment Office for the Paying Agent/Registrar for the Bonds, such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment.

**Sources and Uses of Funds**

The proceeds of the Bonds will be applied as follows:

Sources of Funds	
Principal Amount of Bonds	\$ 8,965,000.00
Accrued Interest	26,526.75
Bid Premium	<u>9.00</u>
Total Sources of Funds	\$ 8,991,535.75
Uses of Funds	
Deposit to Construction Fund	\$ 8,890,000.00
Deposit to Accrued Interest Account	26,535.75
Deposit to Cost of Issuance Account	<u>75,000.00</u>
Total Uses of Funds	\$ 8,991,535.75

## **Transfer, Exchange, and Registration**

Upon surrender for transfer of any Bond at the Designated Trust Office described herein, the Authority will execute, and the Paying Agent/Registrar, initially The Bank of New York – Jacksonville, Florida, will authenticate and deliver, in the name of the designated transferee, one or more new fully registered Bonds of the same Stated Maturity, of any authorized denominations, and of a like aggregate principal amount. At the option of the Holder, Bonds may be exchanged for other Bonds of the same Stated Maturity, of any authorized denominations, and of like aggregate principal amount, upon surrender of the Bonds to be exchanged at the place of payment for the Bonds. Whenever any Bonds are so surrendered for exchange, the Authority and the Board will execute, and the Paying Agent/Registrar will authenticate and deliver, the Bonds which the Holder of Bonds making the exchange is entitled to receive. Every Bond presented or surrendered for transfer or exchange will be duly endorsed, or accompanied by a written instrument of transfer in form satisfactory to the Authority and the Paying Agent/Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing. No service charge will be made to the Holder for any registration, transfer, or exchange of Bonds, but the Authority or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

## **Record Date for Interest Payment**

The regular record date (“Regular Record Date”) for the interest payable on any interest payment date means the close of business on the 15<sup>th</sup> calendar day of the month preceding each interest payment date.

The interest payable on, and paid or duly provided for on or within ten days after, any interest payment date will be paid to the person in whose name a Bond (or one or more predecessor Bonds evidencing the same debt) is registered at the close of business on the Regular Record Date for such interest. Any such interest not so paid or duly provided for will cease to be payable to the Person in whose name such Bonds is registered on such Regular Record Date, and will be paid to the Person in whose name this Bond (or one or more Predecessor Bonds) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent/Registrar, notice whereof being given to the Holders of the Bonds not less than 15 days prior to the Special Record Date.

## **Redemption**

### *Optional Redemption*

The Bonds scheduled to mature on and after December 1, 2013 are subject to redemption prior to maturity at the option of the Authority, upon the request of the Board, on December 1, 2012 or on any date thereafter, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and, if in part within a maturity, the particular Bonds or portion thereof to be redeemed will be selected by the Paying Agent/Registrar) at a price of par plus accrued interest from the most recent interest payment date to the redemption date.

### *Mandatory Sinking Fund Redemption*

In addition to the foregoing optional redemption provision, if principal amounts designated in the serial maturity schedule above are combined to create Term Bonds, each such Term Bond shall be subject to mandatory sinking fund redemption commencing on December 1 of the first year which has been combined to form such Term Bond and continuing on in each year thereafter until the stated maturity date of that Term Bond, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule above. Term Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from and among the Term Bonds then subject to redemption. The Authority, at its option, may credit against any mandatory sinking fund redemption requirement Term Bonds of the maturity then subject to redemption which have been purchased and canceled by the Authority or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

### *Notice of Redemption*

At least 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption will be published once in a financial publication, journal, or reporter of general circulation among securities dealers in the city of New York, New York or in the State of Texas. Such notice also will be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the Registration Books on the 45<sup>th</sup> day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, will not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and the Resolution specifically provides that the publication of such notice

as required above is the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof.

In addition, the Paying Agent/Registrar will give notice of redemption of Bonds by mail, first-class postage prepaid at least 30 days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption notices. Any notice sent to the registered securities depositories or such national information services will be sent so that they are received at least two days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar will also send a notice of prepayment or redemption to the registered owner of any Bond who has not sent the Bonds in for redemption 60 days after the redemption date.

Each notice of redemption will contain a description of the Bonds to be redeemed, including the complete name of the Bonds, the Series, the date of issue, the interest rate, the maturity date, the CUSIP number, a reference to the principal amounts of each maturity called for redemption, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar, and the address at which the Bonds may be redeemed, including a contact person and telephone number.

### **Paying Agent/Registrar**

The Paying Agent/Registrar may be removed from its duties at any time with or without cause by action of the Board and not less than 30 days notice to each Holder specifying the substitution of another Paying Agent/Registrar, the effective date thereof, and the address of such successor Paying Agent/Registrar, but no such removal is effective until such successor has accepted the duties of the Paying Agent/Registrar. Every Paying Agent/Registrar appointed will at all times be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$10,000,000, subject to supervision or examination by federal or state authority, registered as a transfer agent with the Securities and Exchange Commission, and having an office designated in the notice to Holders as the place of payment. The Designated Trust Office for the initial Paying Agent/Registrar is in Jacksonville, Florida (the "Designated Trust Office").

### **Book-Entry Only System**

*This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

*The Authority cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate per maturity will be issued for the Securities, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in

turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Authority or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

**Use of Certain Terms in Other Sections of this Official Statement** In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Authority or the Purchasers.

**Effect of Termination of Book-Entry Only System** In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the Authority, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "DESCRIPTION OF THE BONDS - Transfer, Exchange and Registration" above.

**THE PAYING AGENT, THE BOARD, AND THE AUTHORITY, SO LONG AS THE DTC BOOK-ENTRY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF PROPOSED AMENDMENT TO THE RESOLUTION OR OTHER NOTICES WITH RESPECT TO SUCH BONDS ONLY TO DTC. ANY FAILURE BY DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO NOTIFY THE BENEFICIAL OWNERS, OF ANY NOTICES AND THEIR CONTENTS OR EFFECT WILL NOT AFFECT ANY ACTION PREMISED ON ANY SUCH NOTICE. NEITHER THE BOARD, THE AUTHORITY, NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS ON THE BONDS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.**

#### Debt Service Schedule

Fiscal Year 8/31	Prior Encumbered Obligations and Previously Issued Parity Obligations	The Bonds			Total Debt Service
		Principal	Interest	Subtotal	
2002	\$ 1,195,820				\$ 1,195,820
2003	1,195,053	\$ 265,000	\$ 377,127	\$ 642,127	1,837,180
2004	1,201,303	290,000	381,501	671,501	1,872,804
2005	1,195,928	305,000	369,601	674,601	1,870,529
2006	1,195,605	320,000	357,101	677,101	1,872,706
2007	1,199,963	335,000	344,001	679,001	1,878,964
2008	1,197,218	355,000	330,201	685,201	1,882,419
2009	1,192,418	370,000	315,701	685,701	1,878,119
2010	1,195,458	385,000	300,361	685,361	1,880,818
2011	1,195,728	405,000	283,814	688,814	1,884,541
2012	1,198,030	425,000	266,176	691,176	1,889,206
2013	1,202,358	445,000	247,133	692,133	1,894,490
2014	1,198,489	465,000	227,239	692,239	1,890,728
2015	1,197,870	485,000	206,809	691,809	1,889,679
2016	929,225	505,000	185,024	690,024	1,619,249
2017	702,000	530,000	161,730	691,730	1,393,730
2018	700,250	555,000	136,769	691,769	1,392,019
2019	697,000	585,000	109,971	694,971	1,391,971
2020	-	615,000	81,164	696,164	696,164
2021	-	645,000	50,125	695,125	695,125
2022	-	680,000	17,000	697,000	697,000
	\$ 19,789,716	\$ 8,965,000	\$ 4,748,548	\$ 13,713,548	\$ 33,503,264

## **BOND INSURANCE**

Other than with respect to information concerning Financial Security Assurance Inc. ("Financial Security") contained under the caption "Bond Insurance" and Appendix D "Municipal Bond Insurance Policy Specimen" herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax exempt status of the interest on the Bonds.

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Financial Security Assurance Inc. ("Financial Security") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **Financial Security Assurance Inc.**

Financial Security is a New York domiciled insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Dexia, S.A., a publicly held Belgian corporation. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At March 31, 2002, Financial Security's total policyholders' surplus and contingency reserves were approximately \$1,644,743,000 and its total unearned premium reserve was approximately \$841,749,000 in accordance with statutory accounting principles. At March 31, 2002, Financial Security's total shareholder's equity was approximately \$1,746,106,000 and its total net unearned premium reserve was approximately \$693,860,000 in accordance with generally accepted accounting principles.

The financial statements included as exhibits to the annual and quarterly reports filed by Holdings with the Securities and Exchange Commission are hereby incorporated herein by reference. Also incorporated herein by reference are any such financial statements so filed from the date of this Official Statement until the termination of the offering of the Bonds. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 350 Park Avenue, New York, New York 10022, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Bonds or the advisability of investing in the Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the Issuer the information presented under this caption for inclusion in the Official Statement.

## **SECURITY FOR THE BONDS**

### **The Revenue Financing System**

The Resolution confirms the creation in 1998 of the Midwestern State University Revenue Financing System (the "Revenue Financing System") to provide a financing structure for revenue supported indebtedness of the University and any research and service agencies or other components of the University which may thereunder be included, by Board action, as participants in the Revenue Financing System ("Participants"). The Revenue Financing System is intended to facilitate the assembling of all of the University's revenue-supported debt capacity into a single financing program in order to provide a cost-effective debt program to Participants and to maximize the financing options available to the Board. Presently, only the University is a Participant. The Resolution provides that once a university or agency becomes a Participant, its Revenue Funds become part of the Pledged Revenues; provided, however, that, if at the time an entity becomes a Participant it has outstanding obligations secured by any or all of its Revenue Funds, such obligations will constitute Prior Encumbered Obligations under the Resolution and the pledge of such sources as Pledged

Revenues will be subject and subordinate to such outstanding Prior Encumbered Obligations. Thereafter, the Board or the Authority, on behalf of the Board, may issue bonds, notes, commercial paper, contracts, or other evidences of indebtedness, including credit agreements on behalf of such institution on a parity, as to payment and security, with the Outstanding Parity Obligations, subject only to the outstanding Prior Encumbered Obligations, if any, with respect to such Participant. Upon becoming a Participant, an entity may no longer issue obligations having a lien on Pledged Revenues prior to the lien on the Outstanding Parity Obligations. Generally, Prior Encumbered Obligations are those bonds or other obligations issued on behalf of a Participant which were outstanding on the date such entity became a Participant in the Revenue Financing System. Presently there are Prior Encumbered Obligations outstanding as described in Table 4 below. See “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION” and “APPENDIX A - DEFINITIONS”.

### **Pledge Under Resolution**

The Bonds and any additional obligations previously or hereafter issued on a parity with the Bonds (referred to herein collectively as “Parity Obligations”) are special obligations of the Board equally and ratably secured solely by and payable solely from a pledge of and lien on the Pledged Revenues as described below.

The Resolution presently provides that the Pledged Revenues consist of, subject to the provisions of the Prior Encumbered Obligations, the Revenue Funds, including all of the revenues, funds, and balances now or hereafter lawfully available to the Board and derived from or attributable to any Participant of the Revenue Financing System which are lawfully available to the Board for the payment of Parity Obligations. Revenue Funds includes the revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by the Participants, including interest or other income from those funds, derived by the Board from the operations of each of the Participants. Revenue Funds do not include, with respect to each series or issue of Parity Obligations, any tuition, rentals, fees, or other charges attributable to any student in a category which, at the time of the adoption by the Board of a resolution relating to such Parity Obligations, is exempt by law or by the Board from paying such tuition, rentals, fees, or other charges; provided, however, that the following will not be included in Pledged Revenues unless and to the extent set forth in a supplement to the Resolution; (a) amounts received on behalf of any Participant under Article 7, Section 17 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto (see “SELECTED FINANCIAL INFORMATION - Financing Programs - *Higher Education Assistance Fund Bonds*”) and (b) except to the extent so specifically appropriated, general revenue funds appropriated to the Board by the Legislature of the State of Texas (the “Texas Legislature”) (see “SELECTED FINANCIAL INFORMATION - Unrestricted Current Funds Revenues, - TABLE 3 - Percent of Total Sources of Unrestricted Current Fund Revenues, and - *Government Appropriations*”). All legally available funds of the University, including unrestricted fund and reserve balances, are pledged to the payment of the Parity Obligations. A more detailed description of the types of revenues and expenditures of the Revenue Financing System and their availability to the Board for various purposes may be found under “TABLE 1 - Pledged Revenues” and “SELECTED FINANCIAL INFORMATION” (see also “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION” and “APPENDIX A - DEFINITIONS”).

The Board has covenanted in the Resolution that in each Fiscal Year it will use its reasonable efforts to collect revenues sufficient to meet all financial obligations of the Board relating to the Revenue Financing System including all deposits or payments due on or with respect to outstanding Parity Obligations for such fiscal year. The Board has also covenanted in the Resolution that it will not incur any debt secured by Pledged Revenues unless such debt constitutes a Parity Obligation or is junior and subordinate to the Parity Obligations. The Board intends to issue most of its revenue-supported debt obligations which benefit components of the University as Parity Obligations under the Resolution.

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE BOARD, THE AUTHORITY, THE UNIVERSITY OR ANY PART THEREOF, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE BOARD NOR THE AUTHORITY HAS ANY TAXING POWER, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED AS SECURITY FOR THE BONDS. THE BREACH OF ANY COVENANT, AGREEMENT, OR OBLIGATION CONTAINED IN THE RESOLUTION WILL NOT IMPOSE OR RESULT IN GENERAL LIABILITY ON OR A CHARGE AGAINST THE GENERAL CREDIT OF THE BOARD, THE AUTHORITY, OR THE UNIVERSITY. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THE BONDS FROM ANY SOURCE OTHER THAN PLEDGED REVENUES. See “SECURITY FOR THE BONDS.”

**TABLE 1 - Pledged Revenues**

The following table contains a summary of the Pledged Revenues for the Fiscal Year August 31, 2001, including pledged unappropriated fund balances available at the beginning of the year. The Pledged Revenues consist 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; and, student service fees and private gifts in the Auxiliary Fund Group, as such terms are used in "APPENDIX B - FINANCIAL REPORTS". See "SELECTED FINANCIAL INFORMATION" and "SECURITY FOR THE BONDS".

Available Pledged Revenues Not Including Fund Balances	\$19,260,544
Pledged Unappropriated Funds and Reserve Balances	<u>9,723,902</u>
Total Pledged Revenues	<u>\$28,984,446</u>

Prior to 1997, certain of the Pledged Revenues were characterized as the "building use fee" of the University. In 1997, the Texas Legislature passed legislation that characterized the "building use fee" as "tuition".

Maximum annual debt service over the life of the Prior Encumbered Obligations, the Outstanding Parity Obligations and the Bonds is \$1,894,490.

**Additional Obligations**

The Board anticipates issuing additional obligations to provide funds for new construction, renovation of existing facilities, and acquisition of equipment. See "PROJECTED DEBT ISSUANCE."

*Parity Obligations*

The Board reserves the right to issue or incur, or request that the Authority, on its behalf, issue or incur additional Parity Obligations for any purpose authorized by law pursuant to the provisions of the Resolution. The Board or the Authority acting on behalf of the Board may incur, assume, or guarantee, or cause to be incurred, assumed or guaranteed, or otherwise become liable with respect to any Parity Obligations if (i) the Board will have determined (A) that it will have sufficient funds to meet the financial obligations of the University, including sufficient Pledged Revenues to satisfy the annual debt service requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System and (B) the Participant or Participants for whom the Parity Obligations are being issued or incurred possess the financial capacity to satisfy their respective Direct Obligations, after taking into account the then proposed additional Parity Obligations, and (ii) a Designated Financial Officer delivers to the Board and the Authority a certificate stating that, to the best of his or her knowledge, the Board is in compliance with all covenants contained in the Resolution and any resolution adopted authorizing the issuance of Parity Obligations, and is not in default in the performance and observance of any of the terms, provisions, and conditions thereof. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" and "SELECTED FINANCIAL INFORMATION – Projected Debt Issuance."

*Nonrecourse Debt and Subordinate Debt*

Nonrecourse Debt and Subordinated Debt may be incurred by the Board, or the Authority on behalf of the Board, without limitation.

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## MIDWESTERN STATE UNIVERSITY

### **History and Organization**

Midwestern State University is a public co-educational institution. It originated in 1922 as Wichita Falls Junior College, the first municipal junior college in Texas. In 1937, in honor of a gift to the institution by Mr. and Mrs. John G. Hardin, Wichita Falls Junior College was renamed Hardin Junior College. When the senior college division was established in 1946, the name of the institution became Hardin College. In January 1950, the name was changed to Midwestern University. On September 1, 1961, Midwestern University became a part of the Texas colleges and universities system and the junior college division was dissolved. The institution became Midwestern State University in 1975.

The University is organized into six colleges of academic structure. These colleges are Business Administration, Education, Fine Arts, Health Sciences, Liberal Arts, and Science and Mathematics. In addition to the academic divisions, the university graduate council administers graduate programs of the university. The graduate council is composed of the graduate program coordinators of each academic division. The council is chaired by the Vice President for Academic Affairs. The university's colleges offer 14 undergraduate degrees in 40 majors and master's degrees in 23 majors.

### **Location and Physical Facilities**

The University is located in Wichita Falls, Texas, a city approximately 120 miles northwest of the Dallas/Ft. Worth metroplex. The original campus consisted of 40 acres of land given to the institution by W.B. Hamilton and Anne H. Martin. Later, the University campus was expanded to 100 acres by the addition of a 60 acre tract, and a 1970 acquisition added approximately 67 acres directly south of the campus. An additional 4.5 acres were acquired as a part of the purchase of the property on the southwest corner of the campus in 1989. An approximate 1/2 acre tract was included in the purchase of the Bridwell Court Apartments in 1991.

There are approximately 30 buildings on the main campus. All buildings on the main campus have a planned architectural harmony. All classes are held in air conditioned facilities. Residence halls consist of modern facilities for both men and women. In addition to the instructional buildings and residence halls, other university facilities include the Clark Student Center, Daniel Building which houses maintenance shops, Vinson Health Center, University Supply, Central Power Plant, Business Administration Annex, and Bridwell Courts.

### **Control**

The University is governed by a Board of nine Regents who serve without pay and are appointed by the governor of Texas with the approval of the Texas Senate. The Board appoints the president and is legally responsible for the establishment and control of the University's policies.

### **Accreditation**

The University is fully accredited by its regional accrediting body, the Southern Association of Colleges and Schools. All academic programs of the University are fully accredited. Various departments of the university are fully accredited with their respective professional associations.

### **Retirement Systems**

The State of Texas has joint contributory retirement plans for substantially all its employees. One of the primary plans in which the University participates is administered by the Teacher Retirement System of Texas (TRS). The contributory percentages of participant salaries currently provided by the State and by each participant are 6% and 6.4%, respectively, of annual compensation.

The Teacher Retirement System does not separately account for each of its component government agencies, since the Retirement System itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Further information regarding actuarial assumptions and conclusions, together with audited financial statements are included in the Retirement System's annual financial report.

The State has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts. The contributory percentages on salaries for participants

entering the program prior to September 1995 are 8.5% and 6.65% by the state and each participant, respectively. The state's contribution is comprised of 6.00% from the ORP's appropriation and 2.5% from other funding sources. The 6.00% contribution is mandatory with the other contributions being at the discretion of the Board of Regents. The Board of Regents has approved the additional contributions for employees of the University. The contributory percentages on salaries for participants entering the program after August 31, 1995 are 6.00% and 6.65% by the state and each participant, respectively. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

The total retirement expense to the State for the University was \$891,932 for the fiscal year ended August 31, 2001. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the University. The total retirement expenses from the University's institutional funds was \$538,526.

### Financial Support

As a State institution, the University receives approximately half of its operating funds from State appropriations. Other operating funds are derived from student tuition and fees and auxiliary enterprises such as dormitories and dining halls. For financial information concerning the State of Texas, reference is made to "APPENDIX A" published by the Comptroller of Public Accounts of the State of Texas which is filed quarterly with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") and State Information Depository ("SID"). See "SELECTED FINANCIAL INFORMATION – Funding for the University".

### Table 2 - Enrollment Data

Headcount enrollment at the University since 1980 has been as follows:

<u>Scholastic Year</u>	<u>Fall Semester</u>	<u>Spring Semester</u>	<u>Summer Session</u>	
			<u>First Term</u>	<u>Second Term</u>
1980-81	4,400	4,138	1,941	1,246
1981-82	4,526	4,200	2,133	1,279
1982-83	4,818	4,744	2,249	1,530
1983-84	5,125	4,696	2,116	1,412
1984-85	4,907	4,618	2,180	1,554
1985-86	4,721	4,220	2,074	1,329
1986-87	4,482	4,278	2,093	1,381
1987-88	4,740	4,757	2,392	1,545
1988-89	5,394	5,206	2,407	1,661
1989-90	5,512	5,198	2,404	1,569
1990-91	5,508	5,253	2,148	1,488
1991-92	5,455	5,126	2,437	1,577
1992-93	5,757	5,511	2,439	1,629
1993-94	5,794	5,584	2,258	1,510
1994-95	5,821	5,554	2,246	1,446
1995-96	5,832	5,464	2,151	1,444
1996-97	5,642	5,447	2,046	1,455
1997-98	5,770	5,460	2,181	1,530
1998-99	5,687	5,350	1,971	1,578
1999-00	5,717	5,498	2,090	1,623
2000-01	5,809	5,468	2,230	1,722
2001-02	5,999	5,798	n.a.	n.a.

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## SELECTED FINANCIAL INFORMATION

### Audits and Financial Reports

The State of Texas issues audited financial statements, prepared in accordance with generally accepted accounting principles for the State government as a whole. The statements are prepared by the Comptroller of Public Accounts and are audited by the State Auditor's Office. The State Auditor expresses an opinion on the financial statements of the State but does not express an opinion on the financial statements of individual component units including those of the University. The scope of the State Auditor's audit includes tests for compliance with the covenants of general obligation and revenue bond issues of the State and its component agencies and institutions. Supplementary schedules are included in the State financial statements providing for each bond issue information related to the pledged revenues and expenditures, coverage of debt service requirements, restricted account balances, and/or other relevant information that may be feasibly incorporated. The State Auditor does not express an opinion on such schedules in relation to the basic financial statements taken as a whole.

Any material compliance exceptions related to bond covenants are addressed in the overall management letter for the State audit.

Annually, not later than November 29, an unaudited financial report dated as of August 31, prepared from the books of the University, must be delivered to the Governor and the State Comptroller of Public Accounts. Each year, the State Auditor must certify the financial statements of the State as a whole, inclusive of the University, and in so doing examines the financial records at each of the University's component institutions. No outside audit in support of this detailed review is required or obtained by the University.

The financial statements of the University are prepared on a modified accrual basis consistent with principles recommended in *College and University Business Administration*, Fourth Edition (1982).

The fiscal year of the State and the University begins on September 1 of each year. The University is an agency of the State of Texas and its financial records reflect compliance with applicable State statutes and regulations. The significant accounting policies followed by the University in maintaining accounts and in the preparation of the combined primary financial reports are in accordance with Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements. These requirements follow, as near as practicable, the AICPA Industry Audit Guide *Audits of Colleges and Universities, 1973*, as amended by *AICPA Statement of Position (SOP) 74-8, Financial Accounting and Reporting by Colleges and Universities*.

Attached to this Official Statement is "APPENDIX B – FINANCIAL REPORTS OF THE MIDWESTERN STATE UNIVERSITY," which is the most recent unaudited combined primary financial reports of the University (with the relevant portion of the Notes to the combined primary financial reports), for the University's fiscal year ended August 31, 2001, excerpted from the 2001 Annual Report of the University. The University's unaudited combined primary financial reports set forth as APPENDIX B consist of the Combined Balance Sheet as of August 31, 2001, the Combined Statement of Changes in Fund Balances for the year ended August 31, 2001, and the Combined Statement of Current Funds Revenues and Expenditures for the year ended August 31, 2001.

### Funding for the University

Funding for the University for the Fiscal Year ended August 31, 2001 consisted of government appropriations; tuition and student fees; gifts, grants, and scholarships; sales, services, and other sources; designated funds; and auxiliary enterprises. As shown below, the amounts and the sources of such funding vary from year to year, there is no guarantee that the source or amounts of such funding will remain the same in future years. As a State institution, the University receives approximately half of its operating funds from State appropriations. The University has no assurance that the Texas Legislature will continue to appropriate to it the general revenue funds of the State at the same levels as in previous years. Future levels of State support are dependent upon the ability and willingness of the Texas Legislature to make appropriations to the University taking into consideration the availability of financial resources and other potential uses of such resources.

### Current Funds

Current funds are funds expendable for current operating purposes. Within the current funds group, funds are segregated between unrestricted and restricted. The current funds revenues and expenditures described below are derived from the Combined Statement of Current Funds Revenues and Expenditures included in the University's unaudited combined

primary financial report for each of the fiscal years indicated. This statement, prepared under the principles of fund accounting, presents the financial activities of current funds related to the applicable reporting period and does not purport to present the results of operations or the net income or loss for the period. See “SELECTED FINANCIAL INFORMATION” and “APPENDIX B”.

### Unrestricted Current Funds Revenues

Unrestricted funds are funds over which the Board retains full control in achieving institutional purposes. Not all unrestricted funds constitute Pledged Revenues. See “SECURITY FOR THE BONDS - Pledge Under Resolution.” The Unrestricted Current Funds Revenues described below are derived from the unaudited combined primary financial report of the University for each of the fiscal years in the five year period ended August 31, 2001. See “FINANCIAL MANAGEMENT” and “APPENDIX B”. Unrestricted Current Funds Revenues are categorized by source. Each category of Unrestricted Current Funds Revenues presented below as a percent of total sources of such revenues is as follows:

**TABLE 3 - Percent of Total Sources of Unrestricted Current Funds Revenues**

	<u>Fiscal Year Ended August 31</u>				
	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
CURRENT INCOME					
Tuition and Fees	38.6%	37.6%	39.2%	38.2%	36.4%
State Appropriations	48.1%	51.0%	49.5%	49.2%	53.8%
Gifts, Grants, and Contracts	0.8%	0.6%	0.3%	0.4%	0.3%
Endowment/Investment/Interest Income	2.1%	1.2%	0.8%	2.1%	0.7%
Sales and Service	9.5%	8.8%	9.4%	9.3%	8.2%
Other Sources	<u>0.9%</u>	<u>0.8%</u>	<u>0.8%</u>	<u>0.8%</u>	<u>0.6%</u>
Total Unrestricted Current Funds Revenues*	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Annual Financial Report - Exhibit C

\* Total may not add due to rounding.

Certain revenues are reported as a credit against institutional support expenditures in “APPENDIX B – FINANCIAL REPORTS” in accordance with financial reporting requirements. The amount of such excluded Unrestricted Current Funds Revenues for fiscal year 2001 was \$1,124,359, which amount was approximately 2.3% of Unrestricted Current Funds Revenues for such fiscal year. The amount of such excluded Unrestricted Current Funds Revenues was approximately 2.5% of the Unrestricted Current Funds Revenues in fiscal years 2001 through 1997.

#### *Tuition and Fees*

The University charges tuition and fees as set by the Texas Legislature and the Board under Chapters 54 and 55 of the Texas Education Code. Current State law provides for undergraduate tuition applicable to Texas residents in all State-supported general academic institutions equal to \$42 per semester credit hour. Tuition rates for nonresident students are established by the Coordinating Board every two years pursuant to the Texas Education Code. In general, such tuition rates are required to equal 100% of the “cost of education” as determined by the Coordinating Board and vary based on the number of semester credit hours taken by a student. For the 2001-2002 academic year, tuition for nonresident students is \$253 per semester credit hour. Even with such tuition increases, the cost of attending the University remains extremely competitive with the cost of attending public universities both within Texas and in other states.

The Texas Education Code provides that all student fees must be fixed and collected on a semester credit hour basis. Presently, the Texas Education Code also provides that the aggregate of Student Service fees charged and collected at any institution may not be greater than nor be projected to be greater than: \$250 per semester or summer sessions. In addition, students are required to pay the following fees per semester: computer use fee, average of \$60.00; library fee, \$2.00 per semester; and publication fee, \$5.00 per semester.

The State tuition to be charged to the University’s students for the 2001-2002 academic year is (i) \$42 per semester credit hour for undergraduate resident students and (ii) \$253 per semester credit hour for non-resident undergraduate students. The University also charges local tuition at \$24.00 per semester credit hour.

The following table sets forth the total of tuition and fees (net of refunds) collected during each of the five most recent fiscal years at the University.

Tuition and Fees

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$18,584,314	\$18,340,297	\$16,042,637	\$15,381,314	\$13,732,215

State Appropriations

The University receives support annually from the State through annual general revenue fund appropriations made by the Texas Legislature. For the most recent year ended August 31, 2001, 48.41% of current funds revenues were from state appropriations.

State Appropriations

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$23,140,473	\$24,822,054	\$20,244,702	\$19,805,451	\$20,286,626

Gifts, Grants, and Contracts

The University receives federal, state, and local grants and contracts for research which incorporate an overhead component for use in defraying operating expenses. This overhead component is treated as Unrestricted Current Funds Revenues while the balance of the grant or contract is treated as restricted currents funds revenues. Indirect cost recovery rates used in calculating the overhead component are negotiated periodically with the appropriate governmental agency for each component institution. Unrestricted gifts and grants received by the institution are reported below for each of the past five years.

Gifts, Grants, and Contracts

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$404,159	\$303,009	\$138,893	\$150,591	\$110,454

Endowment, Investment, and Other Interest Income

The University generates interest from the investment of cash under an investment policy adopted by the Board in accordance with State law. Endowment, investment, and other interest income are received on both a restricted and unrestricted basis. Unrestricted investment and interest income for the past five years was as follows:

Endowment, Investment, and Other Interest Income

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$1,010,949	\$572,339	\$326,465	\$858,104	\$250,443

Sales and Services

Other educational activities and auxiliary enterprises generate revenue from sales and services that is unrestricted.

Sales and Services

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$4,562,452	\$4,293,262	\$3,850,145	\$3,764,329	\$3,093,153

Other Sources

All miscellaneous revenues including rents, fees, fines, sales, and other receipts not categorized above have been grouped together as "other sources."

Other Sources

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$431,749	\$386,721	\$306,917	\$321,560	\$230,535

## Total Unrestricted Current Funds Revenues

The following table presents a history of the total of all categories of Unrestricted Current Funds Revenues for each of the five most recent fiscal years:

Total Unrestricted Current Funds Revenues				
<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$48,134,096	\$48,717,682	\$40,909,759	\$40,281,349	\$37,703,426

## Unrestricted Current Funds Expenditures

Unrestricted Current Funds Expenditures represent the cost incurred for goods and services used in the conduct of the University's operations. Such expenditures include the acquisition cost of capital assets, such as equipment and library books, to the extent Unrestricted Current Funds are budgeted for and used by operating departments for such purposes. The Unrestricted Current Funds Expenditures are derived from the unaudited Financial Reports for each of the fiscal years in the five-year period ended August 31, 2001. See "APPENDIX B". Unrestricted Current Funds Expenditures are categorized by function. Each category of Unrestricted Current Funds Expenditures and mandatory transfers, which are presented below as a percent of total expenditures by function and mandatory transfers, is as follows:

**TABLE 4 - Percent of Total Sources of Unrestricted Current Funds Expenditures**

	2001	2000	1999	1998	1997
Expenditures					
Instruction	40.9%	39.8%	41.1%	40.8%	41.8%
Research	0.1%	0.1%	0.0%	0.0%	0.0%
Public Service	0.4%	0.3%	0.4%	0.4%	0.3%
Academic Support	5.8%	6.4%	4.6%	4.7%	4.9%
Student Services	4.3%	4.4%	4.6%	4.3%	3.8%
Institutional Support	8.0%	8.0%	8.6%	9.0%	9.4%
Operation and Maintenance of Plant	8.7%	8.1%	8.5%	8.5%	8.7%
Scholarships and Fellowships	11.0%	12.1%	11.5%	11.8%	11.9%
Auxiliary Enterprises Expenditures	15.3%	15.1%	15.4%	15.8%	14.0%
Mandatory Transfers	5.5%	5.7%	5.2%	4.7%	5.2%
Total Unrestricted Current Funds Expenditures and Mandatory Transfers (E&G, Designated, and Pledged Auxiliary only)	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Unaudited Annual Financial Report - Combined Exhibit C - Statement of Current Funds Revenues and Expenditures

\* Totals may not add due to rounding.

### Instruction

This category includes expenditures for all activities that are part of the University's instructional programs. Expenditures are included for credit and non-credit courses, for academic, vocational and technical instruction, for remedial and tutorial instruction and for regular, special and extension sessions. The following table presents a history of these expenditures for each of the five most recent fiscal years:

Instruction				
<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$17,994,218	\$16,895,889	\$15,851,593	\$14,903,243	\$13,884,276

### Research

This category includes all expenditures for research. Expenditures may be either internally or externally sponsored. The following table presents a history of these expenditures by the University for each of the five most recent fiscal years:

Research

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$22,830	\$22,759	\$11,881	\$14,828	\$12,759

*Public Service*

This category includes funds expended primarily for non-instructional services beneficial to individuals and groups which are not part of the University. The following table presents a history of these expenditures for each of the five most recent fiscal years:

Public Service

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$192,562	\$115,807	\$138,941	\$131,603	\$104,985

*Academic Support*

This category includes funds expended primarily to provide support services for instruction, research, and public service. Expenditures included in this category are those supporting the operation of libraries, museums, and galleries, as well as those for academic administration, technical support, and curriculum development. The following table presents a history of these expenditures for each of the five most recent fiscal years:

Academic Support

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$2,530,982	\$2,726,864	\$1,783,412	\$1,724,922	\$1,605,066

*Student Services*

This category includes funds expended for those activities whose primary purpose is to contribute to the student's emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instructional program. The following table presents a history of these expenditures for each of the five most recent fiscal years:

Student Services

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$1,898,820	\$1,868,138	\$1,777,091	\$1,588,846	\$1,261,614

*Institutional Support*

This category includes expenditures of the offices of admissions and registration and for administration, planning, fiscal operations, data processing, personnel and records, and logistical activities. The following table presents a history of these expenditures for each of the five most recent fiscal years:

Institutional Support

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$3,538,102	\$3,388,211	\$3,331,465	\$3,286,854	\$3,106,996

*Operations and Maintenance of Plant*

This category includes all expenditures of unrestricted current funds for the operation and maintenance of physical plant, net of amounts charged to auxiliary enterprises. The following table presents a history of these expenditures for each of the five most recent fiscal years:

Operations and Maintenance of Plant

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$3,828,165	\$3,417,602	\$3,286,497	\$3,122,019	\$2,897,395

### *Scholarships and Fellowships*

This category includes expenditures for scholarships and fellowships, including tuition remissions and exemptions, in the forms of grants to students resulting either from selection by the University or from an entitlement program. The following table presents a history of these expenditures for each of the five most recent fiscal years:

#### Scholarships and Fellowships

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$4,846,689	\$5,150,409	\$4,419,446	\$4,331,393	\$3,954,886

### *Auxiliary Enterprises*

This category includes all expenditures relating to the operation of auxiliary enterprises, including expenditures for operation and maintenance of plant and institutional support. The following table presents a history of these expenditures for each of the five most recent fiscal years:

#### Auxiliary Enterprises

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$6,736,325	\$6,403,094	\$5,953,147	\$5,763,568	\$4,650,877

### *Mandatory Transfers*

This category includes transfers from the unrestricted current funds group to other fund groups primarily for the payment of debt service on the Prior Encumbered Obligations, as well as required provisions for renewals and replacements of plant. The following table presents a history of these transfers for each of the five most recent fiscal years:

#### Mandatory Transfers

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$2,405,845	\$2,423,881	\$2,002,214	\$1,705,337	\$1,720,794

### **Total Unrestricted Current Funds Expenditures and Mandatory Transfers**

The following table presents a history of the total of all categories of Unrestricted Current Funds Expenditures and mandatory transfers for each of the five most recent fiscal years:

#### Total Unrestricted Current Funds Expenditures and Mandatory Transfers

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$43,994,538	\$42,412,654	\$38,555,687	\$36,572,613	\$33,199,648

### **Total Restricted Current Funds Revenues and Expenditures**

Restricted current funds revenues refer to resources that have been externally restricted and may only be utilized in accordance with the purposes stipulated by the source of such funds. Such revenues include, among others, grants and contracts from governmental and private sources (other than the overhead component which is treated as unrestricted current funds revenue), restricted gifts, and income on restricted endowment funds. Receipts from these resources are reported as revenues only when expended. The following table presents a history of total restricted current funds revenues and expenditures for each of the five most recent fiscal years:

#### Total Restricted Current Funds

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$6,236,317	\$6,512,183	\$5,959,958	\$5,107,166	\$4,598,867

## Fund Balances

Fund balances represent the difference between total assets and total liabilities and are reported by fund group. The fund balances described below are derived from the Balance Sheet included in the unaudited primary financial statements for each of the fiscal years indicated. See "APPENDIX B". The Statement of Changes in Fund Balances of the fiscal year ended August 31, 2001, included in "APPENDIX B," is essentially a statement of changes in financial position between reporting dates and is presented for all fund groups.

### *Unrestricted Current Funds*

Unrestricted current funds balances represent the accumulation of the excess of Unrestricted Current Funds Revenues over Unrestricted Current Funds Expenditures and transfers. This amount is available for future operating purposes or other use as determined by the Board to the extent that such amount exceeds the amount reported as Unrestricted-Reserves. See the Balance Sheet included in "APPENDIX B" for details for the year ended August 31, 2001. The total fund balance of all categories of unrestricted current funds (which relates to the revenues and expenditures presented above) as of the end of each of the five most recent fiscal years was as follows:

#### Unrestricted Current Funds Balances

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$11,316,928	\$9,261,247	\$7,606,355	\$7,363,947	\$6,312,031

### *Restricted Current Funds*

Restricted current funds represent unexpended balances of funds externally restricted to specific operating purposes. Such funds originate from income on restricted endowment funds, gifts whose donors have placed limitations on their use and grants and contracts from private or governmental sources for research, training and other sponsored programs (other than the overhead component which is treated as unrestricted current funds). The total fund balance of restricted current funds (which relates to the revenues and expenditures presented above) as of the end of each of the five most recent fiscal years was as follows:

#### Restricted Current Funds Balances

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$1,556,987	\$1,604,311	\$1,653,486	\$1,493,962	\$1,668,165

### *Loan Funds*

Loan funds represent student loans or funds available for loans to students administered by the University pursuant to federal and private programs. Approximately one-half of such loans are federally funded primarily through the Perkins Loan Program which succeeded the National Direct Student Loan Program. The balance of such loans is funded by the University either through private sources or from student tuition as authorized by State law. The loan funds balance as of the end of each of the five most recent fiscal years was as follows:

#### Loan Funds

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$1,760,393	\$1,575,329	\$1,513,989	\$1,404,081	\$1,304,706

### *Endowment and Similar Funds*

Endowment and Similar Funds are composed of multiple funds which provide for the investment of funds for endowed chairs, scholarships, and other donor or Board designated purposes.

#### Endowment and Similar Funds

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$6,086,815	\$5,251,370	\$5,405,578	\$4,933,786	\$3,222,895

## Plant Funds

The University reports its Plant Funds in the following four categories: Unexpended Plant Funds; Renewals and Replacements Funds; Retirement of Indebtedness Fund; and Investment in Plant Funds.

### *Unexpended Plant Funds*

Unexpended plant funds are unexpended funds derived from various sources to finance the acquisition of long-term plant assets. The unexpended plant fund balance as of the end of each of the five most recent fiscal years was as follows:

#### Unexpended Plant Funds

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$1,273,549	\$2,177,208	\$1,905,485	\$1,810,420	\$3,093,153

### *Renewals and Replacements Funds*

These funds provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements to plant. The renewals and replacements fund balance as of the end of each of the five most recent fiscal years was as follows:

#### Renewal and Replacements Funds

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$657,086	\$578,464	\$634,199	\$373,644	\$320,730

### *Retirement of Indebtedness Funds*

Funds for the retirement of indebtedness represent those funds held by the University in interest bearing accounts relating to Plant Fund indebtedness. The retirement of indebtedness fund balance as of the end of each of the five most recent fiscal years was as follows:

#### Retirement of Indebtedness Funds

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$476,138	\$462,655	\$462,824	\$794,007	\$801,946

### *Investment in Plant Funds*

Investment in plant represents the long-term plant and equipment assets of the University and their associated liabilities. The investment in plant fund balance as of the end of each of the five most recent fiscal years was as follows:

#### Investment in Plant

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$94,265,868	\$90,221,731	\$84,325,408	\$81,538,772	\$72,031,543

At August 31, 2001, gross plant assets totaled \$108,272,196. Of this total, 67% was in the form of buildings, 14% in equipment, 8% in library books, 0% in construction in progress, and 11% in land and other.

## Agency Funds

Agency funds represent funds held by the University as custodian or agent for individual students, faculty, staff members, and organizations. The total agency funds assets as of the end of each of the five most recent fiscal years was as follows:

#### Agency Funds

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$73,439	\$119,934	\$109,665	\$129,575	\$74,330

Agency Fund assets are offset by liabilities (recognizing that funds are held in custody for others) and miscellaneous payables, with the result that agency funds balances are zero in any given fiscal year.

**Financing Programs**

The University has one financing program in addition to the Revenue Financing System. Article VII, Section 17 of the Texas Constitution provides that, except for cases of demonstrated need and upon a vote of two-thirds of each house of the Texas Legislature, and except in cases of fire or natural disaster, the University may not receive any funds from the general revenues of the State for acquiring, constructing, or equipping permanent improvements, or for major repairs or rehabilitations of permanent improvements.

*Higher Education Assistance Fund Bonds*

Pursuant to the Higher Education Assistance Fund (“HEAF”) program, the University is qualified to receive an annual allocation from amounts constitutionally appropriated to institutions of higher education that are not entitled to participate in Permanent University Fund bond financing in order to fund permanent improvements (except those for auxiliary enterprises). Under the constitutional provision authorizing HEAF, the Board is authorized to issue bonds and notes to finance permanent improvements at such institutions and to pledge up to 50% of its allocation to secure the payment of principal of and interest on the bonds and notes. The University has no outstanding bonds under this program.

**TABLE 5 - Outstanding Indebtedness**

The University after delivery of the Bonds will have outstanding the following described indebtedness:

<u>Revenue Financing System</u>	
Revenue Refunding and Improvement Bonds, Series 1998	\$ 8,125,000
Revenue Financing System Bonds, Series 2002	8,965,000
<u>Prior Encumbered Obligations</u>	
Building Revenue and Refunding Bonds, Series 1996	\$ 4,645,000
TOTAL	<u>\$21,735,000</u>

**Investment Policy and Procedures**

*Management of Investments*

As provided in the Texas Education Code, each member of the Board has the legal responsibilities of a fiduciary in the management of funds under the control of the University. All investments are made in accordance with applicable State and federal regulations. The Board has provided for centralized investment management under the direction of the Vice President for Administrative and Finance. Investments are managed both internally by University staff, and externally, by unaffiliated investment managers. The Board receives quarterly reports regarding asset allocation, investment returns, and comparative investment results of other endowments and indices.

*Authorized Investments*

All available funds held by the University are authorized to be invested in accordance with the Public Funds Investment Act and with the written investment policy of the Board. Investments are to be made with the judgment and care, under the circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income therefrom as well as the probable increase in value and the safety of their capital. In the management of University investments, consideration is given to the requirements of liquidity, diversification, safety of principal, yield, maturity, quality, and capability of investment management, with primary emphasis on safety of principal.

*Investment Programs*

The University invests public funds in its custody with primary emphasis on the preservation and safety of the principal amount. Secondly, investments must be of sufficient liquidity to meet the day-to-day cash requirements of the University. Finally, the University invests to maximize yield within the two previously indicated standards. All investments within this scope conform to applicable State statutes and local rules governing the investment of public

funds. Deposits and investments in other than United States Treasury or Agency securities or money market funds invested in United States Treasury or Agency securities are secured by depository pledges of collateral with market value no less than 100% of the value of the deposits and investments. Diversification maximums and actual investment levels for eligible securities as of August 31, 2001 were:

<u>Category</u>	<u>Maximum</u>	<u>Actual</u>
United States Treasury or Government securities	100%	0%
United States Agency securities	90%	54%
Mortgage-backed securities	25%	5%
Fully insured or collateralized certificates of deposit	20%	0%
Repurchase agreements	20%	0%
Registered money-market funds	15%	0%
Local Government Investment Pool	50%	41%

#### *Endowments*

Although not pledged to the payment of debt obligations, the University controls or is benefited by endowments valued at August 31, 2001, of approximately \$6,086,815. As of August 31, 2001, endowment funds under the direct control of the University had a book value of \$6,120,593 and consisted of marketable securities and investments, land, and other real estate holdings and mineral rights. Such land, real estate, and mineral rights are valued at their book value as of the date of acquisition of such property.

#### **Summary Balance Sheet**

	<u>Fiscal Year Ended August 31</u>				
	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<b>ASSETS:</b>					
<b>Current Funds:</b>					
Educational and General Funds	\$7,621,939	\$7,301,201	\$7,021,440	\$6,432,154	\$5,693,663
Designated Funds	8,678,285	6,418,779	5,275,553	5,364,025	4,450,224
Auxiliary Funds	4,956,481	4,254,165	3,660,589	3,579,632	3,438,999
Restricted Current Funds	<u>3,250,992</u>	<u>3,011,232</u>	<u>2,963,942</u>	<u>2,441,557</u>	<u>2,732,429</u>
<b>Total Current Funds</b>	<u>24,507,697</u>	<u>20,985,377</u>	<u>18,921,524</u>	<u>17,817,368</u>	<u>16,315,315</u>
Loan Funds	1,760,425	1,575,329	1,513,989	1,404,081	1,304,706
Endowment Funds	6,086,815	5,251,370	5,405,578	4,933,786	3,222,895
<b>Plant Funds:</b>					
Unexpended	1,403,646	3,238,710	8,185,283	2,523,079	10,343,056
For Renewals & Replacements	657,086	578,464	701,073	383,357	347,390
For Retirement of Debt	476,138	462,655	462,824	794,256	801,946
Investment in Plant	108,272,196	106,001,086	96,056,934	91,375,640	82,632,479
<b>Total Plant Funds</b>	110,809,066	110,280,915	105,406,114	95,076,332	94,124,871
Agency Funds	<u>73,439</u>	<u>119,934</u>	<u>109,665</u>	<u>129,575</u>	<u>74,330</u>
<b>Total Assets</b>	<u>143,237,442</u>	<u>138,212,925</u>	<u>131,356,870</u>	<u>119,361,142</u>	<u>115,042,117</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Total Liabilities	25,843,678	27,080,610	27,849,546	19,648,523	21,278,937
Total Fund Balances	<u>117,393,764</u>	<u>111,132,315</u>	<u>103,507,324</u>	<u>99,712,619</u>	<u>93,763,180</u>
<b>Total Liabilities &amp; Fund Balances</b>	<u>143,237,442</u>	<u>138,212,925</u>	<u>131,356,870</u>	<u>119,361,142</u>	<u>115,042,117</u>

Source: Unaudited Annual Financial Reports of the University - Exhibit A - Balance Sheet

## Summary Statement of Current Funds Revenues and Expenditures

	Fiscal Year Ended August 31				
	2001	2000	1999	1998	1997
<b>CURRENT REVENUES:</b>					
State Legislature Appropriations	\$20,132,804	\$21,959,851	\$17,382,499	\$16,943,248	\$17,424,423
Higher Education Assistance Funds	3,007,669	2,862,203	2,862,203	2,862,203	2,862,203
Student Tuition and Fees	18,584,314	18,340,297	16,042,637	15,381,314	13,732,215
Sales and Services	4,562,452	4,293,262	3,850,145	3,764,329	3,093,153
<b>Gifts and Grants:</b>					
Federal	3,518,038	3,143,393	2,861,549	2,602,278	2,319,561
State	570,455	793,242	791,808	307,335	27,984
Private	2,250,351	2,492,195	2,174,319	2,012,175	2,154,594
Interest Income	809,340	701,901	561,780	567,853	287,159
Net Increase in Fair Value of Investments	305,671	-49,423	-194,199	441,529	
Endowment Income	186,057	234,311	227,833	181,366	170,466
Miscellaneous Income	443,262	458,633	309,143	324,885	230,535
<b>TOTAL CURRENT REVENUES</b>	<b>\$ 54,370,413</b>	<b>\$ 55,229,865</b>	<b>\$ 46,869,717</b>	<b>\$ 45,388,515</b>	<b>\$ 42,302,293</b>
<b>CURRENT EXPENDITURES:</b>					
Instructional and Departmental	\$18,584,608	\$17,794,427	\$16,567,087	\$15,652,877	\$14,874,203
Research	91,230	107,823	109,978	163,939	42,362
Public Service	680,258	567,739	582,895	548,402	508,929
Academic Support	2,800,090	3,340,480	2,492,079	1,936,682	1,671,998
Student Services	2,030,875	1,903,457	1,813,014	1,626,985	1,261,614
Institutional Support	3,732,969	3,684,234	3,589,292	3,510,856	3,350,253
Operation and Maintenance of Plant	3,828,165	3,417,602	3,286,497	3,122,019	2,897,395
Scholarships	9,330,305	9,273,966	8,105,955	7,623,743	6,814,233
Auxiliary Enterprises	6,746,509	6,411,228	5,966,634	5,788,939	4,656,734
<b>TOTAL CURRENT EXPENDITURES</b>	<b>\$ 47,825,009</b>	<b>\$ 46,500,956</b>	<b>\$ 42,513,431</b>	<b>\$ 39,974,442</b>	<b>\$ 36,077,721</b>

Source: Unaudited Annual Financial Reports of the University – Exhibit C – Statement of Current Funds Revenues and Expenditures

### Project Debt Issuance

The University anticipates entering into an agreement with the Texas Student Housing Corporation - MSU Project, a Texas non-profit corporation (the "Corporation"), to provide for the construction of additional student housing for use by students and faculty at the University. The project will be financed with the issuance of approximately \$18,000,000 of revenue bonds issued by the Corporation. It is anticipated that the Corporation will enter into agreements with Collegiate Development Services, L.P. (the "Developer") with respect to the construction of the student housing project, an apartment-style housing development which will consist of approximately 336 beds (the "Project"). The Project will be located on the University campus on land owned by the University. The University and the Corporation anticipate entering into a ground lease with a term commensurate with the term of the bonds to be issued by the Corporation. The Corporation will own the Project, and the University will operate and manage the project in accordance with the terms of the ground lease. It is anticipated that the bonds will be issued in the summer of 2002, and that construction will commence within 45 days of the date of delivery of the bonds. The proposed bonds would be secured only by the revenues generated from the Project and not by the University's general revenues. The University's only potential financial liability with respect to the contemplated financing would be to pay operating and management expenses of the Project to the extent that Project does not generate sufficient funds to pay such expenses. It is anticipated that the Project will be available for housing use at the University in August 2003.

### Debt Management

Debt management of the University is the responsibility of the Vice President for Administration and Finance. The University evaluates its financing needs pursuant to a debt capacity analysis and annual funding requirements determined by the capital budget. It then submits a request for financing to the Authority. Issuance of debt requires approval of the Board, the Authority, and the Texas Bond Review Board.

## SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The information contained in this section is a summary of certain provisions of the Resolution and is in addition to other information in such documents which is summarized elsewhere in this Official Statement under the captions "PLAN OF FINANCING," "DESCRIPTION OF THE BONDS," and "SECURITY FOR BONDS." This information is intended as a summary only and is qualified in its entirety by reference to the complete Resolution, which may be examined at the offices of the Authority or copies of which may be obtained from the Authority at 300 W. 15<sup>th</sup> Street, Suite 411, Austin, Texas 78701.

### **Establishment of Revenue Financing System**

The Revenue Financing System has been established to provide a consolidated financing structure for revenue-supported debt obligations of the Board, including the Bonds, which are to be issued for the benefit of Participants which are or will be included as part of the Revenue Financing System. The University is the only current Participant, but the Revenue Financing System may include other entities that are hereafter included as part of the University but only upon affirmative official action of the Board. Each issue or series of Parity Obligations is to be provided for under a separate resolution consistent with the provisions of the Resolution.

### **Security and Pledge; Membership in the Revenue Financing System**

Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, Parity Obligations issued under the Resolution are payable from and secured by a lien on all Pledged Revenues. The Board has assigned and pledged the Pledged Revenues to the payment of the principal of and interest on Parity Obligations and to the establishment and maintenance of any funds that may be created under the Resolution or a supplemental resolution to secure the repayment of Parity Obligations. The Authority, upon approval and consent of the Board, may execute and deliver one or more Credit Agreements to additionally secure Parity Obligations. Credit Agreements may also be secured by a pledge of Pledged Revenues on a parity with or subordinate to Parity Obligations.

If an additional institution hereafter becomes a component of the University, the Board may include the new component as a Participant of the Revenue Financing System. In that event, the lien on and pledge of Pledged Revenues established pursuant to the Resolution and effective when such institution becomes a Participant of the Revenue Financing System will apply to the revenues, funds, and balances of such Participant that constitute Pledged Revenues; provided, however, that if at the time a new Participant is admitted, it has outstanding debt obligations secured by any of such sources, such obligations will constitute Prior Encumbered Obligations secured by a lien on the portion of the Pledged Revenues providing such security which is superior to the lien established by the Resolution on behalf of Parity Obligations. The Board has reserved the right to refund Prior Encumbered Obligations with the proceeds of refunding bonds issued as Prior Encumbered Obligations secured by the same sources as the sources securing the refunding Prior Encumbered Obligations. Otherwise, while any Parity Obligations are outstanding, the Board has agreed not to issue additional obligations on a parity with any Prior Encumbered Obligations.

### **Annual and Direct Obligation of Participants**

The Resolution provides that each Participant of the Revenue Financing System is responsible for its Direct Obligation. The Board covenants in the Resolution that in establishing the annual budget for each Participant of the Revenue Financing System, it will provide for the satisfaction by each Participant to its Annual Obligation.

### **Pledged Revenues**

#### *Tuition and Other Pledged Revenues*

Subject to the provisions of the resolutions authorizing the Prior Encumbered Obligations and to the other provisions of the Resolution and any resolution authorizing the issuance of Parity Obligations, the Board has covenanted and agreed at all times to fix, levy, charge, and collect at each Participant from each student enrolled at each Participant, respectively, at each regular fall and spring semester and at each term of each summer session, for the use and availability of such institution or branch thereof, respectively, in such amounts, without any limitation whatsoever, as will be at least sufficient at all times, together with other legally available funds, including other Pledged Revenues, to provide the money to make or pay the principal of, interest on, and other payments or deposits with respect to the Parity Obligations then outstanding when and as required. Students exempt by law or the Board may be excluded from the requirement to pay student tuition. Tuition and the other rentals, rates, fees, and charges included in Pledged Revenues will be adjusted, if and when permitted or required by the Resolution, to provide Pledged Revenues sufficient to make when due all

payments and deposits in connection with the Parity Obligations then outstanding. The Board may fix, levy, charge, and collect the Pledged Revenues in any manner it may determine within its discretion, and in different amounts from students enrolled in different Participants, respectively, and in addition it may totally suspend the collection of any item included in Pledged Revenues from the students enrolled in any Participant, so long as total Pledged Revenues are sufficient, together with other legally available funds, to meet all financial obligations of the Board relating to the Revenue Financing System including all payments and deposits in connection with the Parity Obligations then outstanding. All changes in the tuition charged students at each Participant must be made by a resolution of the Board, but such procedure will not constitute or be regarded as an amendment of the Resolution, but merely the carrying out of the provisions and requirements thereof.

#### *Annual Obligation*

If, in the judgment of the Board, any Participant has been or will be unable to satisfy its Annual Obligation, the Board must fix, levy, charge, and collect tuition, rentals, rates, fees, and charges for goods and services furnished by such Participant and, with respect to the Participants with enrolled students, effective at the next succeeding regular semester or semesters or summer term or terms, in amounts sufficient, without limit (subject to the provisions discussed below), together with other legally available funds, including other Pledged Revenues attributable to such Participant, to enable it to make its Annual Obligation payments.

#### *Anticipated Deficit*

If the Board determines, for any reason whatsoever, (i) that there are not anticipated to be sufficient legally available funds, including Pledged Revenues, to meet all financial obligations of the Board relating to the Revenue Financing System, including the deposits and payments due on or with respect to the Parity Obligations outstanding at that time as the same mature or come due or (ii) that any Participant will be unable to pay its Annual Direct Obligation in full, then the Board must fix, levy, charge, and collect such rentals, rates, fees, tuition, or other charges, at each Participant with enrolled students, effective at the next succeeding regular semester or semesters or summer term or terms, in such amounts, without any limitation whatsoever (other than as provided below), as will be at least sufficient to provide, together with other legally available funds, including other Pledged Revenues, the money for making when due all financial obligations of the Board relating to the Revenue Financing System including all payments and deposits due on or with respect to outstanding Parity Obligations when and as required by the Resolution.

#### *Economic Effect of Adjustments*

Any adjustments in the rate or manner of charging for any rentals, rates, fees, tuition, or other charges included in Pledged Revenues at any of the Participants pursuant to the provisions described above will be based upon a certificate and recommendation of a Designated Financial Officer, delivered to the Board, as to the rates and anticipated collection of the Pledged Revenues at the various Participants (after taking into account the anticipated effect the proposed adjustments in such rentals, rates, fees, tuition, or other charges would have on enrollment and the receipt of Pledged Revenues and other funds at each Participant) which will be anticipated to result in (i) Pledged Revenues attributable to each Participant being sufficient (to the extent possible) to satisfy the Annual Obligation of such Participant and (ii) Pledged Revenues being sufficient, together with other legally available funds, to meet all financial obligations of the Board relating to the Revenue Financing System including all deposits and payments due on or in connection with outstanding Parity Obligations when and as required by the Resolution.

#### **Payment and Funds**

The Board has covenanted in the Resolution to make available to the Paying Agent/Registrar for Parity Obligations, on or before each payment date, money sufficient to pay any and all amounts due on such Parity Obligations on such payment date.

The Resolution allows the Board to establish one or more reserve funds or accounts to further secure any Parity Obligations. Currently, the Board has not established a reserve fund to secure the payment of the Parity Obligations.

#### **Additional Parity Obligations; Non-Recourse Debt and Subordinated Debt**

In the Resolution, the Board reserves the right to issue or incur additional Parity Obligations for any purpose authorized by law. The Board may incur, assume, guarantee, or otherwise become liable in respect of additional Parity Obligations if the Board determines that it will have sufficient funds to meet the financial obligations of the University, including

sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing University and to meet all financial obligations of the Board relating to the Revenue Financing System.

In addition, the Board covenants not to issue or incur Parity Obligations unless (i) it determines that the Participant or Participants for whom Parity Obligations are being issued or incurred possesses the financial capacity to satisfy their respective Direct Obligations, after taking into account the then proposed additional Parity Obligations, and (ii) a Designated Financial Officer delivers to the Board a certificate stating that, to the best of his or her knowledge, the Board is in compliance with all covenants contained in the Resolution and any supplemental resolution authorizing outstanding Parity Obligations, and is not in default in the performance and observance of any of the terms, provisions and conditions thereof.

The Board has reserved the right to issue without limit debt secured by a lien other than a lien on Pledged Revenues and debt which expressly provides that all payments thereon will be subordinated to the timely payment of all Parity Obligations.

## **Participants**

### *Combination or Release of Participants*

The Resolution recognizes that the State may combine or divide Participant institutions and provides that so long as the combined or divided institutions continue to be governed by the Board such action must not violate the Resolution or require any amendment thereof. The Resolution also provides that subject to the conditions set forth below, any Participant or portion thereof may be closed and abandoned by law or may be removed from the Revenue Financing System (thus deleting the revenues, income, funds, and balances attributable to said Participant or portion thereof from the Pledged Revenues) without violating the terms of the Resolution provided:

(1) the Board specifically finds that (based upon a certificate of a Designated Financial Official to such effect) after the release of the Participant or portion thereof, the Board will have sufficient funds during each Fiscal Year in which Parity Obligations will thereafter be outstanding to meet the financial obligations of the Revenue Financing System, including sufficient Pledged Revenues to satisfy the annual debt service requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System; and

(2) the Board and the Authority have received an Opinion of Counsel which states that such release will not affect the status for federal income tax purposes of interest on any Outstanding Parity Obligations and that all conditions precedent provided in the Resolution or any supplement relating to such release have been complied with; and

(3)(A) if the Participant or portion thereof to be released from the Revenue Financing System is to remain under the governance and control of the Board, the Board must either (i) provide, from lawfully available funds, including Pledged Revenues attributable to said withdrawing Participant, for the payment or discharge of said Participant's Direct Obligations or (ii) pledge to the payment of Parity Obligations, additional resources not then pledged in an amount sufficient to satisfy such withdrawing Participant's Direct Obligations; or (B) if the Participant or portion thereof to be released from the Revenue Financing System is to no longer be under the governance and control of the Board and remains in operation independent of the Board, the Board must receive a binding obligation of the new governing body of the withdrawing institution or the portion thereof being withdrawn, obligating said governing body to make payments to the Board at the times and in the amounts equal to said Participant's Annual Obligations or to pay or discharge said Participant's Direct Obligations, or, in the case of a portion of a Participant being withdrawn, the proportion of the Participant's Annual Obligation or Direct Obligation, as the case may be, attributable to the withdrawing portion of the Participant.

### *Disposition of Assets*

In the Resolution, the Board has reserved the right to convey, sell, or otherwise dispose of any properties of the Board attributable to a Participant of the Revenue Financing System, provided that:

(1) such disposition must occur in the ordinary course of business of the Participants of the Revenue Financing System responsible for such properties; or

(2) the Board determines that after the disposition, the Board has sufficient funds during each Fiscal Year during which Parity Obligations are to be Outstanding to meet the financial obligations of each Participant in the Revenue Financing System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all other financial obligations of the Board relating to the Revenue Financing System.

#### *Admission of Participants*

If, after the date of the adoption of the Resolution, the Board desires for a university or agency governed by the Board to become a Participant of the Revenue Financing System, it may include said university or agency in the Revenue Financing System with the effect set forth in the Resolution by the adoption of an amendment to the Resolution.

#### **Certain Covenants**

##### *Rate Covenant*

In each Fiscal Year, the Board must establish, charge, and use its reasonable efforts to collect at each Participant the Pledged Revenues which, if collected would be sufficient to meet all financial obligations of the Board for such Fiscal Year relating to the Revenue Financing System including all deposits or payments due on or with respect to (i) the Prior Encumbered Obligations and (ii) all Outstanding Parity Obligations.

##### *Tuition*

The Board covenants and agrees in the Resolution to fix, levy, charge, and collect at each Participant student tuition charges required or authorized by law to be imposed on students enrolled at each Participant (excepting, with respect to each series or issue of Parity Obligations, any student in a category which, at the time of adoption of a resolution relating to such Parity Obligations, is exempt by law or by the Board from paying such tuition charges). Each student (excluding those exempt from payment as provided above), enrolled at each Participant, respectively, at each regular fall and spring semester and at each term of each summer session, must pay tuition charges in such amounts, without any limitation whatsoever, as will be sufficient at all times, together with other legally available funds, including other Pledged Revenues, to provide the money to make or pay the principal of, interest on, and other payments or deposits with respect to Outstanding Parity Obligations when and as required. All changes in the tuition charged students at each Participant must be made by resolution of the Board, but such procedure will not constitute or be regarded as an amendment of the Resolution, but merely the carrying out of the provisions and requirements thereof.

##### *General Covenants*

The Board has additionally covenanted in the Resolution (i) to faithfully perform all covenants and provisions contained in the Resolution, and in each Parity Obligation; (ii) to call for redemption all Parity Obligations, in accordance with their terms, which are subject to mandatory redemption; (iii) that it lawfully owns, has title to, or is lawfully possessed of the land, buildings, and facilities which comprise the University and to defend such title for the benefit of the owners of the Parity Obligations; (iv) that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Obligations; (v) to maintain and preserve the property of the Revenue Financing System; (vi) not to incur any additional debt secured by the Pledged Revenues except as permitted in the Resolution; (vii) to invest and secure money held in funds and accounts established under the Resolution in accordance with law and written policies of the Board; (viii) to keep proper books and records and account for the Revenue Financing System and to cause to be prepared annual financial reports of the Revenue Financing System and to furnish such report, to the Authority, appropriate municipal bond rating agencies and, upon request, owners of Parity Obligations; and (ix) to permit any owner or owners of 25% or more of Outstanding Principal Amount of Parity Obligations at all reasonable time to inspect all records, accounts, and data of the Board relating to the Revenue Financing System.

#### **Special Obligations**

The Resolution provides that all Parity Obligations and the interest thereon constitute special obligations of the Board payable from the Pledged Revenues, and the owners thereof never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in the Resolution. The obligation of the Board to pay or cause to be paid the amounts payable under the Resolution out of the Pledged Revenues is absolute, irrevocable, complete, and unconditional, and the amount, manner and time of payment of such amounts may not be decreased, abated, rebated, setoff, reduced, abrogated, waived, diminished, or otherwise modified in any manner or to any extent whatsoever.

## **Waiver of Covenants**

The Board may omit in any particular instance to comply with any covenant or condition set forth above as a general covenant or with its rate covenant, its covenants relating to issuance of Parity Obligations, its covenants governing disposition of Participant assets, or its covenants relating to admission and release of Participants if the holders of at least 51% of all Parity Obligations outstanding waive such compliance.

## **Remedies**

Any owner of Parity Obligations in the event of default in connection with any covenant contained in the Resolution or default in the payment of said obligations, or of any interest due thereof, or other costs and expenses related thereto, may require the Board, the Authority, their respective officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of the Resolution by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings in any court of competent jurisdiction against the Board, its officials and employees, the Authority, or any appropriate official of the State of Texas. The principal of the Bonds cannot be accelerated in the event of default, and the Board has not granted a lien on any physical property which may be levied or foreclosed against.

## **Amendment of Resolution**

### *Amendment Without Consent*

The Resolution and the rights and obligations of the Authority, the Board and of the owners of the Outstanding Parity Obligations may be modified or amended at any time without notice to or the consent of any owner of the Parity Obligations, solely for any one or more of the following purposes:

- (i) To add to the covenants and agreements of the Board or the Authority contained in the Resolution, other covenants and agreement thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board or the Authority in the Resolution;
- (ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in the Resolution, upon receipt by the Board and the Authority of any approving opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of the Resolution;
- (iii) To supplement the security for the Parity Obligations to provide for the additions of new institutions and agencies to the Revenue Financing System or to clarify the provisions regarding the University as a Participant in the Revenue Financing System; provided, however, that any amendment to the definition of Pledged Revenues which results in the pledge of additional resources may limit the amount of such additional pledge and the manner, extent, and duration of such additional pledge all as set forth in such amendment;
- (iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Parity Obligations, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board and the Authority, materially adversely affect the interests of the owners of the Parity Obligations;
- (v) To make such changes, modifications, or amendments as may be necessary or desirable, which will not adversely affect the interests of the owners of the Outstanding Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of Credit Agreements with respect to the Parity Obligations;
- (vi) To make such other changes in the provisions of the Resolution as the Board and the Authority may deem necessary or desirable and which does not, in the judgment of the Board and the Authority, materially adversely affect the interests of the owners of Outstanding Parity Obligations; or
- (vii) To make such other amendments as necessary to comply with Rule 15c2-12.

### *Amendments With Consent*

Subject to the other provisions of the Resolution, the owners of Parity Obligations aggregating 51% in Outstanding Principal Amounts have the right from time to time to approve any amendment, other than amendments described in the foregoing paragraph, to the Resolution, which may be deemed necessary or desirable by the Board; provided, however, that no provision may permit or be construed to permit, without the approval of the owners of all of the Outstanding Parity Obligations, the amendment of the terms and conditions in the Resolution so as to:

- (i) Grant to the owners of any Outstanding Parity Obligations a priority over the owners of any other Outstanding Parity Obligations;
- (ii) Materially adversely affect the rights of the owners of less than all Parity Obligations then Outstanding;
- (iii) Change the minimum percentage of the Outstanding Principal Amount necessary for consent to such amendment;
- (iv) Make any change in the maturity of the Outstanding Bonds;
- (v) Reduce the rate of interest borne by the Outstanding Bonds;
- (vi) Reduce the amount of principal payable on the Outstanding Bonds; or
- (vii) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment.

### **Defeasance**

The Resolution provides for the defeasance of the Bonds and the termination of the pledge of revenues and all other general defeasance covenants in the Resolution under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Obligation") within the meaning of the Resolution, except to the extent provided below for the Paying Agent to continue payments and for the Authority to retain the right to call Defeased Obligations to be paid at maturity, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent for such payment, (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the Authority with the Paying Agent for the payment of its services until after all Defeased Obligations shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Obligation, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the revenues pledged as provided in the Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (ii) above shall be deemed a payment of a Bond when proper notice of redemption of such Bonds shall have been given, in accordance with the Resolution. Any money so deposited with the Paying Agent may at the discretion of the Authority also be invested in Defeasance Securities, maturing in the amounts and at the times as set forth in the Resolution, and all income from such Defeasance Securities received by the Paying Agent that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Authority.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Resolution for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Obligations shall have become due and payable, the Paying Agent shall perform the services of Registrar for such Defeased Obligations the same as if they had not been defeased, and the Authority shall make proper arrangements to provide and pay for such services as required by the Resolution.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Resolution shall be made without the consent of the registered owner of each Bond affected thereby.

To the extent that, upon the defeasance of any Defeased Obligation to be paid at its maturity, the Authority retains the right under Texas law to later call that Defeased Obligation for redemption in accordance with the provisions of the order authorizing its issuance, the Authority may call such Defeased Obligation for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions set forth above regarding such Defeased Obligation as through it was being defeased at the time of the exercise of the option to redeem the Defeased Obligation and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Obligation.

Any escrow agreement or other instrument entered into between the Authority and the Paying Agent pursuant to which money and/or Defeasance Securities are held by the Paying Agent for the payment of Defeased Obligations may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the Authority.

## **LEGAL MATTERS**

Legal matters relating to the Bonds are subject to approval of legality by the Attorney General of the State and of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, whose opinion will be delivered at the closing of the sale of the Bonds in substantially the form attached hereto as APPENDIX C. Bond Counsel was not requested to participate, and did not take part, in the preparation of this Official Statement except as hereinafter noted, and such firm has not assumed any responsibility with respect thereto or undertaken to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information in this Official Statement describing the Bonds and the Resolution to determine that the information relating to the Bonds and the Resolution is accurate. The payment of legal fees to Bond Counsel in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the Authority.

## **TAX MATTERS**

### **Opinion**

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX C -- FORM OF BOND COUNSEL OPINION.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the University, including information and representations contained in the University's federal tax certificate, and (b) covenants of the Board and the Authority contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Although it is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance, the tax-exempt status of the Bonds could be affected by future events. However, future events beyond the control of the University or the Authority, as well as the failure to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the University or the Authority with respect to the Bonds or the project financed with the Bond proceeds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Authority as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

The initial public offering price to be paid for one or more maturities of the Bonds (the "Original Issue Discount Bonds") may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year. In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code. Section 55 of the Code imposes a tax equal to 20 percent for corporations, or 26 percent for noncorporate taxpayers (28 percent for taxable income exceeding \$175,000), of the taxpayer's "alternative minimum taxable income," if the amount of such alternative minimum tax is greater than the taxpayer's regular income tax for the taxable year.

Interest on the Bonds may be subject to the "branch profits tax" imposed by section 884 of the Code on the effectively-connected earnings and profits of a foreign corporation doing business in the United States.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

### **State, Local and Foreign Taxes**

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

### **LEGAL INVESTMENTS IN TEXAS**

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business & Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking fund of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the state, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investments Act ("PFIA"), the Bonds may have to be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds.

Neither the Authority nor the University has made any investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. Neither the Authority nor the University has made any review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

### **RATINGS**

Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings ("Fitch") have assigned ratings of "Aaa" and "AAA", respectively, to the Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy will be issued by Financial Security Assurance Inc. In addition, the Bonds were assigned ratings by Moody's and Fitch of "A2" and "A+", respectively, before the commitment for the aforesaid bond insurance policy for the Bonds was issued. An explanation of the significance of each such rating may be obtained from the company furnishing the rating.

The ratings will reflect only the views of such organizations at the time such ratings are given, and the Board and the Authority make no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the market price of the Bonds.

## **CONTINUING DISCLOSURE OF INFORMATION**

In the Resolution, the Board, as the obligated party on the Bonds, has made the following agreement for the benefit of the Authority and the holders and beneficial owners of the Bonds. The Board is required to observe its agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Board will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

### **Annual Reports**

The Board will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the University of the general type included in this Official Statement under the heading(s) "SECURITY FOR THE BONDS - TABLE 1 - Pledged Revenues", "MIDWESTERN STATE UNIVERSITY", "SELECTED FINANCIAL INFORMATION", and in APPENDIX B. The Board will update and provide this information within 180 days after the end of each Fiscal Year ending in or after 2002. The Board will provide the updated information to the Authority and each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the staff of the United States Securities and Exchange Commission (the "SEC").

The Board may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information provided by the Board will be provided on a cash basis, or such other basis as the Board may be required to employ from time to time pursuant to state law or regulation, and will not be audited.

The State's current fiscal year end is August 31. Accordingly, the Board must provide updated information within 180 days following August 31 of each year, unless the State changes its fiscal year. If the State changes its fiscal year, the Board will notify each NRMSIR and any SID of the change.

### **Material Event Notices**

The Board will also provide timely notices of certain events to certain information vendors. The Board will provide notice of any of the following events with respect to the Bonds, if such event is material to a decision to purchase or sell Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes. (Neither the Bonds nor the Resolution make any provision for debt service reserves, credit enhancement, liquidity enhancement, or early redemption.) In addition, the Board will provide timely notice of any failure by the Board to provide information, data, or financial reports in accordance with its agreement described above under "Annual Reports." The Board will provide each notice described in this paragraph to any SID and to either each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB").

### **Availability of Information from NRMSIRs and SID**

The Board has agreed to provide the foregoing information only to NRMSIRs and any SID. The information will be available to holders of Bonds only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so.

The Municipal Advisory Council of Texas has been designated by the State of Texas as a SID, and the SEC staff has issued a no action letter confirming that it will accept that designation. The address of the Municipal Advisory Council of Texas is 600 West 8th Street, P. O. Box 2177, Austin, Texas 78768-2177, and its telephone is (512) 476-6947.

## **Limitations and Amendments**

The Board has agreed to update information and to provide notices of material events only as described above. The Board has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Board makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Board disclaims any contractual or tort liability of damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the Board to comply with its agreement.

The Board may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Board (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Board may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of said rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds. If the Board so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

## **Compliance with Prior Agreements**

The Board and the Authority are in full compliance with all other continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

### **INITIAL PURCHASER**

After requesting competitive bids for the Bonds, the Authority accepted the bid of Banc One Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover page of the Official Statement at a price of par plus accrued interest and a cash premium of \$9.00. The Purchaser(s) can give no assurance that any trading market will be developed for the Bonds after their sale by the Authority to the Initial Purchaser. The Authority has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

### **CO-FINANCIAL ADVISOR**

First Southwest Company and CKW Financial Group, Inc. have acted as Co-Financial Advisor to the Authority in connection with the issuance of the Bonds. The Co-Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds.

Although the Co-Financial Advisors have read and participated in the preparation of this Official Statement, they have not independently verified any of the information set forth herein. The information contained in this Official Statement has been obtained primarily from the Authority's and the University's records and from other sources which are believed to be reliable. No guarantee is made as to the accuracy or completeness of any such information. No person, therefore, is entitled to rely upon the participation of the Co-Financial Advisors as an implicit or explicit expression of opinion as to the completeness and accuracy of the information contained in this Official Statement.

### **PENDING LITIGATION**

On August 31, 2001, a lawsuit involving Midwestern State University was pending. As of June 1, 2002, the University's legal counsel has indicated that there has been no material change in the status of such filed litigation with respect to the University's potential liability. While the ultimate liability with respect to litigation and other claims asserted against the

University 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 the University.

**AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION**

The financial data and other information contained herein have been obtained from the Board's and the Authority's records, unaudited financial statements and other sources that are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and resolution. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

/s/ Kimberly K. Edwards  
Kimberly K. Edwards, Executive Director  
Texas Public Finance Authority

/s/ Dr. John H. Alexander  
Dr. John H. Alexander, Vice President for  
Administration and Finance  
Midwestern State University

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APPENDIX A  
DEFINITIONS

As used in this Official Statement the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"*Annual Debt Service Requirements*" means, for any Fiscal Year, the principal of and interest on all Parity Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the Board on such Debt, or be payable in respect of any required purchase of such Debt by the Board) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the Board:

(1) *Committed Take Out*. If the Board, or the Authority on behalf of the Board, has entered into a Credit Agreement constituting a binding commitment within normal commercial practice to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(2) *Balloon Debt*. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the Board) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(3) *Consent Sinking Fund*. In the case of Balloon Debt (as defined in clause (2) above), if a Designated Financial Officer shall deliver to the Board and the Authority an Officer's Certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such Officer's Certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the Board has elected to apply the rule set forth in clause (2) above;

(4) *Prepaid Debt*. Principal of and interest on Parity Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(5) *Variable Rate*. As to any Parity Obligation that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the Board, either (1) an interest rate equal to the average rate borne by such Parity Obligations (or by comparable debt in the event that such Parity Obligations has not been outstanding during the preceding 24

months) for any 24 month period ending within 30 days prior to the date of calculation, or (2) an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of tax-exempt revenue bonds with maturities of at least 20 years which is published in a newspaper or journal with national circulation may be used for this purpose. If two Series of Parity Obligations which bear interest at variable interest rates, or one or more maturities within a Series, of equal par amounts, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Parity Obligations taken as a whole, such composite fixed rate shall be used in determining the Annual Debt Service Requirement with respect to such Parity Obligations;

(6) Guarantee. In the case of any guarantee, as described in clause (2) of the definition of Debt, no obligation will be counted if the Board does not anticipate in its annual budget that it will make any payments on the guarantee. If, however, the Board is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Obligations and calculations of Annual Debt Service Requirements with respect to such guarantee shall be made assuming that the Board will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the Board no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

(7) Commercial Paper. With respect to any Parity Obligations issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Parity Obligations shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(8) Credit Agreement Payments. If the Board, or the Authority on behalf of the Board, has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments for fees and expenses), for either the Board or, the Authority on behalf of the Board, as the case may be, or the Credit Provider, shall be included in such calculation, except to the extent that the payments are already taken into account under (1) through (7) above and any payments otherwise included above under (1) through (7) which are to be replaced by payments under a Credit Agreement, from either the Board or the Credit Provider, shall be excluded from such calculation.

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

"*Annual Direct Obligation*" means the amount budgeted each Fiscal Year by the Board with respect to each Participant in the Financing System to satisfy said Participant's proportion of debt service (calculated based on said Participant's Direct Obligation) due by the Board in such Fiscal Year on Outstanding Parity Obligations.

"*Annual Obligation*" means, with respect to each Participant in the Financing System and for each Fiscal Year, said Participant's Annual Direct Obligation plus the amount budgeted by the Board for such Fiscal Year to allow said Participant to retire its obligation for advances made to it by the Board in the management of the Financing System to satisfy part or all of a previous Annual Direct Obligation payment.

"*Authority*" means the Texas Public Finance Authority, or any successor thereto.

"*Board*" means the Board of Regents of Midwestern State University, acting as the governing body of the University, or any successor thereto.

"*Bond Counsel*" means McCall, Parkhurst & Horton L.L.P., or such other firm of attorneys of nationally recognized standing in the field of law relating to municipal revenue bonds selected by the Board with the approval of the Authority.

"*Bonds*" means the Texas Public Finance Authority Midwestern State University Revenue Financing System Revenue Bonds, Series 2002, issued in the aggregate principal amount of \$8,965,000 pursuant to the terms of the Resolution, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to the Resolution; and the term "Bond" means any of the Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Credit Agreement*" means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Obligations, purchase or sale agreements, interest rate swap agreements, currency exchange agreements, interest rate floor or cap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the Board or the Authority on behalf of the Board as a Credit Agreement in connection with the authorization, issuance, security, or payment of Parity Obligations and on a parity therewith.

"*Credit Provider*" means any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

"*DTC*" means The Depository Trust Company, New York, New York, or any successor securities depository.

"*DTC Participant*" means the securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants.

"*Debt*" means all:

(1) indebtedness incurred or assumed by the Board for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the Board that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the Board, or that is in effect guaranteed, directly or indirectly, by the Board through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(3) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the Board whether or not the Board has assumed or become liable for the payment thereof.

For the purpose of determining the "Debt" of the Board, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of the Board in prior Fiscal Years.

"*Defeasance Securities*" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Authority adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Authority adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent.

"*Designated Financial Officer*" means the Vice President for Administration and Finance of the University, or such other official of the University appointed by the Board to carry out the functions of the Designated Financial Officer specified herein.

"*Designated Trust Office*" means Jacksonville, Florida for the initial Paying Agent/Registrar.

"*Direct Obligation*" means the proportionate share of Outstanding Parity Obligations attributable to and the responsibility of each Participant in the Financing System.

"*Executive Director*" means the duly acting Executive Director of the Authority, and any person authorized by the Board of Directors of the Authority to serve in the capacity of and perform the duties and obligations of the Executive Director.

"*Federal Securities*" as used herein means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

"*Fiscal Year*" means the fiscal year of the Board which currently ends on August 31 of each year.

"*Funded Debt*" means all Parity Obligations that mature by their terms (in the absence of the exercise of any earlier right of demand), or are renewable at the option of the Board to a date, more than one year after the original creation, assumption, or guarantee of such Debt by the Board.

"*Holder*" or "*Bondholder*" or "*Owner*" means the registered owner of any Parity Obligation registered as to ownership and the holder of any Parity Obligation payable to bearer.

"*Maturity*", when used with respect to any Debt, means the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*NRMSIR*" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

"*Officer's Certificate*" means a certificate executed by the Designated Financial Officer.

"*Opinion of Counsel*" means a written opinion of counsel, which counsel shall be acceptable to the Authority and the Board.

"*Outstanding*" when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations theretofore delivered under the Resolution and any resolution hereafter adopted authorizing the issuance of Parity Obligations, except:

- (1) Parity Obligations theretofore cancelled and delivered to the Board or delivered to the Paying Agent or the Registrar for cancellation;
- (2) Parity Obligations deemed paid pursuant to the provisions of Section 19 of the Resolution or any comparable section of any resolution hereafter adopted authorizing the issuance of Parity Obligations;
- (3) Parity Obligations upon transfer of or in exchange for and in lieu of which other Parity Obligations have been authenticated and delivered pursuant to the Resolution; and
- (4) Parity Obligations under which the obligations of the Board have been released, discharged, or extinguished in accordance with the terms thereof;

provided, however, that, unless the same is acquired for purposes of cancellation, Parity Obligations owned by the Board shall be deemed to be Outstanding as though it was owned by any other owner.

"*Outstanding Principal Amount*" means, with respect to all Parity Obligations or to a series of Parity Obligations, the outstanding and unpaid principal amount of such Parity Obligations paying interest on a current basis and the outstanding and unpaid principal and compounded interest on such Parity Obligations paying accrued,

accreted, or compounded interest only at maturity as of any Record Date established by a Registrar in connection with a proposed amendment of the Resolution.

"*Outstanding Revenue Bonds*" means those bonds listed below which are secured by a lien on and pledge of the Prior Encumbered Revenues charged and collected at the University in support thereof:

Building Revenue and Refunding Bonds, Series 1996, outstanding, as of May 1, 2002, in the aggregate principal amount of \$4,880,000.

"*Parity Obligations*" means all Debt of the Board which may be issued or assumed in accordance with the terms of the Resolution and any resolution authorizing the issuance of Debt on a parity with the Bonds, secured by a pledge of the Pledged Revenues subject only to the liens securing Prior Encumbered Obligations. For purposes of this definition, the Previously Issued Parity Obligations and the Bonds constitute Parity Obligations.

"*Participant in the Financing System*" and "*Participant*" means each of the agencies, institutions and branches of the University and such agencies, institutions and branches hereafter designated by the Board to be a participant in the Financing System. Currently, the University is the only Participant in the Financing System.

"*Paying Agent/Registrar*", "*Paying Agent*" or "*Registrar*" means each of the agents (one or more) appointed pursuant to the Resolution, or any successor to any such agent.

"*Pledged Revenues*" means, subject to the provisions of the Prior Encumbered Obligations, the Revenue Funds, including all of the funds and balances now or hereafter lawfully available to the Board and derived from or attributable to any Participant of the Financing System which are lawfully available to the Board for payments on Parity Obligations; provided, however, that the following shall not be included in Pledged Revenues unless and to the extent set forth in a resolution authorizing the issuance of Parity Obligations: (a) amounts received by the University under Article VII, Section 17 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; and (b) except to the extent so specifically appropriated, general revenue funds appropriated to the Board by the Legislature of the State of Texas.

"*Previously Issued Parity Obligations*" means the Series 1998 Bonds.

"*Prior Encumbered Obligations*" means (i) the Outstanding Revenue Bonds and (ii) those outstanding bonds or other obligations of an institution which becomes a Participant of the Financing System after the date of adoption of the Resolution, which are secured by a lien on and pledge of the Prior Encumbered Revenues charged and collected at such institution or agency, and any other bonds or other obligations secured by revenues which are hereafter designated by the Board as a Pledged Revenue.

"*Prior Encumbered Revenues*" means (i) the revenues pledged to the payment of Prior Encumbered Obligations of the University and (ii) the revenues of any revenue producing system or facility of an institution or agency which hereafter becomes a Participant of the Financing System and which are pledged to the payment of bonds or other obligations outstanding on the date such institution or agency becomes a Participant of the Financing System.

"*Record Date*" means, with respect to the Bonds, the last business day of each month preceding an interest payment date.

"*Registration Books*" means the books or records relating to the registration, payment, and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to the Resolution.

"*Resolution*" means the Resolution authorizing the sale of the Bonds.

"*Revenue Financing System*" or "*Financing System*" means the "Midwestern State University Revenue Financing System", currently for the benefit of the University, and such other institutions and agencies now or hereafter under the control or governance of the Board, and made a Participant of the Revenue Financing System by specific action of the Board.

"*Revenue Funds*" means the "revenue funds" of the Board (as defined in Section 55.01 of the Texas Education Code to mean the revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by an institution of higher education, including interest or other income

from those funds) derived by the Board from the operations of each of the Participants. The term "Revenue Funds" does not include, with respect to each series or issue of Parity Obligations, any tuition, rentals, rates, fees, or other charges attributable to any student in a category which, at the time of the adoption by the Board of a resolution relating to such Parity Obligations, is exempt by law or by the Board from paying such tuition, rentals, rates, fees, or other charges.

"*Rule*" means SEC Rule 15c2-12, as amended from time to time.

"*SEC*" means the United States Securities and Exchange Commission.

"*Series 1998 Bonds*" means the Board of Regents of Midwestern State University Revenue Financing System, Texas Public Finance Authority Revenue Refunding and Improvement Bonds, Series 1998, issued in the aggregate principal amount of \$9,860,000.

"*SID*" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

"*Stated Maturity*" when used with respect to any Debt or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

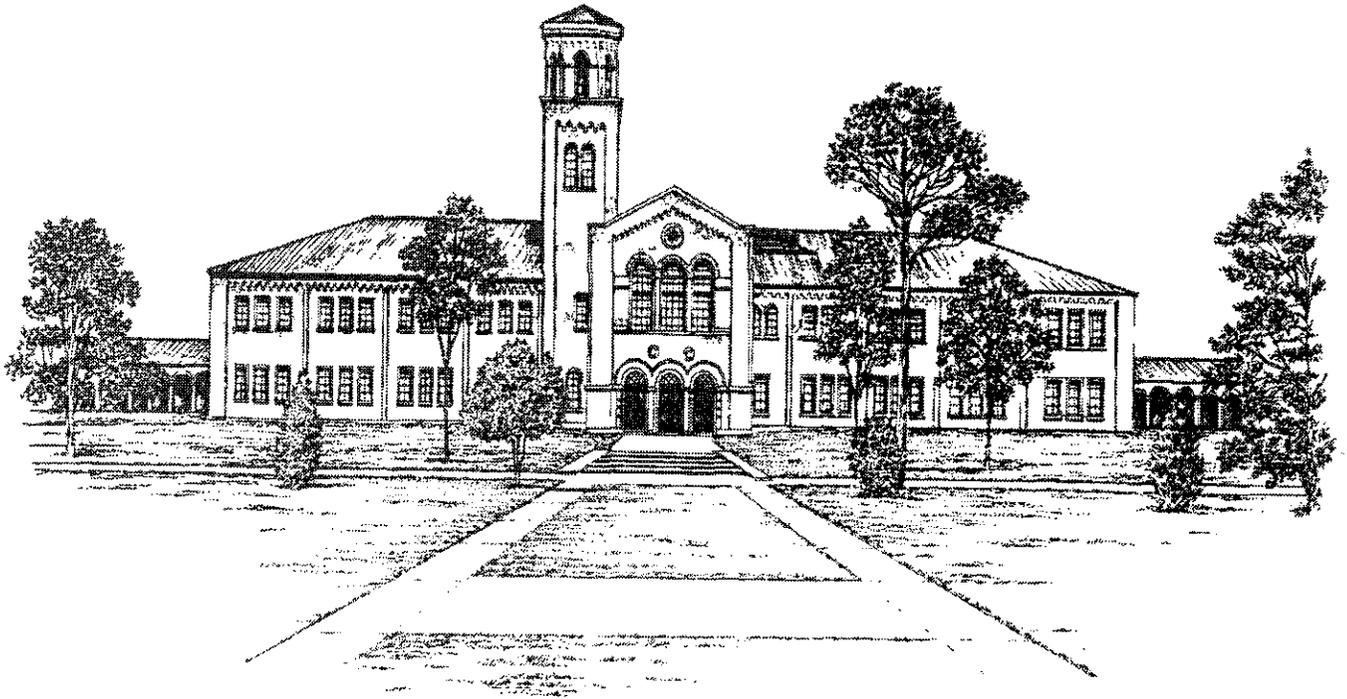
"*Subordinated Debt*" means any Debt which expressly provides that all payments thereon shall be subordinated to the timely payment of all Parity Obligations then Outstanding or subsequently issued.

"*Term of Issue*" means with respect to any Balloon Debt, including, without limitation, commercial paper, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the maximum maturity date in the case of commercial paper or (ii) twenty-five years.

"*University*" means Midwestern State University, together with every other agency or general academic institution or branch thereof now or hereafter operated by or under the jurisdiction of the Board acting for and on behalf of Midwestern State University pursuant to law.

APPENDIX B  
FINANCIAL REPORT OF MIDWESTERN STATE UNIVERSITY  
FOR THE YEAR ENDED AUGUST 31, 2001

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**MIDWESTERN  
STATE UNIVERSITY  
WICHITA FALLS, TEXAS**

**(UNAUDITED)**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
AUGUST 31, 2001**

MIDWESTERN STATE UNIVERSITY  
Wichita Falls, Texas

FINANCIAL REPORT  
for the year ended August 31, 2001

MIDWESTERN STATE UNIVERSITY  
ANNUAL FINANCIAL REPORT

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# MIDWESTERN STATE UNIVERSITY

Office of the President

3410 Taft Boulevard Wichita Falls, Texas 76308-2099

Office: 940-397-4211 Fax: 940-397-4010

November 12, 2001

The Honorable Rick Perry  
Governor of Texas

Mr. Lawrence F. Alwin, CPA  
Auditor

Mr. John Keel, CPA  
Director, Legislative Budget Board

The Honorable Carole Keeton Rylander  
Comptroller of Public Accounts

To Agency Heads Addressed:

The Financial Report of Midwestern State University, with which this letter is bound, is transmitted for inclusion in the State of Texas Annual Financial Report for the fiscal year ended August 31, 2001. The State Auditor will consider the accompanying Annual Financial Report for audit as part of the audit of the State's Comprehensive Annual Financial Report; therefore, an opinion on the financial statements and related information contained in this report has not been expressed. This report is intended to present a complete picture of the fiscal affairs of the University for the year ended August 31, 2001.

As indicated by the following letter of transmittal, this report has been prepared by the fiscal office of the University to provide a summary of the University's financial records.

Sincerely,

Dr. Jesse W. Rogers  
President



# MIDWESTERN STATE UNIVERSITY

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3410 TAFT BOULEVARD WICHITA FALLS, TEXAS 76308-2099

CONTROLLER'S OFFICE

(940) 397-4237 / FAX (940) 397-4302

e-mail: [fergusog@nexus.mwsu.edu](mailto:fergusog@nexus.mwsu.edu)

November 12, 2001

Dr. Jesse Rogers, President  
Midwestern State University  
Wichita Falls, TX 76308

Dear Dr. Rogers:

Submitted herein is the Annual Financial Report of Midwestern State University for the fiscal year ended August 31, 2001.

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 Statewide Annual Financial Report; therefore an opinion has not been expressed on the statements and related information contained in this report.

If you have any questions about the report or the schedule of Expenditures of Federal Awards, please contact me at extension 4273.

Respectfully Submitted,

Gail Ferguson  
Controller

Approved:

John Alexander, EdD  
Vice President for Business Affairs

MIDWESTERN STATE UNIVERSITY

ORGANIZATION DATA

August 31, 2001

THE BOARD OF REGENTS

Term Expires February 25, 2002

Ms. Barbara J. Dorman, Secretary	Plainview
Ms. Elizabeth Gifford	Amarillo
Mr. Arnold W. Oliver	Wichita Falls

Term Expires February 25, 2004

Dr. Jaime A. Davidson	Dallas
Mr. Munir A. Lalani	Wichita Falls
Mr. Chaunce O. Thompson, Jr.	Breckenridge

Term Expires February 25, 2006

Mr. Mac W. Cannedy, Jr., Chairman	Wichita Falls
Mr. John C. Bridgman	Wichita Falls
Mr. David L. Stephens	Plano

PRESIDENT

Dr. Jesse W. Rogers

UNIVERSITY FISCAL OFFICERS

Dr. John Alexander	Vice President, Business Affairs
Ms. Gail Ferguson	Controller

MIDWESTERN STATE UNIVERSITY  
ENROLLMENT DATA  
For the year ended August 31, 2001

<u>Type of Student</u>	Number of Students By Semester			
	<u>Fall 2000</u>	<u>Spring 2001</u>	Summer Terms 2001	
			<u>First</u>	<u>Second</u>
Texas Resident	5,057	4,757	1,852	1,452
Out-of-State	328	306	152	81
Foreign	374	361	208	166
High School Honor Scholarships	7	7		
Hazelwood Act	40	34	14	21
State Commission for the Blind	3	3	4	2
 Totals	<u>5,809</u>	<u>5,468</u>	<u>2,230</u>	<u>1,722</u>

ENROLLMENT TREND DATA

(Fall Semester Only)

<u>Fiscal Year</u>	<u>Students</u>	<u>Semester Hours</u>
2001	5,809	66,203
2000	5,717	64,894
1999	5,687	63,674
1998	5,770	62,769
1997	5,643	61,444
1996	5,832	63,258
1995	5,819	62,706
1994	5,791	62,512
1993	5,748	61,758
1992	5,450	59,037

Unaudited

EXHIBIT A  
MIDWESTERN STATE UNIVERSITY  
BALANCE SHEET  
August 31, 2001  
(With Comparative Totals August 31, 2000)

	Current Funds					Loan Funds
	Unrestricted					
	Educational and General	Designated	Auxiliary Enterprises	Total	Restricted	
<b>ASSETS</b>						
Cash and Temporary Investments (Sch. A-1)	\$5,815,659	\$4,735,152	\$2,624,719	\$13,175,530	\$665,077	\$404,
Unexpended Appropriations, Fund 001	1,011,198			1,011,198		
Investments (Sch. A-2)		3,120,554	1,729,739	4,850,293	438,299	266,
Students' Accounts Receivable (net of allowance for doubtful accounts for 2001 & 2000 of \$659,843 and \$547,555 respectively)	91,671	123,896	48,634	264,201	3,370	975,
Accounts Receivable-Gifts						
Other Accounts Receivable	110,566	67,653	222,298	400,517	101,590	
Due from Texas Dept. of Transportation #601	1,075			1,075		
Due from Texas St. Bd. of Ed. Cert. #705					1,651	
Federal Receivables-Grants & Contracts					57,394	
Accrued Interest Receivable		64,381	34,715	99,096	39,842	13,
Consumable Supplies Inventory	332,832	26,176		359,008		
Other Prepaid Expenses	258,938	540,473	296,376	1,095,787	1,943,769	
Notes Receivable						99,
Land						
Buildings						
Improvements Other Than Buildings						
Equipment						
Library Holdings						
Construction in Progress						
<b>Total Assets</b>	<u>\$7,621,939</u>	<u>\$8,678,285</u>	<u>\$4,956,481</u>	<u>\$21,256,705</u>	<u>\$3,250,992</u>	<u>\$1,760,</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	\$207,948	\$257,630	\$153,682	\$619,260	\$23,691	
Accrued Liabilities	1,263,764	282,595	229,017	1,775,376	64,367	
Accrued Compensable Absences Payable	591,865		74,021	665,886		
Room/Property Deposits			96,025	96,025	163,189	
Deferred Revenues	2,644,345	2,159,114	1,979,771	6,783,230	1,442,758	
Retainages and Contracts						
Revenue Bonds Payable						
General Obligation Bonds Payable						
Leases Payable						
Deposits Held in Custody for Others						
<b>Total Liabilities</b>	<u>4,707,922</u>	<u>2,699,339</u>	<u>2,532,516</u>	<u>9,939,777</u>	<u>1,694,005</u>	
<b>Fund Balances:</b>						
<b>Unrestricted:</b>						
Reserved for:						
Encumbrances	78,000	75,553	115,688	269,241	8,826	
Debt Retirement						
Consumable Supplies Inventories	332,832	26,176		359,008		
Working Capital	100,000		200,000	300,000		
Unreserved:						
Allocated	2,403,185	5,877,217	2,108,277	10,388,679		\$882,
Unallocated						
<b>Restricted</b>					1,548,161	752,
U.S. Government Grants Refundable						125,
Endowment						
Term Endowment						
Funds Functioning as Endowment-Restricted						
Funds Functioning as Endowment-Unrestricted						
Net Investment in Plant						
<b>Total Fund Balances (Exhibit B)</b>	<u>2,914,017</u>	<u>5,978,946</u>	<u>2,423,965</u>	<u>11,316,928</u>	<u>1,556,987</u>	<u>1,760,</u>
<b>Total Liabilities and Fund Balances....</b>	<u>\$7,621,939</u>	<u>\$8,678,285</u>	<u>\$4,956,481</u>	<u>\$21,256,705</u>	<u>\$3,250,992</u>	<u>\$1,760,</u>

See Accompanying Notes to the Financial Statements

Endowment and Similar Funds	Plant Funds				Agency Funds	Blended Component Unit	Totals Primary Government (Memorandum Only)	
	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment In Plant			2001	2000
	\$1,038,240	\$312,232	\$373,865	\$287,000			\$58,709	\$704,568
5,011,170	205,767	246,384	189,138		10,205,583	21,413,436	21,454,490	
						1,243,077	595,901	
						697,647	697,647	
						3,147	505,254	632,174
							1,075	800
							1,651	82,389
31,393	4,146	10,413					57,394	246,268
							198,560	224,255
							359,008	360,685
	5,000				14,730		3,059,286	2,396,997
6,012							105,611	109,791
				\$2,016,273			2,016,273	2,016,273
				72,696,303			72,696,303	72,088,947
				8,743,565			8,743,565	6,637,343
				15,379,238			15,379,238	15,170,696
				9,436,817			9,436,817	9,137,499
								950,328
<u>\$6,086,815</u>	<u>\$1,403,646</u>	<u>\$657,086</u>	<u>\$476,138</u>	<u>\$108,272,196</u>	<u>\$73,439</u>	<u>\$11,610,945</u>	<u>\$154,848,387</u>	<u>\$148,528,506</u>
	\$102,463				\$460		\$745,906	\$1,376,288
							1,839,743	1,881,678
							665,886	562,966
							259,214	225,824
	27,634						8,225,988	6,969,519
							27,634	172,099
				\$13,310,000			13,310,000	14,100,000
				696,328			696,328	895,000
					\$72,979		72,979	784,355
								112,881
	<u>130,097</u>			<u>14,006,328</u>	<u>73,439</u>		<u>25,843,678</u>	<u>27,080,610</u>
	808,322		\$477,118				1,086,389	1,481,008
							477,118	477,118
							359,008	360,686
							300,000	300,000
	418,974	\$26,424	(980)				11,715,460	9,897,310
	46,253	630,662					676,915	656,985
						\$11,610,945	13,911,993	12,691,552
							125,143	110,136
\$423,824							423,824	423,674
2,956,720							2,956,720	2,878,950
345,431							345,431	64,568
2,360,840							2,360,840	1,884,178
				94,265,868			94,265,868	90,221,731
<u>6,086,815</u>	<u>1,273,549</u>	<u>657,086</u>	<u>476,138</u>	<u>94,265,868</u>		<u>11,610,945</u>	<u>129,004,709</u>	<u>121,447,896</u>
<u>\$6,086,815</u>	<u>\$1,403,646</u>	<u>\$657,086</u>	<u>\$476,138</u>	<u>\$108,272,196</u>	<u>\$73,439</u>	<u>\$11,610,945</u>	<u>\$154,848,387</u>	<u>\$148,528,506</u>

Unaudited

EXHIBIT B  
MIDWESTERN STATE UNIVERSITY  
STATEMENT OF CHANGES IN FUND BALANCES  
For the Year Ended August 31, 2001  
(With Comparative Totals for the year ended August 31, 2000)

	Current Funds					Loar Fund
	Unrestricted				Restricted	
	Educational and General	Designated	Auxiliary Enterprises	Total Unrestricted		
Fund Balance, September 1, 2000	\$2,949,755	\$4,255,372	\$2,056,120	\$9,261,247	\$1,604,311	\$1,575,
Restatements (Prior period adjustments)					765,754	
Fund Balance, September 1, 2000 as restated	<u>2,949,755</u>	<u>4,255,372</u>	<u>2,056,120</u>	<u>9,261,247</u>	<u>2,370,065</u>	<u>1,575,</u>
<u>Revenues and Other Additions</u>						
Current Funds Revenues (Exh. C)	34,055,713	7,553,167	6,525,216	48,134,096		
Federal Grants and Contracts-Restricted					3,272,664	18,
Fed. Pass-Through Grants fr. Oth. St. Agencies (Note 22)					164,465	
St. Pass-Through Grants fr. Oth.St. Agencies (Note 23)					257,369	
Private Gifts, Grants, and Contracts					1,112,960	
Endowment Income-Restricted					186,057	
Other Sources:						
Investment Income					77,224	82,
Net Increase (Decrease) in Fair Value of Investments					26,838	56,
Interest and Service Charges on Loans						13,
Other Miscellaneous Sources		17,770	176	17,946	11,513	
Decrease in Compensated Absences			1,933	1,933		
Increase in Consumable Inventories		8,944		8,944		
Decrease in Bonds Payable						
Decrease in Lease Purchase Payable						
Additions to Physical Properties (includes \$611,558 charged to Current Fund Expenditures						
Total Revenues and Other Additions	<u>34,055,713</u>	<u>7,579,881</u>	<u>6,527,325</u>	<u>48,162,919</u>	<u>5,109,090</u>	<u>170,</u>
<u>Expenditures and Other Deductions</u>						
Educational and General Expenditures (Exh. C)	29,730,330	5,122,038		34,852,368	6,226,133	
Auxiliary Expenditures (Exh. C)			6,736,325	6,736,325	10,184	
Other Expenditures and Adjustments						
Decrease in Consumable Inventories	10,622			10,622		
Net Increase in Compensated Absences	104,853			104,853		
Bad Debts	27,588	24,348	53,663	105,599		62,
Loan Cancellations and Write-Offs						9,
Increase in Bonds Payable						
Increase in Lease Purchase Payable						
Disposal of Physical Properties						
Retirement of Indebtedness - Bonds						
Interest on Indebtedness						
Total Expenditures and Other Deductions	<u>29,873,393</u>	<u>5,146,386</u>	<u>6,789,988</u>	<u>41,809,767</u>	<u>6,236,317</u>	<u>72,</u>
<u>Transfers Among Funds-Additions/(Deductions)</u>						
Mandatory Transfers:						
Skiles Act Funds from Tuition	(66,598)			(66,598)		
Debt Service	(1,625,763)	(595,264)	(118,220)	(2,339,247)		
Nonmandatory Transfers	(2,525,697)	(114,657)	748,728	(1,891,626)	314,149	86,
Total Transfers Among Funds-Add/(Ded)	<u>(4,218,058)</u>	<u>(709,921)</u>	<u>630,508</u>	<u>(4,297,471)</u>	<u>314,149</u>	<u>86,</u>
Net Increase or (Decrease)	<u>(35,738)</u>	<u>1,723,574</u>	<u>367,845</u>	<u>2,055,681</u>	<u>(813,078)</u>	<u>185,</u>
Fund Balance, August 31, 2001 (Exhibit A)	<u>\$2,914,017</u>	<u>\$5,978,946</u>	<u>\$2,423,965</u>	<u>\$11,316,928</u>	<u>\$1,556,987</u>	<u>\$1,760,</u>

See Accompanying Notes to the Financial Statements

Endowment and Similar Funds	Plant Funds				Blended Component Unit	Totals Primary Government (Memorandum Only)	
	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment In Plant		2,001	2000
\$5,251,370	\$2,177,208	\$578,464	\$462,655	\$90,221,731	\$10,315,581 738,585	\$121,447,896 1,504,339	\$112,343,145
<u>5,251,370</u>	<u>2,177,208</u>	<u>578,464</u>	<u>462,655</u>	<u>90,221,731</u>	<u>11,054,166</u>	<u>122,952,235</u>	<u>112,343,145</u>
						48,134,096	48,717,682
						3,291,438	2,921,682
						164,465	208,221
						257,369	573,985
50,050	39,160				1,097,647	2,299,817	3,658,669
						186,057	234,311
174,286	41,573	66,857			461,420	903,475	1,200,718
259,593	46,152	15,551	13,483		(542,621)	(124,976)	260,826
						13,545	8,016
476,579	15,305					521,680	72,250
						1,933	
						8,944	2,725
				1,685,000		1,685,000	7,401,022
				124,287		124,287	104,268
				<u>2,967,079</u>		<u>2,967,079</u>	<u>10,563,285</u>
<u>960,508</u>	<u>142,190</u>	<u>82,408</u>	<u>13,483</u>	<u>4,776,366</u>	<u>1,016,446</u>	<u>60,434,209</u>	<u>75,927,660</u>
						41,078,501	40,089,727
						6,746,509	6,411,228
81,592	2,972,396	1,726	1,437		79,649	3,136,800	11,245,193
						10,622	76
						104,853	62,669
						168,340	193,587
						9,377	10,652
							5,761,022
				36,260		36,260	31,075
				695,969		695,969	619,133
			1,685,000			1,685,000	1,640,000
			719,408			719,408	782,616
<u>81,592</u>	<u>2,972,396</u>	<u>1,726</u>	<u>2,405,845</u>	<u>732,229</u>	<u>79,649</u>	<u>54,391,639</u>	<u>66,846,978</u>
			66,598				
			2,339,247				
(43,471)	1,926,547	(2,060)			(380,018)	9,904	24,069
(43,471)	1,926,547	(2,060)	2,405,845		(380,018)	9,904	24,069
835,445	(903,659)	78,622	13,483	4,044,137	556,779	6,052,474	9,104,751
<u>\$6,086,815</u>	<u>\$1,273,549</u>	<u>\$657,086</u>	<u>\$476,138</u>	<u>\$94,265,868</u>	<u>\$11,610,945</u>	<u>\$129,004,709</u>	<u>\$121,447,896</u>

Unaudited

EXHIBIT C  
MIDWESTERN STATE UNIVERSITY  
STATEMENT OF CURRENT FUND REVENUES AND EXPENDITURES  
For the Year Ended August 31, 2001  
(With Comparative Totals for the year ended August 31, 2000)

	Unrestricted			Total Unrestricted
	Educational and General	Designated	Auxiliary Enterprises	
<b>REVENUES</b>				
Tuition	\$6,539,762			\$6,539,762
Local Designated Tuition		\$3,472,085		3,472,085
Student Service Fees			\$1,655,803	1,655,803
Other Fees	156,458	2,717,994	350,545	3,224,997
Tuition Remissions and Exemptions	3,593,118	42,206	56,343	3,691,667
State Appropriations- General Revenue (1)	20,132,804			20,132,804
State Appropriations - H.E.A.F.	3,007,669			3,007,669
Federal Grants and Contracts	47,023			47,023
Fed. Pass-Through Grants fr. Oth. St. Agencies (Note 22)				
St. Pass-Through Grants fr. Oth. St. Agencies (Note 23)	313,086			313,086
State Grants and Contracts				0
Private Gifts, Grants, and Contracts		18,550	25,500	44,050
Net Increase (Decrease) in the Fair Value of Investments	13,981	159,805	105,047	278,833
Investment Income	146,855	379,223	206,038	732,116
Endowment Income				0
Sales and Services of Educational Activities		436,512		436,512
Sales and Services of Auxiliary Enterprises			4,125,940	4,125,940
Other Sources	104,957	326,792		431,749
<b>Total Current Funds Revenues</b>	<u>\$34,055,713</u>	<u>\$7,553,167</u>	<u>\$6,525,216</u>	<u>\$48,134,096</u>
<b>EXPENDITURES</b>				
<b>Educational and General</b>				
Instruction	\$15,772,148	\$2,222,070		\$17,994,218
Research	22,830			22,830
Public Service		192,562		192,562
Academic Support	2,245,409	285,573		2,530,982
Student Services	1,436,608	462,212		1,898,820
Institutional Support	2,611,783	926,319		3,538,102
Operation and Maintenance of Plant	3,806,511	21,654		3,828,165
Scholarships and Fellowships	3,835,041	1,011,648		4,846,689
<b>Total Educational and General Expenditures</b>	<u>29,730,330</u>	<u>5,122,038</u>	<u>0</u>	<u>34,852,368</u>
<b>Auxiliary Enterprises</b>			<u>\$6,736,325</u>	<u>6,736,325</u>
<b>Total Current Expenditures</b>	<u>\$29,730,330</u>	<u>\$5,122,038</u>	<u>\$6,736,325</u>	<u>\$41,588,693</u>
<b>(1) State Appropriation-General Revenue:</b>				
Current Year Appropriation per Approp. Bill	\$16,290,498			
Salary Increase Appropriation	484,411			
Employee Benefits:				
OASI Contributions	1,057,867			
Worker's Compensation	37,651			
Unemployment Contribution	13,898			
Retirement Plans	833,118			
Group Insurance	1,415,361			
Sub-total	<u>20,132,804</u>			
State Appropriation - HEAF	<u>3,007,669</u>			
<b>Total State Appropriations</b>	<u>\$23,140,473</u>			

See Accompanying Notes to the Financial Statements

Restricted	Totals	
	2001	2000
	\$6,539,762	\$6,262,202
	3,472,085	3,456,460
	1,655,803	1,596,328
	3,224,997	3,010,773
	3,691,667	4,014,534
	20,132,804	21,959,851
	3,007,669	2,862,203
\$3,272,664	3,319,687	2,944,500
198,351	198,351	198,893
257,369	570,455	793,242
	0	0
2,206,301	2,250,351	2,492,195
26,838	305,671	(49,423)
77,224	809,340	701,901
186,057	186,057	234,311
	436,512	326,388
	4,125,940	3,966,874
11,513	443,262	458,633
<u>\$6,236,317</u>	<u>\$54,370,413</u>	<u>\$55,229,865</u>
\$590,390	\$18,584,608	\$17,794,427
68,400	91,230	107,823
487,696	680,258	567,739
269,108	2,800,090	3,340,480
132,055	2,030,875	1,903,457
194,867	3,732,969	3,684,234
	3,828,165	3,417,602
4,483,617	9,330,305	9,273,966
6,226,133	41,078,500	40,089,728
10,184	6,746,509	6,411,228
<u>\$6,236,317</u>	<u>\$47,825,009</u>	<u>\$46,500,956</u>

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MIDWESTERN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2001

**Introduction**

Midwestern State University is an agency of the State of Texas and its financial records reflect compliance with applicable State statutes and regulations.

The significant accounting policies followed by Midwestern State University in maintaining accounts and in the preparation of the preceding statements are in accordance with Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements. These requirements follow, as near as practicable, the AICPA Industry Audit Guide Audits of Colleges and Universities, 1996 Edition, as amended by AICPA Statement of Position (SOP) 74-8, Financial Accounting and Reporting by Colleges and Universities, and as modified by applicable Financial Accounting Standards Board (FASB) pronouncements issued through November 30, 1989, and as modified by all applicable GASB pronouncements cited Codification Section Co5, "Colleges and Universities". The requirements are also in substantial conformity with the Financial Accounting and Reporting Manual for Higher Education published by the National Association of College and University Business Officers (NACUBO).

**Note 1: Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of Midwestern State University have been prepared on the accrual basis of accounting except depreciation expense related to plant fund assets is not recorded. The statement of current funds revenues and expenditures is a statement of financial activities of current funds related to the reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of equipment, and library holdings; (2) mandatory transfers, in the case of required provisions for retirement of indebtedness and renewal and replacement of institutional properties; and (3) transfers of a non-mandatory nature for all other cases.

**Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of the resources available to the university, accounts are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

MIDWESTERN STATE UNIVERSITY  
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Endowment and Similar Funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and only the income be utilized. Term endowment funds are like endowment funds, except that all or part of the principal may be utilized after a stated period of time or upon the occurrence of a certain event. Funds Functioning as Endowment are funds that the governing board has approved to be used as endowments.

All gains and losses arising from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables and the like is accounted for in the fund owning such assets, except for income derived from investment of Endowment and Similar Funds, which income is accounted for in the fund to which it is restricted, or if unrestricted, as revenues in unrestricted current funds.

All other unrestricted revenue is accounted for in the appropriate unrestricted fund. Restricted gifts, grants, appropriations, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Restricted Current Funds are reported as revenues and expenditures when expended for current operating purposes. Contract and grant awards for the current reporting period are shown as additions to fund balances in Restricted Current Funds.

The different fund groups used by Midwestern State University are as follows:

1. Current Funds - Funds available for current operating and maintenance purposes as well as those restricted by donor and other outside agencies for specific operating purposes. Current funds are segregated into separate balanced fund groups as follows:
  - a. Educational and General - Funds for administration, institutional expense, instruction and departmental research, physical plant operation, libraries, and other items relating to instruction.
  - b. Designated - Funds arising from sources that have been designated by the Board of Regents to be used for special purposes. This fund distinguishes such internally designated funds from externally restricted funds as well as other current funds. Service department funds, revolving and clearing accounts are also included in this fund group.
  - c. Auxiliary Enterprises - Funds for activities which furnish service to students, faculty, or staff for which charges are made that are directly related to, although not necessarily equal to the cost of the service, such as residence halls, food services and bookstores.
  - d. Restricted - Funds available for current purposes, the use of which has been restricted by outside agencies or persons. Revenues are reported only to the extent of expenditures for the current year.
2. Loan Funds - Funds available for loans to students.
3. Endowment and Similar Funds - Funds subject to restrictions of endowment and trust instruments requiring that principal be maintained and that only the income be utilized.

MIDWESTERN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
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4. Plant Funds - Plant funds are segregated into the following four fund groups:
  - a. Unexpended - Funds to be used for the construction, rehabilitation, and acquisition of physical properties for institutional purposes.
  - b. Renewals and Replacements - Funds accumulated for the renewal and replacement of physical plant properties.
  - c. Retirement of Indebtedness - Funds accumulated to meet debt service charges and the retirement of indebtedness.
  - d. Investment in Plant - Funds already expended for plant properties. Physical properties are stated at cost at date of acquisition or fair market value at date of donation for gifts. Depreciation on physical plant and equipment is not recorded.
  
5. Agency Funds - Funds held by the University as custodial or fiscal agent for students, faculty members, and/or others.

**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.

**Investments**

The university reports investments at fair value in the balance sheet with the following exceptions. (Fair value is the amount at which an investment could be exchanged in a current transaction between parties, other than in a forced or liquidation sale.) The exceptions are as follows:

1. Nonparticipating contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the financial institution's credit standing or other relevant factors.
2. Money market investments and participating interest-earning investment contracts that mature within one year or less of the date of their acquisition may be reported at amortized cost, assuming that the investment is not affected by the financial institution's credit standing or other relevant factors.
3. For real estate, mortgages, venture capital, limited partnerships, and future and forward contracts, etc. held by non-external pool entities, fair value is not permitted. Instead, amortized cost or historical cost should be used.

**Unrestricted Fund Balance**

The unrestricted balance is broken down into Reserved, Unreserved - Allocated, and Unreserved - Unallocated defined as follows:

The reserved fund balance includes:

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1. Third-party claims against resources that have not materialized such as encumbrances, orders and contracts outstanding and state appropriations to be lapsed.
2. The existence of assets that because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure. Examples include accounts receivable (net), prepaid expenses, travel advances and some inventories. Inventories for service departments and auxiliary enterprises are reported as "unreserved."

The unreserved fund balance is segregated into:

1. Allocated - The portion of fund balance used to identify plans for or restrictions on the future use of financial resources. Allocations of fund balance are supported by definitive plans approved by the Board or institutional management and many include provisions for future operating budgets, provisions for service department operations and quasi-endowments.
2. Unallocated - The fund balance remaining after reductions for reserves and allocated balances are identified.

#### **Memorandum Totals**

The Balance Sheet in columnar form, the Statement of Changes in Fund Balances and the Statement of Current Funds Revenues and Expenditures are shown with memorandum totals for the current and prior years. Interfund borrowing has not been eliminated, but has been offset in the assets and liability sections. The memorandum totals are presented only to facilitate financial analysis and do not purport to present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

#### **Other Significant Accounting Policies**

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

#### **Note 2: Deposits and Investments**

##### **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 AA@ by a national investment rating firm,
- (4) Certificates of deposit, and
- (5) Other instruments and obligations authorized by statute.

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**Deposits of Cash in Bank**

Cash In Bank

The carrying amount of \$677,875 for Cash in Bank (including restricted assets) is presented below.

The bank balance of Midwestern State University has been classified according to the following risk categories.

- Category 1 - Insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the governmental entity's name.
- Category 3 - Uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity's name).

<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
\$677,875	\$1,513,162	\$100,000	\$1,413,162	-0-
 Bank deposits:				
Demand deposits				\$ 677,875
 Cash and cash equivalents:				
Petty cash on hand			\$ 16,150	
Local funds in the State Treasury			<u>2,584,870</u>	<u>2,601,020</u>
Total Cash and Deposits				<u>\$3,278,895</u>

The University's component unit, the MSU Charitable Trust, held no cash in bank at August 31, 2001.

**Investments**

To comply with the reporting requirements of GASB Statement No. 3, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, Midwestern State University's investments are categorized in the tabulation titled "Investment Categories" to give an indication of credit risk assumed by the University at year end.

Credit risk is the risk that another party to a deposit or investment transaction will not fulfill its obligations. This is not to be confused with market risk which is the risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline.

Market risk is not depicted in this note.

MIDWESTERN STATE UNIVERSITY  
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The following categories of credit risk are included:

- Category 1: Investments that are insured or registered or for which the securities are held by the University or its agent in the University's name.
- Category 2: Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or University in the University's name.
- Category 3: Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the University's name.

Investment Categories for the University:

<u>Type of Security</u>	<u>Category</u>			<u>Reported Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Gov't. & Agency Securities	\$14,204,940			\$14,204,940
Corporate Stock	18,740			18,740
Uncategorized Investments:				
TEXPOOL				9,543,641
LOGIC				477,138
<b>TOTAL INVESTMENTS</b>				<b><u>\$24,244,459</u></b>
Total Cash and Deposits				\$ 3,278,895
Total Investments				<u>24,244,459</u>
<b>TOTAL DEPOSITS AND INVESTMENTS</b>				<b><u>\$27,523,354</u></b>
Cash and Temporary Investments				\$16,315,501
Investments				<u>11,207,853</u>
<b>TOTAL DEPOSITS AND INVESTMENTS</b>				<b><u>\$27,523,354</u></b>

Investment Categories for the University's Component Unit, the MSU Charitable Trust:

<u>Type of Security</u>	<u>Category</u>			<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Treasury Notes & Bills	\$ 25,227			\$ 25,227
U.S. Gov't. & Agency Securities	3,810,095			3,810,095
Corporate Bonds	1,654,650			1,654,650
Corporate Stock	4,720,895			4,720,895
Mutual Funds	19,943			19,943
Uncategorized Investments:				
Money Market Funds				<u>679,341</u>
<b>TOTAL INVESTMENTS</b>				<b><u>\$10,910,151</u></b>
<b>TOTAL DEPOSITS AND INVESTMENTS</b>				<b><u>\$10,910,151</u></b>
Cash and Temporary Investments				\$ 704,568
Investments				<u>10,205,583</u>
<b>TOTAL DEPOSITS AND INVESTMENTS</b>				<b><u>\$10,910,151</u></b>

MIDWESTERN STATE UNIVERSITY  
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Combined Deposits and Investments for Exhibit A for the Primary Government:

Total Deposits and Investments:	
Midwestern State University	\$27,523,354
Component Unit - MSU Charitable Trust	<u>10,910,151</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$38,433,505</u></b>
Per Exhibit A:	
Cash and Temporary Investments	\$17,020,069
Investments	<u>21,413,436</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$38,433,505</u></b>

**Derivative Investing**

Prior to the 1995 amendments to the Public Funds Investment Act, the University had invested in various real estate derivatives (Collateralized Mortgage Obligations), primarily inverse floaters, which are backed by U.S. Government agencies. These investments were made to maximize yields when interest rates were falling. These securities have a high degree of market risk and are sensitive to rising interest rates. In an effort to reduce the University's investment in the derivatives that float inversely to market rates, most of these CMOs were sold. The remaining CMOs have a book value of \$1,244,491 and a market value of \$1,113,073. It is the intent of the University to continue to divest itself of the remaining CMOs as market values improve.

**Note 3: Bonds Payable**

Bonds payable consist of two different bond issues as summarized below:

Building Revenue and Refunding bonds, Series 1996

- To advance refund Housing System Revenue Bonds, Series 1965 and Building Revenue Refunding Bonds, Series 1994, to restructure the university's existing debt service, and to expand and renovate the Clark Student Center.
- Issued September 1, 1996.
- \$5,850,000; all bonds authorized have been issued.
- Source of revenue for debt service – University Center Fee, Student Union Fee, Student Center Building Use Fee, and Pledged Auxiliary Revenues.

Revenue Refunding and Improvement Bonds, Series 1998

- Issued by the Texas Public Finance Authority (TPFA) on behalf of the University. To advance refund Tuition and General Fee Revenue Bonds, Series 1975 and Series 1989, to renovate Bea Wood and O'Donohoe Halls, to construct a health and wellness center and to acquire various equipment.
- Issued September 1, 1998
- \$9,860,000; all bonds authorized have been issued.

MIDWESTERN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2001

- Source of revenue for debt service – Pledged Revenues, consisting of unrestricted current funds and revenues and unappropriated fund balances available, but not including remissions, governmental appropriations, gifts, grants, contracts, and student service fees.

Bonds payable at August 31, 2001 are due in annual installments varying from \$697,000 to \$1,202,357 with interest rates from 3.45% to 5.50% with the final installment due in 2018. The principal and interest expense for the next five years and beyond is summarized below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001-02	\$ 540,000	\$ 655,820	\$ 1,195,820
2002-03	565,000	630,053	1,195,053
2003-04	600,000	601,302	1,201,302
2004-05	625,000	570,928	1,195,928
2005-06	655,000	540,605	1,195,605
Beyond 5 years	<u>10,325,000</u>	<u>3,481,004</u>	<u>13,806,004</u>
	<u>\$ 13,310,000</u>	<u>\$ 6,479,712</u>	<u>\$ 19,789,712</u>

**Note 4: Notes and Loans Payable**

Not Applicable.

**Note 5: Employees' Retirement Plan**

The State of Texas has joint contributory retirement plans for substantially all its employees. One of the primary plans in which the University participates is administered by the Teacher Retirement System of Texas (TRS). The contributory percentages of participant salaries currently provided by the State and by each participant are 6.0% and 6.4%, respectively, of annual compensation.

The Teacher Retirement System does not separately account for each of its component government agencies, since the Retirement System itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Further information regarding actuarial assumptions and conclusions, together with audited financial statements are included in the Retirement System's annual financial report.

The State has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts. The contributory percentages on salaries for participants entering the program prior to September 1995 are 8.5% and 6.65% by the state and each participant, respectively. The state's contribution is comprised of 6.00% from the ORP's appropriation and 2.5% from other funding sources. The 6.00% contribution is mandatory with the other contributions being at the discretion of the Board of Regents. The Board of Regents has approved the additional contributions for employees of the University. The contributory percentages on salaries for participants entering the program after August 31, 1995 are 6.00% and 6.65% by the state and each participant, respectively. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

MIDWESTERN STATE UNIVERSITY  
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The total retirement expense to the State for the University was \$891,932 for the fiscal year ended August 31, 2001. This amount represents the portion of expended appropriations made by the State Legislature on behalf of the University. The total retirement expense from the University's institutional funds was \$538,526.

**Note 6: Deferred Compensation Program**

Not Applicable.

**Note 7: Compensated Absences**

Full-time State employees earn annual leave from seven to fourteen 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 number of hours up to 520 for those employees with thirty-five or more years of State service. Employees with at least six months of State service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed.

The University recognizes the accrued liability for the unpaid annual leave in the Unrestricted Current Funds. This 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 \$665,886. The University made lump sum payments totaling \$41,915 for accrued vacation to employees who separated from state service during the fiscal year ended August 31, 2001.

The University has an undetermined and unrecorded liability for employee's 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 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. A liability is not recorded because experience indicates the expenditure for sick leave to be minimal.

**Note 8: Pending Lawsuits and Claims**

At August 31, 2001, a lawsuit involving Midwestern State University was pending. While the ultimate liability with respect to litigation and other claims asserted against the university 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 the university.

**Note 9: Rebatable 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 investments were invested at a yield equal to the yield on the bond issue. This rebatable arbitrage must be paid to the federal government. The amount of rebate due the federal government is determined and payable during each five-year period and upon final payment of the tax exempt bonds.

MIDWESTERN STATE UNIVERSITY  
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August 31, 2001

The Constitutional Appropriation Revenue Bonds (HEAF), Series 1996, and the Tuition and General Fee Revenue Bonds, Series 1998, were the only issues of the university calculated as having rebatable arbitrage totaling \$113,111 at August 2001. This excess had been earned during the period when unrestricted yield is allowed on these funds. As required by the Internal Revenue Code, the university would restrict earnings on remaining funds to a yield less than the yield of the bond issue. There are no remaining funds on either of these bond issues.

**Note 10: Capital Lease Obligations**

Certain leases to finance the purchase of property are capitalized at the present value of future minimum lease payments.

The original capitalized cost of furniture and equipment under capital lease as of August 31, 2001 is \$1,197,238.

The following is a schedule of the future minimum lease payments for leased property and the present value of the net minimum lease payments at August 31, 2001.

<u>Fiscal Year</u>	<u>Minimum Lease Payments</u>
2001	171,824
2002	169,889
2003	165,054
2004	156,475
2005	155,267
2006 and beyond	<u>0</u>
Subtotal	818,509
Less interest	(122,181)
Present Value of Net Minimum Lease Payments	<u>\$ 696,328</u>

**Note 11: Operating Lease Obligations and Rental Agreement**

Not Applicable.

**Note 12: Funds Held in Trust by Others**

The balances, or transactions, of funds held in trust by others on behalf of the University are not reflected in the financial statements. At August 31, 2001, there were four such funds for the benefit of the University. Based upon the most recent available information, the assets of these funds are reported by the Trustees at values totaling \$11,140,425.

MIDWESTERN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2001

**Note 13: Contract and Grant Awards**

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Funds received, but not expended during the reporting period, are shown as additions to fund balance on Exhibit B. Revenues are recognized on Exhibit C as funds are actually expended. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit A. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable or due from for State Pass-Throughs on Exhibit A. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant award funds already committed, or funds awarded during FY 2001 for which monies have not been received nor funds expended totaled \$2,850,111: \$1,970,111 from the Federal government and \$880,000 from private contracts and grant awards.

**Note 14: Risk Financing and Related Insurance**

The State provides coverage for workers' compensation and unemployment benefits from appropriations made to other state agencies for university employees. The current General Appropriations Act provides that the university must reimburse General Revenue Fund - Consolidated, from university appropriations, one-half of the unemployment benefits and 25% of the workers' compensation benefits paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The university must reimburse the General Revenue Fund 100% of the cost for workers' compensation and unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the state treasury. Workers' compensation and unemployment plans are on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2001.

The university is required by certain bond covenants to carry fire and extended coverage and boiler insurance on buildings financed through the issuance of bonds using pledged Auxiliary Enterprise or other non-Educational and General Funds. The insurance protects the bond holders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. There were no insurance claims made during the fiscal year ended August 31, 2001.

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 \$20,000/\$40,000 bodily injury and \$15,000 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.

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. The university does purchase educators legal liability insurance.

MIDWESTERN STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2001

**Note 15: Post-Employment Health Care and Life Insurance Benefits**

In addition to providing pension benefits, the State provided certain health care and life insurance benefits for retired employees. Substantially all employees may become eligible for those benefits if they reach normal retirement age while working for the State. Midwestern State University participates in the ERS insurance plans. The information regarding the State's contribution, the number of eligible retirees and the cost of providing those benefits is included in the notes to the annual financial report of the ERS. The cost of providing those benefits for Midwestern State University's 127 retirees was \$406,521 and for 427 active employees was \$1,506,873.

**Note 16: Related Parties**

Midwestern State University Foundation is a nonprofit organization 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 \$585,875 to the University during the year ended August 31, 2001.

**Note 17: The Financial Reporting Entity**

Midwestern State University is an agency of the State of Texas and operates under a nine member Board of Regents appointed by the Governor of the State. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the University (the primary government) and its component unit. The component unit discussed below is included in the University's reporting entity because of the significance of operational control and financial relationship with the University.

**Blended Component Unit**

In conformity with generally accepted accounting principles, the financial statements of the MSU Charitable Trust have been included in the financial reporting entity as a blended component unit.

The MSU Charitable Trust, an entity legally separate from the University, is governed by a six member Board of Trustees, all of whom are appointed and can be removed by the University's Board of Regents. For financial reporting purposes, the MSU Charitable Trust is reported as if it were part of the University's operations because its purpose is to operate for the exclusive financial support of the University.

**Note 18: Interfund Borrowing**

All interfund borrowing is payable within one year without interest.

**Note 19: Subsequent Events - Not Applicable**

**Note 20: Fund Balance Restatement**

In accordance with GASB Statement No. 33, (non-exchange transaction reporting), the following fund balances have been restated for the cumulative effect of applying this statement:

MIDWESTERN STATE UNIVERSITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 August 31, 2001

	<u>Restricted</u>	<u>Blended Component Unit</u>	<u>Total</u>
Fund Balance September 1, 2000	\$ 1,604,311	\$ 10,315,581	\$ 11,919,892
Restatement:			
Pledged Gifts at August 31, 2000 Not Previously Recognized	<u>765,754</u>	<u>738,585</u>	<u>1,504,339</u>
Fund Balance September 1, 2000 As Restated	<u>\$ 2,370,065</u>	<u>\$ 11,054,166</u>	<u>\$ 13,424,231</u>

**Note 21: Due From/Due To Other State Agencies**

Due From Other State Agencies

<u>Agency Name</u>	<u>Agency #</u>	<u>Fund</u>	<u>Amount</u>	<u>Subfund</u>	<u>Source</u>
Texas Dept. of Transportation	601	0071	\$ 1,075	E & G	State
State Board of Ed. Cert.	705	0001	<u>1,651</u>	Restricted	State
			<u>\$2,726</u>		

**Note 22: Federal Pass-Through Grants from Other State Agencies**

<u>Agency Name</u>	<u>Agency #</u>	<u>CFDA #</u>	<u>Fund</u>	<u>Exhibit B Amount</u>	<u>Exhibit C Amount</u>	<u>Diff</u>	<u>Subfund</u>
TX Higher Ed. Coord. Bd.	781	84.168	0001	\$34,144	\$68,030	\$33,886	Restricted
TX Tech Health Science	739	93.298	0001	6,770	6,770	-0-	Restricted
TX Tech-SBDC	733	59.037	0001	<u>123,551</u>	<u>123,551</u>	<u>-0-</u>	Restricted
				<u>\$164,465</u>	<u>\$198,351</u>	<u>\$33,886</u>	

**Note 23: State Pass-Through Grants From Other State Agencies**

<u>Agency Name</u>	<u>Agency #</u>	<u>Fund</u>	<u>Exhibit B Amount</u>	<u>Exhibit C Amount</u>	<u>Diff</u>	<u>Subfund</u>
TX Higher Ed. Coord. Bd.	781	0001	\$ 313,086	\$ 313,086	\$ -0-	E & G
TX Higher Ed. Coord. Bd.	781	0001	178,022	178,022	-0-	Restricted
TX State Bd. Ed. Cert.	705	0001	<u>79,347</u>	<u>79,347</u>	<u>-0-</u>	Restricted
			<u>\$570,455</u>	<u>\$570,455</u>	<u>\$ -0-</u>	Restricted

**Note 24: Interfund Receivable/Interfund Payable**

Not Applicable.

**Note 25: Advance to Other Agencies/Advance From Other Agencies**

Not Applicable.

Unaudited

SCHEDULE A-I  
MIDWESTERN STATE UNIVERSITY  
Schedule of Cash and Temporary Investments  
August 31, 2001

	Current Funds				
	Total Primary Government	Unrestricted			Restricted
		Educational and General	Designated	Auxiliary Enterprises	
<b>Funds in Banks</b>					
Demand Deposits:					
General Operating Account	\$674,329	\$146,798	\$129,085	\$241,172	\$69,35
Payroll Account	3,546	3,546			
<b>Total Funds in Banks</b>	<u>677,875</u>	<u>150,344</u>	<u>129,085</u>	<u>241,172</u>	<u>69,35</u>
Change funds on hand	<u>16,150</u>		<u>150</u>	<u>15,900</u>	
<b>Funds in State Treasury</b>					
Current Fund No. 264	2,576,769	2,576,769			
Midwestern State University Special Mineral Fund No. 412	<u>8,101</u>	<u>8,101</u>			
<b>Total Funds in State Treasury</b>	<u>2,584,870</u>	<u>2,584,870</u>			
Reimbursement in Transit from Treasury					
Short-term Investments (1)	<u>13,741,174</u>	<u>3,080,445</u>	<u>4,605,917</u>	<u>2,367,647</u>	<u>595,72</u>
<b>Total Cash and Temporary Investments (Exhibit A)</b>	<u>\$17,020,069</u>	<u>\$5,815,659</u>	<u>\$4,735,152</u>	<u>\$2,624,719</u>	<u>\$665,07</u>

(1) Short-term investments:	
Money-market accounts	\$679,341
Logic (investment pool)	477,138
Texpool (investment pool)	9,543,641
U.S. Treasury notes & bills	25,227
U.S. Agency notes	<u>3,015,827</u>
	<u>\$13,741,174</u>

<u>Loan Funds</u>	<u>Endowment and Similar Funds</u>	<u>Plant Funds</u>		<u>Retirement of Indebtedness</u>	<u>Agency Funds</u>	<u>Blended Component Unit</u>
		<u>Unexpended</u>	<u>Renewals and Replacements</u>			
\$11,650	\$18,924	\$35,296	\$12,180		\$9,867	
<u>11,650</u>	<u>18,924</u>	<u>35,296</u>	<u>12,180</u>		<u>9,867</u>	
					100	
<u>393,198</u>	<u>1,019,316</u>	<u>276,936</u>	<u>361,685</u>	<u>287,000</u>	<u>48,742</u>	<u>\$704,568</u>
<u>\$404,848</u>	<u>\$1,038,240</u>	<u>\$312,232</u>	<u>\$373,865</u>	<u>\$287,000</u>	<u>\$58,709</u>	<u>\$704,568</u>

Unaudited

SCHEDULE A-2  
MIDWESTERN STATE UNIVERSITY  
Schedule of Investments by Fund Group  
August 31, 2001

	<u>Current Funds</u>				
	<u>Unrestricted</u>				
	<u>Total</u> <u>Primary</u> <u>Government</u>	<u>Educational</u> <u>and General</u>	<u>Designated</u>	<u>Auxiliary</u> <u>Enterprises</u>	<u>Restricted</u>
U.S. Government and Agency Securities	\$14,999,208		\$3,120,554	\$1,729,739	\$438,299
Corporate Bonds	1,654,650				
Common Stock	4,739,635				
Mutual Funds	19,943				
Total Investments	<u>\$21,413,436</u>		<u>\$3,120,554</u>	<u>\$1,729,739</u>	<u>\$438,299</u>

(Exhibit A)

<u>Loan Funds</u>	<u>Endowment and Similar Funds</u>	<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Blended Component Unit</u>
		<u>Unexpended</u>	<u>Renewals and Replacements</u>	<u>Retirement of Indebtedness</u>		
\$266,802	\$4,992,430	\$205,767	\$246,384	\$189,138		\$3,810,095
	18,740					1,654,650
						4,720,895
						19,943
<u>\$266,802</u>	<u>\$5,011,170</u>	<u>\$205,767</u>	<u>\$246,384</u>	<u>\$189,138</u>		<u>\$10,205,583</u>

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SCHEDULE A-3  
MIDWESTERN STATE UNIVERSITY  
Schedule of Legislative Appropriations  
For the Year Ended August 31, 2001

SCHEDULE NOT USED

(See Exhibit C)

Unaudited

Schedule A-4  
 Midwestern State University  
 Schedule of Deposits held in Custody for Others  
 Agency Funds  
 For the Year Ended August 31, 2001

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	Deposit Balance 09/01/00	Additions		Transfers and Adjustments	Deductions			Deposit Balance 8/31/01
		Gifts and Grants	Other Income		Awards and Scholarships	Expenses	Disburse- ments To Agency	
Alpha Chi-Alpha Gamma	\$1,931		\$6,135	\$3,499	\$500	\$8,824	\$9,324	\$2,241
Catholic Campus Ministry	11		335			315	315	31
American Chemical Society	324		3,294			3,056	3,056	562
Sigma Tau Delta	119		286			31	31	374
Respiratory Care Insurance	29							29
Rad Tech Insurance	718		849					1,567
MSU Choir	65		4,178			4,581	4,581	(338)
MSU Ex-Students Association	6,651		15,647		1,000	10,103	11,103	11,195
Fannin Fund			431			431	431	
Alpha Lambda Delta	1,393		3,328		900	3,178	4,078	643
MSU Credit Union	899		3,000			2,845	2,845	1,054
Xiao Qin - Intnat'l Student	19,980		(19,980)					
Na An - Intnat'l Student	9,150					9,150	9,150	
Interfraternity Council	540		727			271	271	996
China Program	(1,785)		4,038			732	732	1,521
Killingsworth Dorm	(150)							(150)
NAACP	321							321
TKE Scholarships		\$200						200
Panhellenic Council	(203)		641			69	69	369
Sigma Kappa Sorority	(9)					349	349	(358)
Kappa Delta Pi	918		1,332		350	698	1,048	1,202
Phi Alpha Honor Society	578		1,228			1,132	1,132	674
Assn WMN Computing			30					30
Men of Distinction	205							205
MSU Youth Choir			650					650
Assn of Social and Behav Scienc	695		879			250	250	1,324
Texas Student Educ Assoc	208							208
Mortar Board	492				500	64	564	(72)
P.E. Majors and Minors	1,206		480		50	770	820	866
Pre Law Club	217	200				222	222	195
Phi Eta Sigma Fraternity	627		4,105			2,953	2,953	1,779

Unaudited

Schedule A-4  
 Midwestern State University  
 Schedule of Deposits held in Custody for Others  
 Agency Funds  
 For the Year Ended August 31, 2001

	Deposit Balance 09/01/00	Additions		Transfers and Adjustments	Deductions			Deposit Balance 8/31/01
		Gifts and Grants	Other Income		Awards and Scholarships	Expenses	Disburse- ments To Agency	
Texas Assoc Impr Reading TAIR	(\$385)							(\$385)
PTA (WF City Council)	4,500	\$6,750			\$4,500		\$4,500	6,750
Caribbean Student Organization			\$1,500			\$1,658	1,658	(158)
International Club	976		399	\$1,500		980	980	1,895
Kiowa Cooks	191							191
Le Club Francais	145		143	275		363	363	200
Biology Club	523		234		200	483	683	74
Sigma Lambda Alpha	13							13
Circle K	(12)			1,143		1,131	1,131	
MSU Cycling Club	823	887	7,163			8,132	8,132	741
Amnesty International	18							18
Volleyball Alumni			175			150	150	25
Greek Week	2,964		1,550		250	3,633	3,883	631
Area Library Users Deposits			3,502					3,502
Jeff Hardin Memorial Scholarshi	750	750			750		750	750
SWAT Club	485		325		300	224	524	286
Respiratory Care Club	110		90					200
VRJC Library Copy Fund	119			(119)				
Nursing Fees Deposit	19,058		2,561	(16,203)		2,972	2,972	2,444
Spectrum Dorm Deposits						180	180	(180)
College Republicans	164							164
Phi Sigma Kappa	12							12
Agency Scholarships	31,317	21,110			33,435		33,435	18,992
Katey Jo Miller		3,000				453	453	2,547
University Democrats	112							112
Habitat MSU	1,179		313			393	393	1,099
MSU Sports Medicine	350	600			400		400	550
Mexico-Summer Program	336		17,761			17,682	17,682	415
Business Studies-Chihuahua	827							827
Alpta Beta Gamma	359		147			282	282	224
Health Fitness	472							472
Hispanic Leadership	299							299

Unaudited

Schedule A-4  
 Midwestern State University  
 Schedule of Deposits held in Custody for Others  
 Agency Funds  
 For the Year Ended August 31, 2001

	Deposit Balance 09/01/00	Additions		Transfers and Adjustments	Deductions			Deposit Balance 8/31/01
		Gifts and Grants	Other Income		Awards and Scholarships	Expenses	Disburse- ments To Agency	
English		\$48						\$48
MSU Geology Club	\$8							8
Sigma Gamma Epsilon	131							131
Media Club	204	100	\$1,393			\$622	\$622	1,075
English Club	272					75	75	197
Spanish Club	504	200	177			336	336	545
Environmental Science Club	406		10			121	121	295
Social Work Advisory Board	888		74			451	451	511
Der Deutsche Verein	40							40
Gamma Sigma Epsilon	5		211			185	185	31
Increase in Fair Value of Investments	(412)			\$482				70
<b>Total Agency Funds</b>	<b>\$112,881</b>	<b>\$33,845</b>	<b>\$69,341</b>	<b>(\$9,423)</b>	<b>\$43,135</b>	<b>\$90,530</b>	<b>\$133,665</b>	<b>\$72,979</b>

**Analysis of Transfers**

Transfer from Restricted Funds	\$6,418
Transfer to Designated Funds	(16,204)
Transfer to Auxiliary Funds	(119)
<b>Net Transfers</b>	<b>(9,905)</b>

**Analysis of Adjustments**

Increase in Fair Value of Investments	482
<b>Total Transfers and Adjustments as Above</b>	<b>(\$9,423)</b>

Unaudited

SCHEDULE B-1  
MIDWESTERN STATE UNIVERSITY  
Schedule of Changes in Fund Balance  
Educational & General Fund  
For the Year Ended August 31, 2001

SCHEDULE NOT USED

(See Exhibit B)

Unaudited

SCHEDULE B-2  
MIDWESTERN STATE UNIVERSITY  
Schedule of Changes in Fund Balance  
Designated Funds  
For the Year Ended August 31, 2001

	Fund Balance <u>09/01/00</u>	Current Revenues	Transfers and Adjustments	Expenditures			Fund Balance <u>08/31/01</u>	
				Salaries & Wages	Other Expense	Capital Outlay		Total
<u>Instruction:</u>								
Academic Affairs	\$713		\$18,464		\$18,685		\$18,685	\$492
Accounting	282		2,500		2,725		2,725	57
Art	1,869	\$5,616	27,742	\$9,289	24,754		34,043	1,184
BAAS - Departmental Operating	(352)		10,200		9,057		9,057	791
Band Program	(645)		13,131		12,317		12,317	169
Biology	462	585	6,535		4,942		4,942	2,640
Botany T & R	1,147	655			888		888	914
British Studies	(99)		2,301		2,146		2,146	56
Business Administration	348	240	47,819	38	43,776		43,814	4,593
Business Computer Information	3		2,499		2,329		2,329	173
Chemistry	257		7,097		7,520		7,520	(166)
Choir Program	1,450	8,855	2,581	573	9,846		10,419	2,467
Computer Labs	82,159		198,177	111,588	83,874	\$16,757	212,219	68,117
Computer Science	45		15,343	1,000	12,860	1,761	15,621	(233)
Computer Usage Fee	100,766	724,348	(240,184)		418,822		418,822	166,108
Continuing Education	(36,624)	47,494	4,270	22,084	61,705		83,789	(68,649)
Course Fees	114,224	819,860	(766,624)					167,460
Criminal Justice			4,668		4,625		4,625	43
CWAN Connections	35,742	5,400	14,808		35,095	13,496	48,591	7,359
Dental Hygiene	1,390		11,745		8,933		8,933	4,202
Dental Hygiene Practice		100						100
Distance Education	33,969	2,500	206,536	113,632	55,169	5,086	173,887	69,118
Distance Learning	(238)		466		228		228	
Distance Learning Tuition	5,242	11,992	(9,000)					8,234
Distance Line Charges	16,906		80,034		52,632		52,632	44,308
Economics and Finance	400		700		87		87	1,013
Education	8,312	1,159	29,800		31,146		31,146	8,125
Education Computer Labs	8,096		18,702	12,634	6,579	2,486	21,699	5,099
Electron Microscopy		1,500		281			281	1,219
English	(134)	452	12,500		12,579		12,579	239
English Language Institute	246,849	524,383	(99,331)	319,834	106,565		426,399	245,502
Exempt Incidental Fee		5,445			5,442		5,442	3

Unaudited

SCHEDULE B-2 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Designated Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Current Revenues	Transfers and Adjustments	Expenditures			Fund Balance 08/31/01
				Salaries & Wages	Other Expense	Capital Outlay	
<u>Instruction, continued:</u>							
Exempt Local Tuition		\$25,032			\$25,032		\$25,032
Foreign Language	\$2,506	2,730	\$4,708		7,045		7,045
Gallery Methods	(39)		4,510		5,194		5,194
Geology	2,566		7,357	\$623	4,572		5,195
Health Prob. - London			850		715		715
Health Service Administration	1,150	1,300	(50)	7	2,313		2,320
Healthexec Virtual Campus	993						993
History	589		10,484		9,738		9,738
ITESM Exchange Program			1,500		1,406		1,406
Kinesiology	5,308	2,301	32,000	1,567	32,424	\$436	34,427
Management-Marketing	578		3,000	168	2,514		2,682
Manufacturing-Engineering Tech	(355)		14,350	1,454	12,002		13,456
Mass Communications	503		13,500	250	12,040		12,290
Math Labs	3,391		7,696	4,417	2,412		6,829
Mathematics	10,887	1,400	17,290		19,775	439	20,214
MSU TV Studio	(281)	31,692	4,035	182	13,724		13,906
Music	3,398	7,345	16,307	600	25,296	1,124	27,020
Nursing	771	9,282	59,234	55	67,003	1,000	68,058
Nursing Practice	6,789	6,630			6,269		6,269
Nursing-Clinical Supervision	12		13,999		14,011		14,011
P.E. Activities	468	50			416		416
Physical Training Certification	3,960	511	21,262		22,550		22,550
Physics	3,877	25	7,932	3,285	5,876	1,699	10,860
Political Science	1,488	210	10,800		12,072		12,072
Professional Outreach	7,179	75,709	500	30,000	16,685	1,000	47,685
Psychology	340		9,720		9,824		9,824
Psychology Clinic	(565)	128			(590)		(590)
Radiological Science	11,980		76,530	28,774	54,550		83,324
Radiological Science Graduate	2,834		1		3,052		3,052
Radiological Science Practice	3,449	9,686		1,162	7,368		8,530
Respiratory Care	2,441	1,644	21,207		22,097	1,595	23,692
Respiratory Care Practice	400	250			21		21

Unaudited

SCHEDULE B-2 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Designated Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Current Revenues	Transfers and Adjustments	Expenditures			Fund Balance 08/31/01
				Salaries & Wages	Other Expense	Capital Outlay	
<u>Instruction, continued:</u>							
SAFB Program	\$2,568		(\$2,268)		\$475		\$475 (\$175)
Science Equipment Warranty			24,683		23,508		23,508 1,175
Science Field Trip	122		2,037		2,159		2,159
Social Work	(166)		7,500	\$560	6,676		7,236 98
Sociology	459	\$35	6,601		5,977		5,977 1,118
Student Teaching	659		4,001		3,454		3,454 1,206
Theatre	797	89	11,999		12,832		12,832 53
Thesis Binding	584	1,650			1,388		1,388 846
Top of Texas		15	2,000		1,933		1,933 82
University On Line	(500)		500				
<b>Total Instruction</b>	<b>703,679</b>	<b>2,338,298</b>	<b>39,254</b>	<b>664,057</b>	<b>1,511,134</b>	<b>\$46,879</b>	<b>2,222,070 859,161</b>
<u>Research</u>							
Research Travel	2,500						2,500
<b>Total Research</b>	<b>2,500</b>						<b>2,500</b>
<u>Public Service:</u>							
ACBSP Regional Confr					445		445 (445)
Bureau of Business/ Gov. Res	1,289		15,544		11,669		11,669 5,164
Business /Lunch/Dinner		2,000			1,900		1,900 100
Business Workshops	10,754		(2,000)				8,754
Chemistry Camp	2,870		3,415	2,900	3,263		6,163 122
Dental Hygiene Clinic	1,525	24,420	1,500		24,714		24,714 2,731
Education Career Fair		2,001			836		836 1,165
Football Camp		15,581		5,120	10,257		15,377 204
General Manufacturing Cert	5,562		(4,270)	1,200	92		1,292
Harlan Steph Conference	5,071	2,070			1,783		1,783 5,358
M.A.S.H. Camp	414				224		224 190
Math Conference	72	1,100			1,160		1,160 12
Men's Basketball Camp		19,682		12,780	4,429		17,209 2,473
Men's Soccer Camp					2,666		2,666 (2,666)

Unaudited

SCHEDULE B-2 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Designated Funds  
 For the Year Ended August 31, 2001

	Fund Balance <u>09/01/00</u>	Current Revenues	Transfers and Adjustments	Expenditures			Fund Balance <u>08/31/01</u>
				Salaries & Wages	Other Expense	Capital Outlay	
<u>Public Service, continued:</u>							
MSU/BCI Economic Conference	\$615						\$615
Opera Workshop	2,027	\$2,505		\$1,500	\$725	\$2,225	2,307
Organ Guild	36						36
Piano Camp	713	345			348	348	710
Piano Model Class	396	950	(\$50)		301	301	995
Red River Career Expo	(13)						(13)
SBDC Program Income	1,722	921			634	634	2,009
Small Business Development Ctr.	1,961	10			(23)	(23)	1,994
Sports Management	100						100
Summer Basketball Camp		4,965		3,797	1,150	4,947	18
Summer Camp Administration	31,764	27,776	(3,415)	603	14,678	15,281	40,844
Summer Music Camp	11,154	24,355	(4,949)	11,002	11,848	22,850	7,710
Summer Theatre	4,588						4,588
Summer Voice Camp	229			100	14	114	115
Summer Volleyball Camp		6,550		4,276	2,274	6,550	
Theatre Production	2,333	13,415	1,449	1,553	13,596	15,149	2,048
Upward Bound Discretionary	288				90	90	198
Women's Soccer Camp		41,440		\$31,213	7,445	38,658	2,782
<b>Total Public Service</b>	<b>85,470</b>	<b>190,086</b>	<b>7,224</b>	<b>76,044</b>	<b>116,518</b>	<b>192,562</b>	<b>90,218</b>
<u>Academic Support:</u>							
Academic Achievement	2,310		(2,310)				
Academic Support Center	330		10,995	5,382	2,327	7,709	3,616
College of Business Admin.	605		17,400		15,263	15,263	2,742
College of Education	395		3,500		3,896	3,896	(1)
College of Fine Arts	3,333		20,350	2,787	18,292	21,079	2,604
College of Health Sciences	2,594	799	25,220		24,435	\$2,600	1,578
College of Liberal Arts	1,816		8,100		9,607	9,607	309
College of Science & Math	234	774	35,823	16,201	18,207	1,520	35,928
Dialog	(161)				(161)		(161)
Faculty Moving Expense	(4,097)		7,456		3,359	3,359	

Unaudited

SCHEDULE B-2 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Designated Funds  
 For the Year Ended August 31, 2001

	Fund Balance <u>09/01/00</u>	Current Revenues	Transfers and Adjustments	Expenditures			Fund Balance <u>08/31/01</u>	
				Salaries & Wages	Other Expense	Capital Outlay		Total
<u>Academic Support, continued:</u>								
Faculty Recruiting	(\$86)		\$26,574		\$17,562		\$17,562	\$8,926
Graham Campus	(82)		49,902	\$20,616	21,791		42,407	7,413
Library - Books	35,539	\$265	19,863		18,441	\$4,131	22,572	33,095
Library - Fees	46,668	26,939	(25,564)					48,043
Library - Travel	2,124		5,600		4,957		4,957	2,767
UCD Operating	(9,136)	479	59,663	72	51,998		52,070	(1,064)
WFISD/University Center	1,849	16,533	9,000	9,813	12,477		22,290	5,092
<b>Total Academic Support</b>	<b>84,235</b>	<b>\$45,789</b>	<b>271,572</b>	<b>54,871</b>	<b>222,451</b>	<b>8,251</b>	<b>285,573</b>	<b>116,023</b>
<u>Student Services:</u>								
Catalogs and Bulletins	75,230	66,193	(21,444)		7,283		7,283	112,696
College Bowl	1,208		2,000		1,972		1,972	1,236
Commencement Activity	8,221	23,229		1,100	20,460		21,560	9,890
Financial Aid	3,953		33,500		36,458		36,458	995
Financial Aid Pro Rata Refund	(7,477)							(7,477)
Foreign Student Evaluation	12,295	6,205			13,548		13,548	4,952
Health W.A.T.C.H.	3,839							3,839
Honors Program	28,764		(21,493)	818	1,379		2,197	5,074
International Programs	511	(212)			70		70	229
International Student Advising	96,672	40,872	39,445	77,768	26,706		104,474	72,515
Registrar's Office	(1,861)		35,698		33,325		33,325	512
SAFB Office	2,281		6,225	2,547	5,950		8,497	9
School Relations	(858)	70	109,392	7,515	104,084		111,599	(2,995)
Spirit Days	13,526	15,514	4,850		10,241		10,241	23,649
Test Administration Fund	1,556	1,050		390	39		429	2,177
Testing Service	8,283	61,702		11,450	29,048	4,315	44,813	25,172
Wai-kun Yearbook	2,475	11,210	1,436	4,000	24,299		28,299	(13,178)
Wellness Center Fee		136,258	(53,378)					82,880
Wellness Center		210	52,867	30,997	6,450		37,447	15,630
<b>Total Student Services</b>	<b>248,618</b>	<b>362,301</b>	<b>189,098</b>	<b>136,585</b>	<b>321,312</b>	<b>4,315</b>	<b>462,212</b>	<b>337,805</b>

Unaudited

SCHEDULE B-2 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Designated Funds  
 For the Year Ended August 31, 2001

	Fund Balance <u>09/01/00</u>	Current Revenues	Transfers and Adjustments	Expenditures			Fund Balance <u>08/31/01</u>	
				Salaries & Wages	Other Expense	Capital Outlay		Total
<u>Institutional Support:</u>								
Academic Operating Reserve	\$894	\$1,132	\$20,597	\$2,827	\$17,489	\$2,405	\$22,721	(\$98)
Accreditation Study	12,265		27,993	20,641	11,554		32,195	8,063
Administrative Support	1,597		63,098	51,592	10,699		62,291	2,404
Board of Regents	2,213	15	15,816		15,831		15,831	2,213
Bus Services	61,575	541	5,680		42,802		42,802	24,994
Business Office Operation	99,608	183,537	(70,615)		122,947		122,947	89,583
D. L. Ligon Insurance			15,331		15,331		15,331	
Enrollment Management			19,439		16,201		16,201	3,238
General Counsel	5,047		20,842		15,828		15,828	10,061
Inauguration Concert		38,895	15,000	1,377	54,981		56,358	(2,463)
Information Systems	28,562	4,231	(2,405)	5,276	(55,257)	32,239	(17,742)	48,130
Institutional Advancement	4,951		5,390		2,691		2,691	7,650
Institutional Research	1,660		6,450		8,041		8,041	69
Internal Auditor	9,859		7,309		5,243		5,243	11,925
International Fee	3,837	15,169						19,006
Late Registration Fee		22,900	(22,900)					
Library Fines		9,568	(9,568)					
Management Services	65,918	112,518	(16,434)		60,914		60,914	101,088
MSU Wireless	844	6,000			2,335		2,335	4,509
Personnel	5,502		12,025		14,089		14,089	3,438
President Inauguration		16,345	57,604	650	73,300		73,950	(1)
President's Office	1,959	29	33,252		34,877		34,877	363
President's Search	4,911		(2,578)		2,333		2,333	
Print Shop & Supply	9,437	2,730	8,945		21,112		21,112	
Public Information	(159)	1,216	24,195	2,000	24,373		26,373	(1,121)
Purchasing					63		63	(63)
Retired Group Insurance Local	(3,134)		43,464		39,924		39,924	406
Returned Check Charges		3,025	(3,025)					
Safety	9,714		45,383	4,522	26,806		31,328	23,769
South Campus Insurance	37		1,740		1,777		1,777	
Student Receivable	(8,796)		8,796					

Unaudited

SCHEDULE B-2 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Designated Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Current Revenues	Transfers and Adjustments	Expenditures			Fund Balance 08/31/01
				Salaries & Wages	Other Expense	Capital Outlay	
<u>Institutional Support, continued:</u>							
Transcript Fees		\$28,829	(\$28,829)				
Unallocated Designated	(\$173,676)	159,805	8,398				(\$5,473)
Unemployment/ Workers' Comp.	10,774		51,582		\$62,356		\$62,356
University Advertising	(4,843)		31,000		16,778		16,778
University Support	1,649		27,047		29,109		29,109
University Vehicle Pool	16,718	59		\$7,965	(4,963)		3,002
VP Admin. Services Operations	522		20,190	4,717	12,859		17,576
VP Admin. Services Reserve	(24)		16,800	140	11,664		11,804
VP Business Affairs Reserve	10,884		20,000		6,418		6,418
W.F.J.C. District Fund	116,364	4,400		65,149	4,314		69,463
<b>Total Institutional Support</b>	<b>296,669</b>	<b>610,944</b>	<b>477,012</b>	<b>166,856</b>	<b>724,819</b>	<b>\$34,644</b>	<b>926,319</b>
<u>Operation &amp; Maintenance of Plant</u>							
Business Administration Annex	6,201		22,050		21,654		21,654
Local Tuition - General	985,275	2,296,606	(1,710,985)				1,570,896
Local Tuition - Student Center	1,067,207	1,381,260	(906,020)				1,542,447
Student Union Fee	131,533	285,767	(274,075)				143,225
<b>Total Operation and Maint of Plant</b>	<b>2,190,216</b>	<b>3,963,633</b>	<b>(2,869,030)</b>		<b>21,654</b>		<b>3,263,165</b>
<u>Scholarships:</u>							
Academic Achievement	(2,470)		5,001		5,375		5,375
Academic Affairs			500		500		500
Academic Operating Reserve	(2,500)		2,500		550		550
Academic Support Center	(750)		3,750		5,250		5,250
Beginning Freshmen Scholarships	10,166		38,333		10,000		10,000
Business Workshops	(1,500)		1,500				
College of Health Sciences					500		500
College of Liberal Arts					300		300
Distance Learning Tuition			9,000		11,000		11,000
English Language Institute	(22,695)		82,695		17,800		17,800
Fellowship Scholarships	18,065				4,500		4,500

Unaudited

SCHEDULE B-2 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Designated Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Current Revenues	Transfers and Adjustments	Expenditures			Fund Balance 08/31/01	
				Salaries & Wages	Other Expense	Capital Outlay		Total
<u>Scholarships, continued:</u>								
Financial Aid					\$387		\$387	(\$387)
Financial Aid Scholarships			\$10,000		10,000		10,000	
Graduate Scholarships	\$7,531		88,138		96,367		96,367	(698)
Health Prob. - London			2,250		2,332		2,332	(82)
Honors Program	(22,725)		52,200		24,000		24,000	5,475
IELI Scholarships	823							823
Institutional Research	(50)		50					
International Education Scholar.	1,389		500		16,000		16,000	(14,111)
International Student Advising	(2,918)		45,982		104		104	42,960
MSU Education Incentive	1,733	\$1,750	29,000	\$9,652	23,004		32,656	(173)
Personnel			225		225		225	
Piano Model Class	(50)		50					
President's Office	(150)		150					
Regents' Scholarships	1,440	50			1,436		1,436	54
Spirit Days	(7,150)		7,150		4,700		4,700	(4,700)
Summer Music Camp					1,000		1,000	(1,000)
Theatre Production					100		100	(100)
TPEG - Resident	643,918	38,430	735,846		734,394		734,394	683,800
TPEG - Non-Resident	22,204	1,886	50,495		27,118		27,118	47,467
UCD Scholarships	4,574				2,254		2,254	2,320
VP Admin. Services Operations					500		500	(500)
VP Admin. Services Reserve			200		200		200	
Wai-kun Yearbook	(4,900)		11,000		800		800	5,300
WFISD/University Center			800		1,300		1,300	(500)
<b>Total Scholarships</b>	<b>643,985</b>	<b>42,116</b>	<b>1,177,315</b>	<b>9,652</b>	<b>1,001,996</b>		<b>1,011,648</b>	<b>851,768</b>
<b>Total Unrestricted - Designated Funds</b>	<b>\$4,255,372</b>	<b>\$7,553,167</b>	<b>(\$707,555)</b>	<b>\$1,108,065</b>	<b>\$3,919,884</b>	<b>\$94,089</b>	<b>\$5,122,038</b>	<b>\$5,978,946</b>

Unaudited

SCHEDULE B-2 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Designated Funds  
 For the Year Ended August 31, 2001

	Fund Balance <u>09/01/00</u>		Transfers and Adjustments	Expenditures				Fund Balance <u>08/31/01</u>
		Current Revenues		Salaries & Wages	Other Expense	Capital Outlay	Total	
<b>Analysis of Additions - Revenues</b>								
Tuition and Fees		\$6,232,285						
Private Gifts and Grants		18,550						
Sales and Services		436,512						
Investment Income		379,223						
Net Increase in Fair Value of Investment		159,805						
Other Sources		326,792						
Total Revenues as Above		\$7,553,167						
<b>Analysis of Transfers</b>								
From Educational General Funds-TPEG			\$777,445					
From Auxiliary Funds			128,913					
From Current Restricted Funds			30,068					
From Unexpended Plant Funds			103,947					
From Renewal & Replacement			816					
From Agency Funds			16,204					
Total Transfers In			1,057,393					
To E & G			(70,000)					
To Auxiliary Funds			(849,098)					
To Current Restricted Funds			(35,982)					
To Unexpended Plant Funds			(216,970)					
To Retirement of Indebtedness Funds-Mandatory			(595,264)					
Total Transfers Out			(1,767,314)					
Net Transfers			(709,921)					
<b>Analysis of Adjustments</b>								
Bad Debt Cost			(24,348)					
Miscellaneous			26,714					
Total Adjustments			2,366					
<b>Total Transfers and Adjustments as Above</b>			<b>(\$707,555)</b>					

Unaudited

SCHEDULE B-2A  
MIDWESTERN STATE UNIVERSITY  
Schedule of Changes in Fund Balance  
Unrestricted Current Funds - Designated Funds  
Service Departments  
For the Year Ended August 31, 2001

	Balances 09/01/00	Additions		Deductions				Balance 08/31/01	Net Recovered Expenditures
		Recovered Expenditures	Transfers	Expenditures			Other		
				Salaries & Wages	Other Operating	Capital Outlay			
Unpledged									
Information Systems	\$28,562	\$440,516	(\$2,405)	\$5,276	\$381,028	\$32,239		\$48,130	\$21,973
Print Shop	9,437	60,650	8,945		79,032			0	(18,382)
University Vehicle Pool	16,718	32,751		8,576	27,118			13,775	(2,943)
Total Unpledged	<u>54,717</u>	<u>533,917</u>	<u>6,540</u>	<u>13,852</u>	<u>487,178</u>	<u>32,239</u>	<u>0</u>	<u>61,905</u>	<u>648</u>
Total Service Departments	<u>\$54,717</u>	<u>\$533,917</u>	<u>\$6,540</u>	<u>\$13,852</u>	<u>\$487,178</u>	<u>\$32,239</u>	<u>\$0</u>	<u>\$61,905</u>	<u>\$648</u>

Analysis of Additions - Transfers

Intrafund - Other Designated Funds \$6,540

Unaudited

SCHEDULE B-3  
MIDWESTERN STATE UNIVERSITY  
Schedule of Changes in Fund Balances  
Auxiliary Enterprise Funds  
For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Revenues	Transfers and Adjustments	Expenditures			Fund Balance 08/31/01	
				Salaries and Wages	Other Expense	Capital Outlay		Total
<u>Pledged Revenue Enterprises:</u>								
Alumni Office	\$1,335	\$5,000	\$86,558	\$55,610	\$27,369		\$82,979	\$9,914
Bookstore (B & N)	289,134	200,000	(205,563)		18,218		18,218	265,353
Clark Student Center	60,235	19,092	434,343	229,145	231,161	\$21,480	481,786	31,884
Food Service	228,543	1,322,883	(18,516)		1,267,585	1,536	1,269,121	263,789
General Maintenance	9,004			113,009	(78,800)	1,008	35,217	(26,213)
Institutional Services	17,617		36,363	2,906	44,785	1,061	48,752	5,228
Mail Service	31,909	36,095	79,080	76,599	37,724		114,323	32,761
Residence Halls	193,182	1,771,720	(266,172)	476,351	907,869	17,415	1,401,635	297,095
Student Activities	(70)	287	101,905	71,425	26,133		97,558	4,564
Student Center Fees	172,883	219,493	(171,405)		37,984		37,984	182,987
Student Services	2,329	650	22,434	8,303	10,353		18,656	6,757
Unallocated Fund Balance	299,407	118,017	(91,776)		14,753		14,753	310,895
<b>Total Pledged Revenue Enterprises</b>	<b>1,305,508</b>	<b>3,693,237</b>	<b>7,251</b>	<b>1,033,348</b>	<b>2,545,134</b>	<b>42,500</b>	<b>3,620,982</b>	<b>1,385,014</b>
<u>Unpledged Revenue Enterprises:</u>								
Artist Lecture Series	246	2,917	58,025	122	44,783		44,905	16,283
<u>Athletics:</u>								
Administration	767	8,348	296,048	200,483	100,113	1,538	302,134	3,029
Athletic Advertising		32,183	(10,199)		20,443	1,484	21,927	57
Basketball - Men	12,823	59,295	105,435	27,327	130,149		157,476	20,077
Basketball Playoffs		6,428	(3,122)	1,847	1,459		3,306	
Basketball - Women	7,707	19,890	124,533	18,830	103,779		122,609	29,521
Cheerleaders	530	3,087	45,715	10,861	37,141		48,002	1,330
Corporate Sponsorship		37,935	(23,003)		11,924		11,924	3,008
Football	37,942	31,653	456,968	73,326	425,324	24,894	523,544	3,019
Golf Tournament	273	8,624	(2,500)		4,491		4,491	1,906
High School Playoffs	200	6,246		2,380	3,999		6,379	67
Membership Dues & Insurance			57,751		52,503		52,503	5,248
Soccer - Men	645	6,505	111,044	9,856	92,135		101,991	16,203
Soccer - Women	3,551	3,207	127,393	16,502	100,692		117,194	16,957
Tennis	6,556		37,858	3,276	37,579		40,855	3,559
Tennis - Women	9,868		57,952	3,276	40,121		43,397	24,423
Volleyball	13,150	832	99,664	6,516	82,483		88,999	24,647
Career Management Center	326	543	1,961		2,830		2,830	
Communter Lockers (Six Flags Tickets)	559	(40)			17		17	502
Concessions	10,604	12,163	(20,604)					2,163
Counseling Center	3,389	170	156,559	109,942	42,132		152,074	8,044

Unaudited

SCHEDULE B-3 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balances  
 Auxiliary Enterprise Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Revenues	Transfers and Adjustments	Expenditures			Fund Balance 08/31/01	
				Salaries and Wages	Other Expense	Capital Outlay		Total
<u>Unpledged Revenue Enterprises, Continued</u>								
Cowboys T-Shirts	\$20,741	\$32,434			\$12,915		\$12,915	\$40,260
Dallas Cowboys Training Camp	29,000	258,698	(\$32,825)	\$59,779	190,096		249,875	4,998
Disabled Student Services	4,107	5,714	16,000		20,043		20,043	5,778
Fain Hall Rental	(5,438)	17,000	2,600		12,895		12,895	1,267
Hampstead Lease		16,500			5,183		5,183	11,317
Homecoming Activities	1,349	2,390	8,789	103	11,691		11,794	734
Honors Banquet	(334)	2,170	3,000	284	4,229		4,513	323
Intramural Programs	2,177	240	90,765	70,528	22,297		92,825	357
Juice Vending	2,441				447		447	1,994
Long Distance Resale	(12,486)	7,840		3,400	10,162		13,562	(18,208)
Medical Services Fee	145,470	186,231	(172,077)					159,624
Exempt Medical Fee		14,596			14,596		14,596	
MSU Development Program	11,197		4,001	2,366	2,964		5,330	9,868
MSU Flags	(2,216)	698						(1,518)
Music	10,657		22,001		27,025		27,025	5,633
New Student Orientation	3,389		9,860		11,904		11,904	1,345
Oral Interpretation	3,736				330		330	3,406
Parents' Weekend/Family Day	1,657				8,440		8,440	(6,783)
Public Safety	(2,853)	155,864	(1,213)	107,413	39,470		146,883	4,915
Student Activities (ID/Handbook)	11,287	2,478	7,355	973	5,759		6,732	14,388
Student Development	8,709	881	59,321	27,295	34,143		61,438	7,473
Student Government	15,906	5,163	18,082	10,130	10,540	\$3,657	24,327	14,824
Student Medical Services	91,572	17,175	213,437	80,912	111,739	25,612	218,263	103,921
Student Services Fees	200,633	1,655,803	(1,613,451)					242,985
Student Services Fees-Exemptions		2,305			2,305		2,305	
Student Success Series	1,645		17,905		16,087		16,087	3,463
Team Arrow	264		16,000		17,010		17,010	(746)
Tennis Court Operations	1,667	1,190			155		155	2,702
Unallocated Fund Balance	41,301	175,871	(12,720)		9,796		9,796	194,656
University Programing Board	10,292		41,182	5,441	44,038		49,479	1,995
Unpledged Telephone Clearing	(7,532)							(7,532)
Vending - Library	28,276	15,121	118		19,391		19,391	24,124
Vinson Health Equipment	9,813							9,813
Vinson Physician	(978)		168,557	130,008	29,389	4,244	163,641	3,938
Voices Magazine	(49)		4,500	400	4,051		4,451	
Weight Room	8,450			4,788	547		5,335	3,115

Unaudited

SCHEDULE B-3 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balances  
 Auxiliary Enterprise Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Revenues	Transfers and Adjustments	Expenditures			Fund Balance 08/31/01	
				Salaries and Wages	Other Expense	Capital Outlay		Total
<b>Unpledged Revenue Enterprises, Continued</b>								
Wichitan	\$7,626	\$15,631	\$23,038	\$16,069	\$15,747		\$31,816	\$14,479
Total Unpledged Revenue Enterprises	<u>750,612</u>	<u>2,831,979</u>	<u>571,703</u>	<u>1,004,433</u>	<u>2,049,481</u>	<u>\$61,429</u>	<u>3,115,343</u>	<u>1,038,951</u>
Total Auxiliary Enterprises	<u>\$2,056,120</u>	<u>\$6,525,216</u>	<u>\$578,954</u>	<u>\$2,037,781</u>	<u>\$4,594,615</u>	<u>\$103,929</u>	<u>\$6,736,325</u>	<u>\$2,423,965</u>
<b>Analysis of Additions - Revenues</b>								
Student Center Fees		\$164,314						
Student Service Fees		1,655,803						
Medical Service Fees		186,231						
Fee Exemptions		56,343						
Sales and Services		4,125,940						
Gifts and Grants		25,500						
Investment Income		206,038						
Net increase in the Fair Value of Investments		105,047						
Total Revenues as Above		<u>\$6,525,216</u>						
<b>Analysis of Transfers</b>								
From Designated Funds			\$849,098					
From Current Restricted Funds			72,700					
From Endowment Funds			450					
From Agency Funds			119					
Total Transfers In			<u>922,367</u>					
To Retirement of Indebtedness Funds - Mandatory			(118,220)					
To Designated Funds			(128,913)					
To Current Restricted Funds			(1,400)					
To Unexpended Plant Funds			(43,326)					
Total Transfers Out			<u>(291,859)</u>					
Net Transfers			630,508					
<b>Analysis of Adjustments</b>								
Bad Debt Cost			(53,663)					
Change in Compensated Absences			1,933					
Adjustment to Allowance for Doubtful Accounts			176					
Net Adjustments			<u>(51,554)</u>					
Total Transfers and Adjustments Above			<u>\$578,954</u>					

Unaudited

SCHEDULE B-4  
MIDWESTERN STATE UNIVERSITY  
Schedule of Changes in Fund Balance  
Restricted Current Funds  
For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions		Transfers and Adjustments	Expenditures			Fund Balance 08/31/01
		Gifts and Grants	Other Sources		Salaries and Wages	Other Expenses	Capital Outlay	
<u>Instruction:</u>								
Acct. Excellence Fnd.	\$3,123							\$3,123
Crim Just/Non Schol	53			\$700		\$1,381	\$1,381	(628)
D.P. Bolin Piano Chr	3,083	\$52,164		9,049	\$52,164	12,041	64,205	91
Edwards Health Sci	2,092		\$62		50	1,419	1,469	685
Engineering Tech Dev	(62)							(62)
Fain-Outdoor Sculptr	850					810	810	40
Fain-Piano Maint	2,000	6,000				3,500	3,500	4,500
Fain-Promo CD		3,200						3,200
Fain-String Instr	3,250					1,836	\$1,408	3,244
Fain-Theatre Operating	2,250	3,631				2,221	2,221	3,660
Fain-Video Production	530			(500)		26	26	4
47 Family Nrsing Pract.		6,770			5,597	1,173	6,770	
Fed CWS 00-01	12,000	131,184		(52,500)	74,295	16,389	90,684	
General Hospital	951							951
Geology Eqpmt Repr	64							64
Harlan Steph Conference	(43)							(43)
L. Waring Memorial Fd.	1,000			605				1,605
Ment Equip Fund	6,353					5,453	5,453	900
NEH-Hoggard	2,477	12,000			12,289	2,137	14,426	51
Petr Geology Instr	453					162	162	291
PPG Ceramic Grant	245							245
PPIP-Health Care		166,935			105,678	61,257	166,935	
Priddy- Nursing	5,123							5,123
Rad Tech Scholars				247				247
Rspty Care Gen Hosp	11,616					11,209	11,209	407
S.Brisbane Memorial	136		81			90	90	127
Theatre Dept Grant	(18)							(18)
TIFB -Infrastructure				21,171		(24)	21,195	21,171
TIFB-Bea Wood Cmptns		21,171		(21,171)				
Tx Council -Econ Ed	259							259
UAW -GM Skill Center	22,369	102,599			54,753	40,783	95,536	29,432
Visiting Artist Prog	2,326	4,719				3,856	3,856	3,189
W. Erle White Schol.	(1,646)			1,646		725	725	(725)
West Fdn. Clearing	2,121	169,778	6,840	(169,778)				8,961

Unaudited

SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions			Expenditures				Fund Balance 08/31/01
		Gifts and Grants	Other Sources	Transfers and Adjustments	Salaries and Wages	Other Expenses	Capital Outlay	Total	
<u>Instruction. Continued:</u>									
West Rsrv/Interest	\$281								\$281
West/Cmptr Lab Enhanc	389								389
West/Fac Dev-Res Op.	529			\$9,435		\$7,909		\$7,909	2,055
West/PDS Coordinator	4,763			65,216	\$53,820	9,991		63,811	6,168
West/Prof-Hudson	43								43
West/Univ Prof	778			10,001	5,000	4,871		9,871	908
West-1st Grad Readr	14,229					5,867		5,867	8,362
West-Basic Skills CN	2,750					1,500		1,500	1,250
West-EC Search	2,104			(2,104)					
WFISD/Univ Center						(13)		(13)	13
White/Nursing /RT	40		\$53						93
Wichita Mountains	2,379			6,400	4,758			4,758	4,021
Wilson Adv/BSN	2,343								2,343
Young Writer's Ac	20,689			(3,447)		2,814		2,814	14,428
<b>Total Instruction</b>	<b>134,272</b>	<b>\$680,151</b>	<b>7,036</b>	<b>(125,030)</b>	<b>368,404</b>	<b>199,383</b>	<b>\$22,603</b>	<b>590,390</b>	<b>106,039</b>
<u>Research:</u>									
BCI-BBGR Funding	1,283	5,000		8,429	12,492	2,219		14,711	1
Bureau of BG Research	4,601	3,682			300	3,035		3,335	4,948
Hardin/Rsch-Collins	(420)			1,763		1,021		1,021	322
Noble-Biology Research	51					51		51	
NSF-Computer Science	12,000			13,500	3,000	17,500		20,500	5,000
P/P Research - Hewitt				3,932		4,065		4,065	(133)
P/P Research - Vandehey	1,354								1,354
P/P Research -King	619			3,505		4,124		4,124	
P/P Research-Coddington				2,020	309	222		531	1,489
P/P Research-Dover				445		177		177	268
P/P Research-Hoggard				2,098		2,014		2,014	84
P/P Research-Lindeman	1,015					6		6	1,009
P/P Research-Smith	24								24
P/P Research-Williams	3,600					764		764	2,836
Welch Deptmtl Grant	49,885			13,750		10,666	6,435	17,101	46,534
<b>Total Research</b>	<b>74,012</b>	<b>8,682</b>		<b>49,442</b>	<b>16,101</b>	<b>45,864</b>	<b>6,435</b>	<b>68,400</b>	<b>63,736</b>

Unaudited

SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions		Transfers and Adjustments	Expenditures				Fund Balance 08/31/01
		Gifts and Grants	Other Sources		Salaries and Wages	Other Expenses	Capital Outlay	Total	
<u>Public Service:</u>									
	\$46								\$46
	3,574			(\$1,700)					1,874
	9,021	\$11,500			\$1,300	\$10,763		\$12,063	8,458
	12,556	28,830	\$7,328		2,316	25,691		28,007	20,707
	(86)								(86)
	1,827			8,197	2,900	855		3,755	6,269
	(55)								(55)
	(5,901)			8,400		2,500		2,500	(1)
	1,275					666		666	609
		9,277			7,568	1,709		9,277	
		114,274			83,202	29,922	\$1,150	114,274	
49	46,083				19,654	5,001		24,655	21,428
	19,879	32,000			32,000	6,457		38,457	13,422
	(2,602)			18,855		16,329		16,329	(76)
				233,398	114,733	112,115	9,565	236,413	(3,015)
	11,785					1,300		1,300	10,485
	6,180			(6,180)					
Total Public Service	103,582	195,881	7,328	260,970	263,673	213,308	10,715	487,696	80,065
<u>Academic Support:</u>									
	3,675			3,500		2,691		2,691	4,484
	(488)								(488)
	466								466
				4,683		4,307		4,307	376
	2,540			18,100		5,512		5,512	15,128
	7,091	6,862			5,000	2,018		7,018	6,935
	10,873	6,862			5,000	812	339	6,151	11,584
	37					37		37	
	563			13,797	3,523	5,905	1,493	10,921	3,439
				1,900		890		890	1,010
				2,349		2,119		2,119	230
	2,702					2,510		2,510	192
	753			3,506		1,959		1,959	2,300
	566	4,000				789	3,595	4,384	182

Unaudited

SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions			Expenditures				Fund Balance 08/31/01
		Gifts and Grants	Other Sources	Transfers and Adjustments	Salaries and Wages	Other Expenses	Capital Outlay	Total	
<u>Academic Support, Continued:</u>									
Geology Profssrshp	\$5,405			\$5,810	\$5,000	\$4,371		\$9,371	\$1,844
Hardin/Dist Prof	(4,756)			13,560	5,000	3,842		8,842	(38)
Hardin/Hist Source	3,789	\$12,547		(15,323)		1,000		1,000	13
HS Faculty Development				3,243		2,692		2,692	551
LA Faculty Development				4,362		4,321		4,321	41
Library Memorial Fnd.	4,309	1,563				80	\$468	548	5,324
McMurtry Prof Oper	1,521			7,500	5,000	2,569		7,569	1,452
MSU Math Inst. III	8,830			22,212	12,473	18,569		31,042	
MSU Math Instit. II				6,360	3,500	2,860		6,360	
MSU Math Institutes				27,311	12,849	14,461		27,310	1
MSU Press #650565	31,873		\$3,823		2,000	30,670		32,670	3,026
P/P Faculty Development	12,000	12,000		(12,000)					12,000
Political Sci Computer	73								73
Pres Faculty Dev Fd.	3,124		2,776	(3,123)					2,777
Redwine Professor	61								61
SM Faculty Development				4,612		4,452		4,452	160
St. Bd. Ed. Cert III	7,338								7,338
St. Bd. Ed. Cert IV	(3,426)			79,345		71,931	7,415	79,346	(3,427)
TOT Review Center	3,236	5,250			2,500	2,586		5,086	3,400
West-Professor Srch	4,623			2,104					6,727
<b>Total Academic Support</b>	<b>106,778</b>	<b>49,084</b>	<b>6,599</b>	<b>193,808</b>	<b>61,845</b>	<b>193,953</b>	<b>13,310</b>	<b>269,108</b>	<b>87,161</b>
<u>Student Services:</u>									
ACM Programming				1,307		1,307		1,307	
Expand Horizons				1,218		1,218		1,218	
Gifted Summer Program	(857)			857	200	400		600	(600)
Internatl Recruiting	(4,329)	3,500		13,740	11,787	16,431		28,218	(15,307)
MSU-ACS-Seed Program		3,900				3,900		3,900	
Nursing Stdnt Retntn		5,000			1,500	3,185		4,685	315
Priddy Co-Op Ed.		106,800			18,806	30,203	5,858	54,867	51,933
Priddy Honors Program		58,000			17,525	7,676	5,095	30,296	27,704
Recruiting -Out State	1,115					662		662	453
Recruitment Admin	(1,033)								(1,033)

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Unaudited

SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions		Transfers and Adjustments	Expenditures			Fund Balance 08/31/01
		Gifts and Grants	Other Sources		Salaries and Wages	Other Expenses	Capital Outlay	
<u>Student Services, Continued:</u>								
Retention Performance		\$6,403			\$4,548	\$1,754	\$6,302	\$101
Total Student Services	(\$5,104)	183,603		\$17,122	54,366	66,736	132,055	63,566
<u>Institutional Support:</u>								
Academic Affrs Discr	97			2,000		1,130	1,130	967
AD Discretionary Fund				2,000		735	735	1,265
Admin Affrs Discr	240			2,000		1,627	1,627	613
Alumni Affairs Discr	52			258		331	331	(21)
Alumni House	11,810	11,350				10,846	10,846	12,314
Assoc. VP Discretionary	187					187	187	
Bus Admin Discretionary	53					47	47	6
Business Admin-Special		1,000						1,000
Business Affrs Discr	1,246			(245)		108	108	893
Development Activity	100							100
Faculty Senate	1,343					1,068	1,068	275
Midwestern General Fund	(4,725)			4,725		728	728	(728)
MSU Fdn Pres's Salary		99,242			94,399	20,421	114,820	(15,578)
MSU Fdn/Devlp Salary	904	12,000			9,840	1,853	11,693	1,211
MSU Fdn-Inst Exp	41							41
MSU Fdn-Std Asst.	1,286							1,286
MSU Foundation	943							943
MSU Student Ambassadors	1,264					1,151	1,151	113
Net Increase (Decrease) in Fair Value of Investments	(29,110)		\$26,838					(2,272)
Personnel Discretionary	170					157	157	13
Placement Discr	82					64	64	18
Presidents Excellence	122,709			78,031	912	23,930	1,393	174,505
Public Information	82					(40)	(40)	122
Univ. Activity Fund	1,811			26,019		23,981	23,981	3,849
Total Institutional Support	110,585	123,592	26,838	114,788	105,151	88,324	194,868	180,935
<u>Scholarships:</u>								
AC Delco Scholars	5,900	4,500				9,700	9,700	700
Accounting	1,907	1,700				500	500	3,107

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SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions			Expenditures			Fund Balance 08/31/01
		Gifts and Grants	Other Sources	Transfers and Adjustments	Salaries and Wages	Other Expenses	Capital Outlay	
<u>Scholarships, Continued:</u>								
Admission	\$1,193		\$681			\$1,250	\$1,250	\$624
Allison	17,734	\$36,000				32,350	32,350	21,384
Altrusa Scholarship	916		741			750	750	907
American Natl Bank	4,000	10,000				8,000	8,000	6,000
Art Dept Development		3,500		(\$3,500)				
Atkins Schl-Educ	1,750	3,750				3,500	3,500	2,000
B.B. Greever Pre-Med	2,500	4,000				4,000	4,000	2,500
B.Frazier -Rad Tech	680					100	100	580
Band-Special Schlr	50	3,000		6,000		6,025	6,025	3,025
Barbara Jenkins Mem.	2,180		1,822			2,180	2,180	1,822
Bates Scholarship	1,215		379			1,340	1,340	254
BBB/LJR Scholars	1,500	1,000		500		2,000	2,000	1,000
Betty Perry Scholars	25,000					24,743	24,743	257
Beyer/Abbott Premed	20,788		14,563			15,500	15,500	19,851
Bigham Mem Scholarship	1,571		1,342			1,200	1,200	1,713
Biology / Boswell	692					500	500	192
Blakeney-Football	610		1,847			500	500	1,957
Boren-Jacobsen Band	325	500						825
Boys Club /Ball Endow	1,259		759			1,000	1,000	1,018
Brackeen Scholarship	277		698			750	750	225
Brandywine (History)	(500)	10,000		(9,500)				
Briston /Didzun	1,075	1,050				750	750	1,375
Business /Raborn	2,684	4,840				4,100	4,100	3,424
Business Admin/Fnd	6,000	6,250				3,950	3,950	8,300
Business Admin-Need	2,862	4,000				3,900	3,900	2,962
C. Lindeman Memorial	636							636
Chad Storie Scholars	4,724		1,519					6,243
Chagoly Memorial	1,430							1,430
Choir-Special Schlr	5,100					4,350	4,350	750
Computer Sci /Ward		50						50
Couples Class/Edward	1,475					1,000	1,000	475
Cowboy Scholarship		10,000	188	(10,188)				
Crenshaw/Descartes	200	900				1,000	1,000	100
Criminal Justice	1,000	500				1,000	1,000	500

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SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions		Transfers and Adjustments	Expenditures			Fund Balance 08/31/01
		Gifts and Grants	Other Sources		Salaries and Wages	Other Expenses	Capital Outlay	
<u>Scholarships, Continued:</u>								
Criml Just. - Need	\$8,295	\$7,500		(\$700)		\$12,100	\$12,100	\$2,995
Crofford Scholarship	123		\$409			300	300	232
D&G White Comp Sci	2,100	4,600				4,000	4,000	2,700
Dallas Cowboys Schlr	22,250	10,000				5,000	5,000	27,250
Danforth Elem Ed	1,928		1,462					3,390
Darden Scholars	500	1,000				500	500	1,000
Daughters /Amer Rev	657		697			500	500	854
David & Jacque Allen	3,000	7,000				5,250	5,250	4,750
Dedoes Theatre Schol	1,664		813			1,400	1,400	1,077
Dennis Bus. Adm. Schlrship	9,603		7,298			5,550	5,550	11,351
Dental Hyg Scholars	2,252	200						2,452
Didzun Music (65003)	12,586		9,278	(13,797)				8,067
Dorman-Nursing		2,350				350	350	2,000
E. Daniel Geology	12,750	11,000				10,500	10,500	13,250
E. White Organ	361		344					705
E.Bolin History	1,500	1,000				1,500	1,500	1,000
E.M.P. and Probst Fdn.	4,388		1,487			1,000	1,000	4,875
E.P. & H.B. Waggoner	17,168	15,000				16,300	16,300	15,868
E. Willis Estate	173		634					807
Education	1,000	2,000				2,000	2,000	1,000
Edwards - Henrietta	11,512	10,000		(631)		8,592	8,592	12,289
Edwards Scholarship	7,665	22,798				15,000	15,000	15,463
English/Oldham	1,300	2,450				2,150	2,150	1,600
Espinosa - Mass Comm.	1,248		651			500	500	1,399
Evening in Italy	(1,700)			1,700		1,000	1,000	(1,000)
Ex-Student Scholars	3,638		3,711			2,000	2,000	5,349
F.M.& I. Farrier	3,000	6,000				6,000	6,000	3,000
Fain Brid Envr Sci	3,000	2,550				5,500	5,500	50
Fain Theatre Scholars	10,500	20,250				16,000	16,000	14,750
Fain/Bridwell	6,825	17,500				11,825	11,825	12,500
Fain-Art Scholars	5,000	10,000				9,300	9,300	5,700
Fain-Mass Comm Schol	9,350	18,000				16,950	16,950	10,400
Fain-Music Scholars	4,000	8,500				8,000	8,000	4,500
Fain-Video Production	(500)			500				

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SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions		Transfers and Adjustments	Expenditures			Fund Balance 08/31/01
		Gifts and Grants	Other Sources		Salaries and Wages	Other Expenses	Capital Outlay	
<u>Scholarships, Continued:</u>								
Father Fitzpatrick Mem.	\$350	\$700				\$200	\$200	\$850
FDR Scholarships	3,000	6,000				6,000	6,000	3,000
Fed CWS 01-02				\$15,000				15,000
First Republic	4,375	8,000				7,000	7,000	5,375
Foreign Language	3							3
French Schlrs-Perkin	8,000					2,000	2,000	6,000
Friends of Art	100	200				100	100	200
Gaines /Health Sci	2,188	2,500	\$947			3,000	3,000	2,635
Gene Robertson Memor	1,000	1,000				1,000	1,000	1,000
Geology Scholarships	20,863	12,000				26,500	26,500	6,363
George N. Prescott	7,500	11,000				13,000	13,000	5,500
Gifted Summer Program	12,743	30,000		(857)		30,433	30,433	11,453
Give Back/Acad. Sch.	643		1,324			1,050	1,050	917
Give Back/Band Sch.	589		662					1,251
Give Something Back Ath.	793		662			500	500	955
Golding/Barnett	500	700				600	600	600
GS Mens Basketball	4,838		14,324	(14,400)				4,762
Hardin Fdn. Scholars	2,400	4,800				4,800	4,800	2,400
Harrison	250	500				500	500	250
Hart Scholarship	600	1,000				1,000	1,000	600
Hayden Eng. Tech	3,224	3,500				4,902	4,902	1,822
Haynes Psychology	4,000	9,000				8,000	8,000	5,000
Health Science Schol.	230							230
Henrietta Books	465			631		1,262	1,262	(166)
Holcomb Schlrs.		750				750	750	
Holland- King Schol	4,130	3,358				3,250	3,250	4,238
Hunt - Political Sci	1,239		1,042			1,000	1,000	1,281
Iowa Park Optimist	500	1,000				1,000	1,000	500
J. Grace Fund	627		89					716
J.&J. Haddon Band	820	1,300				1,000	1,000	1,120
J.C.Penney		600				600	600	
James Boren #6010	1,370		1,157			1,200	1,200	1,327
Johnson Scholarship	1,028		1,186			1,200	1,200	1,014
Journalism		700				700	700	

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SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions		Transfers and Adjustments	Salaries and Wages	Expenditures			Fund Balance 08/31/01	
		Gifts and Grants	Other Sources			Other Expenses	Capital Outlay	Total		
<u>Scholarships, Continued:</u>										
	\$250	\$550				\$500		\$500		\$300
	5,500					4,499		4,499		1,001
	2,810		\$3,327			3,250		3,250		2,887
		5,000				5,000		5,000		
	1,129		478			800		800		807
	2,164		792			500		500		2,456
	1,525	1,350				2,650		2,650		225
	1,247	605		(\$605)		500		500		747
		100				100		100		
	500	500				375		375		625
	4,175	5,550				6,200		6,200		3,525
	(2,204)	9,750	274	(8,197)		324		324		(701)
	7,620					1,600		1,600		6,020
	8,570									8,570
	8,070									8,070
	15,542	29,613				29,500		29,500		15,655
	1,046		1,437	27		1,000		1,000		1,510
	2,757		3,373			3,860		3,860		2,270
	1,500			500		2,000		2,000		
	1,100	2,000				1,550		1,550		1,550
	500	1,000				1,000		1,000		500
	6,200	5,650				6,200		6,200		5,650
	5,000	900				4,500		4,500		1,400
	350	850				700		700		500
		10,000								10,000
	2,500	5,000				5,000		5,000		2,500
	376			(376)						
	102,854	122,681	46,778	(7,224)		221,851		221,851		43,238
	23,562		20,438			17,400		17,400		26,600
	1,600	2,275				2,600		2,600		1,275
	1,346	500				1,000		1,000		846
		500				500		500		
	15,365	24,000		(6,000)		17,893		17,893		15,472
	990	1,000				1,200		1,200		790

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SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions		Transfers and Adjustments	Expenditures			Fund Balance 08/31/01
		Gifts and Grants	Other Sources		Salaries and Wages	Other Expenses	Capital Outlay	
<u>Scholarships, Continued:</u>								
MSU Foundation	\$1,424	\$750			\$1,600		\$1,600	\$574
MSU Math Inst. III	(8,830)	31,978		(\$19,248)	3,900		3,900	
MSU Math Instit. II		9,160		(9,160)				
MSU Math Institutes		29,692		(27,311)	2,382		2,382	(1)
Murrell/Music	12,397		\$5,432		9,800		9,800	8,029
Music/Akin	3,527	4,550			5,450		5,450	2,627
Musician's Club	1,200	1,100			1,600		1,600	700
N. Tx. Geological Soc.	3,750		838		3,500		3,500	1,088
Norwood Scholarship	2,000	4,000			4,000		4,000	2,000
Notre Dame Schlrs.	1,771				1,696		1,696	75
NSF-Computer Science	(12,000)	25,500		(13,500)	5,000		5,000	(5,000)
Nursing	10,000	20,000			20,000		20,000	10,000
Nursing /Boren	300	600			600		600	300
Nursing/McCarty	600	1,050			1,100		1,100	550
O. Daniel Cmptr Sci	6,000	12,000			11,500		11,500	6,500
OAS Grant	254	72,000		2,750	73,784		73,784	1,220
Opti-Mrs. Club/Nursing	500	1,000			1,000		1,000	500
P/P Humanities Schlr		1,830						1,830
P/P Lib Arts Schlrs	45,300	88,000			82,600		82,600	50,700
Parrish/Abbott Nursing	14,014		12,098		14,637		14,637	11,475
Paulk	550	1,100			1,100		1,100	550
Payne/Sellers	250	500			400		400	350
Pell 00-01		2,694,161			2,694,161		2,694,161	
Physics	875	625			875		875	625
Presidents Excellence	(27,144)	177,959	7,323	(133,137)	40,427		40,427	(15,426)
Preston/Clements	600	1,200			1,200		1,200	600
Priddy Scholarship	1,500			3,000	500		500	4,000
Priddy Univ. Center	72,073	72,000			37,286		37,286	106,787
Property Deposits	73,132		18,538		65,755		65,755	25,915
Prothro Accounting	28,405		18,584		23,625		23,625	23,364
Prothro Bus. Admin.	13,325		12,163		8,750		8,750	16,738
R. J. Gray Social Work	2,070		646		1,800		1,800	916
R.Noel Scholarships	4,801		5,958		8,000		8,000	2,759
Rad Tech 94-95	11,360				9,300		9,300	2,060

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SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions		Transfers and Adjustments	Expenditures			Fund Balance 08/31/01
		Gifts and Grants	Other Sources		Salaries and Wages	Other Expenses	Capital Outlay	
<u>Scholarships, Continued:</u>								
Rad Tech Scholars	\$597			(\$247)		\$596	\$596	(\$246)
Ramsey	3,050	\$2,600				4,350	4,350	1,300
Rodriguez Scholars	21,423	3,350		(8,400)				16,373
Roger Paulk Scholars	1,686		\$1,693			950	950	2,429
Rogers Hustler Award	158		632	(600)				190
Roth/Fine Arts	4,188	7,500				7,700	7,700	3,988
Roy Smith Schol Fund	4,002	4,000				4,000	4,000	4,002
Roy Watts Mem. Schlrshp		1,000	275					1,275
Ruggia-Sigma Tau Del	1,187		493					1,680
Ryle Art Scholarship	225	450				400	400	275
SEOG 00-01		125,503		37,500		163,003	163,003	
Shannon Lindemann	71							71
Shannon Lindemann Endow	1,750	3,750				2,500	2,500	3,000
Shanor Foundation	14,254	12,000				11,400	11,400	14,854
Sport & Exer Scienc	7,300					6,250	6,250	1,050
Sr. -Jr. Forum Scholars	3,200	6,400				6,400	6,400	3,200
St. Bd. Ed. Cert III	(7,338)							(7,338)
St. Bd. Ed. Cert IV	3,426	79,346		(79,345)				3,427
Stewart/Health Sci	1,400	2,600				2,600	2,600	1,400
Sullivan - Barton Sch	600	600				600	600	600
Summer Pell 00-01		61,761				61,761	61,761	
Sund/Scott Scholars	1,000	1,000				1,000	1,000	1,000
SW Rotary -Edwards	750	2,750				1,500	1,500	2,000
Team Arrow	4,566	12,800	487	2,179		9,600	9,600	10,432
Theatre Scholarships	4,885	3,150				3,800	3,800	4,235
Theatre/Moran	6,650	2,500				3,400	3,400	5,750
Theatre/Musgrove	2,175	700				1,000	1,000	1,875
Tom C. White	2,304	19,500				12,550	12,550	9,254
Tres Hood Mass Comm.	1,314		1,602			500	500	2,416
Underwood Mem.	443		240					683
Univ. Activity Fund	(1,618)	33,649		(32,031)				
Upward Bnd. 99-00	2,602	16,253		(18,855)		(76)	(76)	76
Upward Bnd. 00-01		246,535		(233,398)		13,137	13,137	
V. Reese Music Sch	1,340		603					1,943

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SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions			Expenditures				Fund Balance 08/31/01
		Gifts and Grants	Other Sources	Transfers and Adjustments	Salaries and Wages	Other Expenses	Capital Outlay	Total	
<u>Scholarships, Continued:</u>									
Vinson Awards	\$34	\$1,360				\$1,360		\$1,360	\$34
Vogel	451	600				600		600	451
W. Erle White Schol.	3,753	6,000		(\$1,646)		4,691		4,691	3,416
W.C. Payne Scholars	7,677		\$483			200		200	7,960
W.F. Art Assn.	700	250				500		500	450
W.P. & Ann Howle	22,500	28,000				34,000		34,000	16,500
Ward Memorial Sch	3,000	3,526				3,000		3,000	3,526
Welch Deptmtl Grant	(18,250)	40,000		(13,750)		21,750		21,750	(13,750)
West -UG Scholars	30,500			30,000		30,000		30,000	30,500
West-1st Grad Readr	6,048			34,476		49,183		49,183	(8,659)
West-Graduate Schrs	9,700			20,650		29,775		29,775	575
West-WFISD Schlrs	10,533					3,045		3,045	7,488
WF Life Underwriters	251	750				500		500	501
WFISD/Univ Center	3,673	24,490				29,284		29,284	(1,121)
WFISD/Univ Ctr	11,841					11,907		11,907	(66)
White Fdn Scholarship	6,070		7,894			11,200		11,200	2,764
White Student Teacher	1,469		344			500		500	1,313
Wichita Co. Med Society	600	600				1,200		1,200	
Wichita Fall Rotary	1,444		1,081			1,000		1,000	1,525
Wichita Mountains		6,400		(4,400)		2,000		2,000	
Y.O.U. Scholarship	8,999								8,999
Young Writer's Ac	7,640	4,054		(4,053)		20,069		20,069	(12,428)
Total Scholarships	1,068,408	4,629,702	247,020	(519,643)		4,483,617		4,483,617	941,870
Total Educational and General	1,592,533	5,870,695	294,821	(8,543)	\$869,540	5,291,185	\$65,409	6,226,134	1,523,372
<u>Auxiliary Enterprises:</u>									
GSB Trophy Case	8,815	10,765							19,580
M-Chub	2,805	71,770	6,811	(57,324)		10,184		10,184	13,878
Weight Training	100								100
WF Tennis Assoc.	58								58
Total Auxiliary Enterprises	11,778	82,535	6,811	(57,324)		10,184		10,184	33,616
Total Restricted Funds	\$1,604,311	\$5,953,230	\$301,632	(\$65,867)	\$869,540	\$5,301,369	\$65,409	\$6,236,318	\$1,556,988

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SCHEDULE B-4 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Restricted Current Funds  
 For the Year Ended August 31, 2001

	Additions	Transfers and Adjustments	Expenditures				Fund Balance 08/31/01
Fund Balance 09/01/00	Gifts and Grants	Other Sources	Salaries and Wages	Other Expenses	Capital Outlay	Total	
<b>Analysis of Additions-Revenue</b>							
Federal Grants and Contracts	\$3,471,015						
State Grants and Contract	257,369						
Private Gifts, Grants and Contracts	2,224,846						
Miscellaneous Fund Addition		\$11,513					
Investment Income		77,224					
Endowment Interest		186,057					
Net Increase in Fair Value of Investments		26,838					
Total Revenues as Above	\$5,953,230	\$301,632					
 <b>Analysis of Transfers</b>							
From Designated Funds			(\$30,068)				
From Auxiliary Funds			(72,700)				
From Endowment Funds			(373)				
From Agency Funds			(6,418)				
Total Transfers In			(109,559)				
To Designated Funds			35,982				
To Endowment Funds			6,310				
To Unplgd Aux Funds			1,400				
Total Transfers Out			43,692				
Net Transfers			(65,867)				
<b>Analysis of Adjustments</b>							
None							
Total Transfers and Adjustments as Above			(\$65,867)				

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SCHEDULE B-5  
MIDWESTERN STATE UNIVERSITY  
Schedule of Changes in Fund Balance  
Loan Funds  
For the year ended August 31, 2001

	Fund Balance 09/01/00	Additions			Deductions		Fund Balance 08/31/01
		Gifts and Other Additions	Service Charges and Interest	Transfers and Adjustments	Principal Cancelled	Return of Fund Equity	
<u>Federal Loan Funds:</u>							
Federal Equity:							
Perkins Student Loan Fund	\$110,136	\$18,774	\$3,266		(\$7,033)		\$125,143
University Equity:							
Perkins Student Loan Fund	11,076		1,088		(2,344)		9,820
* Total Federal Loan Funds	121,212	18,774	4,354		(9,377)		134,963
<u>University Loan Funds:</u>							
GSL - Pro Rata Fund	1,887	324					2,211
MSU Student Loan Fund	774,350		63,610	\$34,190			872,150
* Rotary Student Loan		13					13
Student Loan Fund Addition	4,462						4,462
* Tuition and Fee (Non-resident)	3,204		1,820	32,502			37,526
* Tuition and Fee (Resident)	666,674		25,876	12,978			705,528
Loan Funds to be Reallocated	3,540						3,540
Total University Loan Funds	1,454,117	337	91,306	79,670			1,625,430
Total Loan Funds	\$1,575,329	\$19,111	\$95,660	\$79,670	(\$9,377)		\$1,760,393

Investment Income	\$82,115	* Restricted Fund Balance	\$878,030
Service Charges	13,412	Unrestricted Fund Balance	882,363
Late Fee	133	Total as above	\$1,760,393
Total as above	\$95,660		

Transfers from Education & General (TPEG)	\$86,383
Net Increase in Fair Value of Investments	56,028
Bad debts	(62,741)
Total as above	\$79,670

Unaudited

SCHEDULE B-6  
MIDWESTERN STATE UNIVERSITY  
Schedule of Changes in Fund Balance  
Endowment and Similar Funds  
For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions			Deductions		Fund Balance 08/31/01	(Memo Only) Income of Fund
		Gifts	Endowment Income	Transfers and Other Changes	Transfers	Other Changes		
<u>Endowment Funds:</u>								
Carolyn and C.D. Rogers Athletics	\$10,010						\$10,010	\$632
DeDoes Theatre Scholarship Fund	12,891						12,891	813
Ewing, Monahan, Powers, Probsts Mem.	23,564						23,564	1,487
Gaines Health Science Fund	15,015						15,015	947
Gerald Stockton's Mens' Basketball Schol.	227,047						227,047	14,324
Hunt Scholarship	16,518						16,518	1,042
Jack Grace Scholarship Fund	1,408						1,408	89
James B. Boren Memorial	18,344						18,344	1,157
Johnson Scholarship	18,795						18,795	1,186
Mabee Foundation Scholarship	10,800						10,800	681
North Texas Geological Society	13,279	\$50					13,329	838
President's Faculty Development Fund	48,179						48,179	3,040
Sheila Brisbane Memorial Fund	1,291						1,291	81
W.J. Thomas Memorial Schol. Fund	4,974						4,974	314
Wichita Falls Tennis Association	1,559		\$100				1,659	100
<b>Total Endowment Funds</b>	<b>423,674</b>	<b>50</b>	<b>100</b>				<b>423,824</b>	<b>26,731</b>
<u>Term Endowment Funds:</u>								
"DUB" Dennis Endowment	124,232		549				124,781	7,847
Altrusa Endowment	12,646		56				12,702	797
Ball/Boys Club	12,037						12,037	759
Barbara Jenkins Memorial Fund	28,876						28,876	1,822
Bates Scholarship	6,006						6,006	379
Beyer/Abbott Biology	251,434	425	1,486				253,345	15,659
Blakeney Schlrship	24,459	10,000	139				34,598	1,985
C.O. & Marie Morgan Basketball Schol.	25,026						25,026	1,633
Chad Storie Memorial	25,965		114				26,079	13,152
Col. George Henry Mem	204,903		13,152				218,055	409
Crofford Scholarship	6,476						6,476	1,579
Danforth Elem. Ed.	24,897		110				25,007	1,572

Unaudited

SCHEDULE B-6 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Endowment and Similar Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions			Deductions		Fund Balance 08/31/01	(Memo Only) Income of Fund
		Gifts	Endowment Income	Transfers and Other Changes	Transfers	Other Changes		
<u>Term Endowment Funds, Continued:</u>								
Elizabeth and Charles Prothro Schol.	\$523,492		\$2,314				\$525,806	\$33,061
Eloise Bryant Brackeen Schol. Fund	11,061						11,061	698
Espinosa / Mass Comm.	11,091		49				11,140	700
Ex-Students Scholarship Fund	54,883	\$75		\$5,025			59,983	3,711
F.M. and Ivadna Farrier Athletic Schol.	5,005						5,005	316
Geology Professorship	244,616		15,340		\$5,810		254,146	15,340
Give Something Back	41,971						41,971	2,648
Hood Mem. Mass Comm.	26,638	6,200	121				32,959	1,722
Kiowa Kooks/Art Beyer Schol. Endow	50,135	5,000					55,135	3,327
Kolp Scholarship	15,168						15,168	958
Mad Medics Scholarship	22,173	800		373			23,346	1,437
Madge Davis Trust	53,466						53,466	3,373
Mansur	7,554		464		500		7,518	464
Mims Business Admin.	348,067		1,538				349,605	21,976
MSU Golf Fund	2,243		144				2,387	144
Parrish/Abbott Nursing	210,596		1,301				211,897	13,009
R.J. Gray Scholarship Fund	10,232						10,232	645
Richard Noe Memorial	101,442		448				101,890	6,407
Roger Paulk Endowment	28,816		127				28,943	1,820
Roy Watts Mem. Schlr.		18,200					18,200	275
Ruby Murrell & Bob Murrell Endowment	86,095						86,095	5,432
Ruggia-Sigma Tau Delta	7,818						7,818	493
Team Arrow Endowment	7,610						7,610	487
United - Fantasy Light	75,664		335				75,999	4,649
Verlene Reese Memorial Fund	10,265		46				10,311	648
White Foundation	125,128						125,128	7,894
Wichita Falls Rotary Club Schol. Endow.	17,142						17,142	1,081
Willie Bigham Memorial	22,842		101				22,943	1,443
Willis Endowment	10,780		48				10,828	682
<b>Total Term Endowment Funds</b>	<b>2,878,950</b>	<b>40,700</b>	<b>37,982</b>	<b>5,398</b>	<b>6,310</b>		<b>2,956,720</b>	<b>182,434</b>

Unaudited

SCHEDULE B-6 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Endowment and Similar Funds  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions			Deductions		Fund Balance 08/31/01	(Memo Only) Income of Fund
		Gifts	Endowment Income	Transfers and Other Changes	Transfers	Other Changes		
<u>Funds Functioning as Endowments :</u>								
Bennett/Fischli	\$3,455	\$958	\$251				\$4,664	\$251
Burns Fantasy of Lights	50,051						50,051	3,287
Daughters of the American Revolution *	11,053						11,053	697
Didzum Music Department	147,064						147,064	9,278
Energy Savings Plan			8,011	\$476,579		\$81,592	402,998	8,011
General Scholarship *	38,805		21,270	259,593			319,668	21,270
Land Proceeds	810,007		51,829				861,836	51,829
Legal Settlement	795,543		49,759		\$37,084		808,218	49,759
MSU Ex-Students Assn	73,277	8,342	4,778	(5,025)	450		80,922	4,778
MSU Press	4,781		306				5,087	306
Travis A. and Evalyn White Schol. *	10,906						10,906	688
W.L. Underwood Memorial Fund *	3,804						3,804	240
Total Funds Functioning as Endowments	<u>1,948,746</u>	<u>9,300</u>	<u>136,204</u>	<u>731,147</u>	<u>37,534</u>	<u>81,592</u>	<u>2,706,271</u>	<u>150,394</u>
Total Endowments and Similar Funds	<u>\$5,251,370</u>	<u>\$50,050</u>	<u>\$174,286</u>	<u>\$736,545</u>	<u>\$43,844</u>	<u>\$81,592</u>	<u>\$6,086,815</u>	<u>\$359,559</u>

Transfers from:

From Current Restricted Funds	\$373
Miscellaneous Additions	476,579
Net Increase in Fair Value of Investment	259,593
	<u>\$736,545</u>

Transfers to:

To Unpledged Auxiliary Funds	(\$450)
To Current Restricted Funds	(6,310)
To Unexpended Plant Funds	(37,084)
Miscellaneous Fund Deduction	(\$81,592)
	<u>(\$43,844)</u>
	<u>(\$81,592)</u>

Fund Balance Consist of:

Endowments	\$423,824
Term Endowments	2,956,720
Funds Functioning as Endowments-Restricted*	345,431
Funds Functioning as Endowments-Unrestricted	2,360,840
Total as above	<u>\$6,086,815</u>

Unaudited

SCHEDULE B-7  
MIDWESTERN STATE UNIVERSITY  
Schedule Changes in Fund Balance  
Annuity and Life Income Funds  
For the Year Ended August 31, 2001

SCHEDULE NOT USED

(Not Applicable)

Unaudited

SCHEDULE B-8  
MIDWESTERN STATE UNIVERSITY  
Schedule of Changes in Fund Balance  
Funds for Unexpended Plant  
For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions			Deductions			Fund Balance 08/31/01
		Interest and Investment Income	Gifts, Grants & Misc.	Transfers	Expenditures			
					Capitalized	Non-Capital	Transfers	
<b>Higher Education Assistance Fund:</b>								
Academic Affairs				\$4,153	\$2,497			\$1,656
Academic Support Center				7,713		\$7,713		
Akin Auditorium	\$126					126		
Biology				12,703	3,017	1,707		7,979
Band Instruments				34,820	31,959	2,861		
Business Administration				22,962	17,601	5,153		208
Career Management Center				8,500				8,500
Chemistry				1,800	1,537	263		
Continuing/Distance Education				4,546		1,198		3,348
Computer Labs				140		140		
Computer Science				9,000	8,681			319
Counseling				2,431	2,431			
Dental Hygiene	5,747			(5,747)				
Disability Services				1,500	1,225	275		
Education				20,384	1,537	16,425		2,422
Electrical Distribution System	764,390				718,214	2,148		44,028
English				1,776				1,776
Enrollment Management				2,842	2,132	410		300
Environmental Safety	13,448			8,600	15,490	3,582		2,976
Ferguson Renovation	4,944			8,310	3,011	326		9,917
Fine Arts	39,363			6,450	4,184	41,445		184
Fine Arts Photography Lab				20,820	20,820			
Fine Arts Roof	14,383							14,383
Foreign Language				2,724		2,166		558
Geographic Information Flyover				23,000		23,000		
Hardin Renovation				50,000	27,610	17,244		5,146
Health and Human Services				5,631				5,631
Humanities				1,255		810		445
Information Systems				5,181	1,581	3,600		
Kinesiology				13,431	13,006	425		
Liberal Arts				50,456	3,545	44,855		2,056
Library Equipment				9,294	3,825	5,469		
Ligon Coliseum				45,000		41,820		3,180
Manufacturing Engineering Technology				1,800	1,537	263		

Unaudited

SCHEDULE B-8 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Funds for Unexpended Plant  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions			Deductions			Fund Balance 08/31/01
		Interest and Investment Income	Gifts, Grants & Misc.	Transfers	Expenditures			
					Capitalized	Non-Capital	Transfers	
<u>Higher Education Assistance Fund continued:</u>								
Martin Renovation				\$9,000		\$5,647		\$3,353
Math Computer Equipment				1,736	\$1,736			
Miscellaneous Campus Remodel				47,809		21,461		26,348
Physical Plant	\$25,002			197,130	24,932	65,415		131,785
Personnel				1,238		1,238		
Police Department Equipment	2,151			33,325	3,960	15,095		16,421
Political Science				430		430		
President's Home	8,146			450,000	366,224	58,361		33,561
Registrar/Admissions				6,140	6,140			
School Relations				4,611	4,611			
Sikes Lake Dredging				733,256	296,405			436,851
Telecommunications				3,750				3,750
<b>Total Higher Education Assistance Fund</b>	<b>877,700</b>			<b>1,869,900</b>	<b>1,589,448</b>	<b>391,071</b>		<b>767,081</b>
<u>Other Sources:</u>								
Allied Health Sciences Building	197,714	\$9,640			39,802	4,320		163,232
Alumni House	945							945
Asbestos Program	123,389			40,463	11,034	131,247		21,571
Bea Wood/O'Donohoe	24,736	1,385			2,744	6,462		16,915
Bus Purchase				49,970				49,970
Business Annex-HVAC	3,727							3,727
Campus Grounds Work	36,483			30,000	285	10,607		55,591
Daniel Parking Lot	13,666							13,666
D.L. Ligon	105,428	4,060			3,808		\$100,947	4,733
Edwards-Respiratory Care	42,232			2,159	25,637	4,854		13,900
Fire Alarms				115,126	115,126			
Killingsworth				28,200		9,000		19,200
McCullough-Trigg Construction	3,653							3,653
President's Home	10,621							10,621
Residence Hall Restroom Renovation	9,481	407			1,072			8,816
Residence Halls	1,337	60						1,397
Sikes Lake Dredging	54,570	4,606	25,050		31,518	153		52,555
Special Item Appropriations	492,843				338,775	154,068		
Sunwatcher Plaza	8,425							8,425
Webmaster Equipment				34,000	18,216	5,298		10,486

Unaudited

SCHEDULE B-8 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Changes in Fund Balance  
 Funds for Unexpended Plant  
 For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions			Deductions			Fund Balance 08/31/01
		Interest and Investment Income	Gifts, Grants & Misc.	Transfers	Expenditures			
					Capitalized	Non-Capital	Transfers	
<b>Other Sources continued:</b>								
Wilson-Health Science			\$14,110		\$12,829	\$469		\$812
Total Other Sources	\$1,129,250	\$20,158	39,160	\$299,918	600,846	326,478	\$100,947	460,215
<b>Bond Construction Accounts:</b>								
TPFA - Equipment	62,771	629			58,093	5,307		
<b>Unappropriated:</b>								
Source of Funds:								
Other Unrestricted Sources	(33,752)	66,940		(1,295)			3,000	28,893
Higher Education Assistance Fund	141,239		15,305	(138,029)		1,155		17,360
Total Unappropriated Funds	107,487	66,940	15,305	(139,324)		1,155	3,000	46,253
Total Unexpended Plant Funds	\$2,177,208	\$87,727	\$54,465	\$2,030,494	\$2,248,387	\$724,011	\$103,947	\$1,273,549

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**Analysis of Additions - Transfers From:**

Educational & General Funds	\$1,731,870		
Designated Funds	216,970		
Pledged Auxiliary Funds	43,326		
Endowment Funds	37,084		
Renewal and Replacements	1,244		
<b>Fund Balance:</b>		<b>Fund Balance:</b>	
Allocated	\$2,069,721	Allocated	\$1,227,296
Unallocated	107,487	Unallocated	46,253
Total as Above	<u>\$2,177,208</u>	Total as Above	<u>\$1,273,549</u>

**Analysis of Additions - Interest and Investment Income**

Interest and Investment Income	\$41,575
Net increase in the Fair Value of Investments	46,152
	<u>\$87,727</u>

**Analysis of Deductions - Transfers to:**

Designated Funds	\$103,947
	<u>\$103,947</u>

**Analysis of Additions - Gifts, Grants & Misc.**

Various - Sikes Lake	\$25,050
Wilson - Nursing	14,110
Insurance Proceeds	15,305
	<u>\$54,465</u>

Unaudited

SCHEDULE B-9  
MIDWESTERN STATE UNIVERSITY  
Schedule of Changes in Fund Balance  
Funds for Renewals and Replacements  
For the Year Ended August 31, 2001

	Fund Balance 09/01/00	Additions			Deductions			Fund Balance 08/31/01
		Transfers	Investment Income	Other	Expenditures			
					Capitalized	Non-Capital	Transfers	
<b>Higher Education Assistance Fund:</b>								
Parking Lot Repair	\$26,100				\$441			\$25,659
Stairtreads	2,050					\$1,285		765
Total Higher Education Assistance Fund	<u>28,150</u>				<u>441</u>	<u>1,285</u>		<u>26,424</u>
<b>Designated Fund:</b>								
South Campus Improvements	816						\$816	
Total Designated Fund	<u>816</u>						<u>816</u>	
<b>Renewal and Replacement Fund:</b>								
Board Restricted Reserve	565,199		\$66,740					631,939
Undesignated-General	(15,701)		15,668				1,244	(1,277)
Total Renewal and Replacement Fund	<u>549,498</u>		<u>82,408</u>				<u>1,244</u>	<u>630,662</u>
Total All Renewal & Replacement Funds	<u>\$578,464</u>		<u>\$82,408</u>		<u>\$441</u>	<u>\$1,285</u>	<u>\$2,060</u>	<u>\$657,086</u>

**Analysis of Deductions - Transfers**

Transfer to Unexpended Plant Funds	\$1,244
Transfer to Designated Funds	816
	<u>\$2,060</u>

**Analysis of Investment Income**

Interest and Investment Income	\$66,857
Net increase in the Fair Value of Investments	15,551
Total as Above	<u>\$82,408</u>

**Fund Balances Consist of:**

Unreserved-Allocated	\$26,424
Unreserved-Unallocated	630,662
Total as above	<u>\$657,086</u>

Unaudited

SCHEDULE B-10  
MIDWESTERN STATE UNIVERSITY  
Schedule of Changes in Fund Balance  
Funds for Retirement of Indebtedness  
For the Year Ended August 31, 2001

	Fund Balance 09/01/00	ADDITIONS		DEDUCTIONS			Fund Balance 08/31/01
		Transfers	Other Changes	Bonds Matured/ Refunded	Interest Expense	Transfers	
<b>RESTRICTED</b>							
<b>Revenue Bonds</b>							
Building Revenue and Refunding Bonds Series 1996	\$462,655	\$498,934	\$13,483	\$225,000	\$273,420	\$514	\$476,138
Tuition & General Fee Revenue Bonds Series 1998		976,111		565,000	410,188	923	
<b>General Obligation Bonds (H.E.A.F.)</b>							
Constitutional Appropriation Bonds Series 1996		930,800		895,000	35,800		
<b>Total Bonded Indebtedness</b>	<u>\$462,655</u>	<u>\$2,405,845</u>	<u>\$13,483</u>	<u>\$1,685,000</u>	<u>\$719,408</u>	<u>\$1,437</u>	<u>\$476,138</u>
<b>Total Retirement of Indebtedness Funds</b>	<u>\$462,655</u>	<u>\$2,405,845</u>	<u>\$13,483</u>	<u>\$1,685,000</u>	<u>\$719,408</u>	<u>\$1,437</u>	<u>\$476,138</u>

**Analysis of Additions - Mandatory Transfers From:**

Educational and General funds	\$1,692,361
Designated Funds	595,264
Pledged Auxiliary Funds	118,220
<b>Total Mandatory Transfers</b>	<u>\$2,405,845</u>

**Analysis of Deductions - Other Changes**

Agent Fees	\$410
Misc. Fund Deductions - Audit Fees	1,027
<b>Total Other Changes - Deductions</b>	<u>\$44,547</u>

**Analysis of Additions - Other Changes**

Net increase in the Fair Value of Investments	<u>\$13,483</u>
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Unaudited

SCHEDULE B-11  
MIDWESTERN STATE UNIVERSITY  
Schedule of Changes in Investment in Plant  
For the Year Ended August 31, 2001

	Total	Land	Buildings	Improvements Other Than Buildings	Equipment	Library Holdings	Construction in Progress
<u>Net Investment in Plant, September 1, 2000</u>	\$90,221,731						
Add: Investment in Plant Portion of Bonds Payable at September 1, 2000	14,995,000						
Lease-Purchase Agreements Payable at Sept. 1, 2000	784,355						
Carrying Value of Plant, September 1, 2000	<u>\$106,001,086</u>	<u>\$2,016,273</u>	<u>\$72,088,947</u>	<u>\$6,637,343</u>	<u>\$15,170,696</u>	<u>\$9,137,499</u>	<u>\$950,328</u>
<u>Additions:</u>							
From Expenditures:							
Educational and General Funds	348,131				26,173	321,958	
Designated Funds	94,089		1,490		88,469	4,130	
Auxiliary Enterprise Funds	103,929		19,348		84,581		
Restricted Current Funds	65,409		21,195		43,746	468	
Unexpended Plant Funds	2,248,387		540,754	1,166,247	541,386		
Funds for Renewal and Replacements:	441			441			
Other Additions:							
Lease Purchase Agreements	36,260				36,260		
Donations	39,683				39,683		
Prior Period Adjustment	30,750			16,745	14,005		
Total Additions	<u>2,967,079</u>		<u>582,787</u>	<u>1,183,433</u>	<u>874,303</u>	<u>326,556</u>	
<u>Deductions:</u>							
Building Deletions	2,970			2,970			
Library Holdings Deletions	27,238					27,238	
Equipment Sold and Equipment Deletions	665,761				665,761		
Total Deductions	<u>695,969</u>			<u>2,970</u>	<u>665,761</u>	<u>27,238</u>	
<u>Transfers: Additions (Deductions)</u>			<u>24,569</u>	<u>925,759</u>			<u>(950,328)</u>
<u>Carrying Value, August 31, 2001</u>	<u>\$108,272,196</u>	<u>\$2,016,273</u>	<u>\$72,696,303</u>	<u>\$8,743,565</u>	<u>\$15,379,238</u>	<u>\$9,436,817</u>	
Less: Investment in Plant Portion of Bonds Payable at August 31, 2001	13,310,000						
Lease-Purchase Agreements Payable at Aug. 31, 2001	696,328						
Net Investment in Plant, August 31, 2001	<u>\$94,265,868</u>						

Unaudited

SCHEDULE B-12  
MIDWESTERN STATE UNIVERSITY  
Schedule of Available University Fund  
For the Year Ended August 31, 2001

SCHEDULE NOT USED

(Not applicable - University of Texas System)

Unaudited

SCHEDULE B-13  
MIDWESTERN STATE UNIVERSITY  
Schedule of Transfers  
For the Year Ended August 31, 2001

<u>Funds Transferred From:</u>	Amount Transferred	<u>Funds Transferred To</u>									
		Educational and General	Designated	Auxiliary Enterprises	Restricted	Loan Funds	Endowment and Similar Funds	Unexpended	Renewals and Replacement	Retirement of Indebtedness	Agency Funds
<u>Educational &amp; General Funds:</u>											
Const Appr Bonds 96	\$930,800									\$930,800	
HEAF Approp	1,731,869							\$1,731,869			
TPEG - Non Resident	26,748		\$24,073			\$2,675					
TPEG -Resident	837,080		753,372			83,708					
Tuition Rev Bonds 98	761,561									761,561	
<b>Total Educational &amp; General</b>	<b>4,288,058</b>		<b>777,445</b>			<b>86,383</b>		<b>1,731,869</b>		<b>1,692,361</b>	
<u>Designated Funds:</u>											
ACM Programming	7					\$7					
Athletics	772,102			\$772,102							
BCI -BBGR Funding	8,429					8,429					
Clark Student Cntr	70,000			70,000							
Dallas Cowboys	396			396							
D.P. Bolin Piano Chair	12,132					12,132					
Faculty Papers	450					450					
General E&G	70,000	\$70,000									
General Fund	216,970							216,970			
General Unpledged	6,600			6,600							
HSR Bonds 96	380,714									380,714	
Intrnatl Recruiting	12,000					12,000					
MSU Math Inst. III	2,964					2,964					
Tuition Revenue Bonds 98	214,550									214,550	
<b>Total Designated Funds</b>	<b>1,767,314</b>	<b>70,000</b>		<b>849,098</b>		<b>35,982</b>		<b>216,970</b>		<b>595,264</b>	
<u>Auxiliary Funds:</u>											
Admissions Office	25,000		25,000								
College Fine Arts	400		400								
Enrollment Management	14,439		14,439								
General Fund	43,326							43,326			
HSR Bond 96	118,220									118,220	
OAS Grant	1,400					1,400					
President Inauguration	73,000		73,000								

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SCHEDULE B-13 (Continued)  
MIDWESTERN STATE UNIVERSITY  
Schedule of Transfers  
For the Year Ended August 31, 2001

<u>Funds Transferred From:</u>	Amount Transferred	Funds Transferred To								
		Educational and General	Designated	Auxiliary Enterprises	Restricted	Loan Funds	Endowment and Similar Funds	Unexpended	Renewals and Replacement	Retirement of Indebtedness
<u>Auxiliary Funds continued:</u>										
President's Reserve	\$3,000		\$3,000							
University Support	638		638							
Wai-Kun Yearbook	12,436		12,436							
Total Auxiliary Funds	291,859		128,913		\$1,400			\$43,326		\$118,220
<u>Restricted Funds:</u>										
Alpha Chi-Alph Gamm	3,500									\$3,500
Athletics	72,700			\$72,700						
Circle K	1,143									1,143
College Bowl	2,000		2,000							
College Liberal Arts	2,000		2,000							
College Science & Math	1,822		1,822							
Course Fees	140		140							
General Fee	3,083		3,083							
Grad Scholarships	14,188		14,188							
International Club	1,500									1,500
Le Club Francais	275									275
Mad Medics Scholarship	373						\$373			
MSU TV Studio	4,035		4,035							
Student Hsg Fee	2,800		2,800							
Total Restricted Funds	109,559		30,068	72,700				373		6,418
<u>Endowment Funds:</u>										
General Fund	37,084							37,084		
General Unpledged	450			450						
Geology Profssrshp	5,810				5,810					
Mansur	500				500					
Total Endowment Funds	43,844			450	6,310			37,084		
<u>Unexpended Plant Funds:</u>										
Computer Usage Fee	3,000		3,000							
General Fee	100,947		100,947							
Total Unexpended Plant Funds	103,947		103,947							

SCHEDULE B-13 (Continued)  
MIDWESTERN STATE UNIVERSITY  
Schedule of Transfers  
For the Year Ended August 31, 2001

<u>Funds Transferred From:</u>	<u>Funds Transferred To</u>										
Fund	Amount Transferred	Educational and General	Designated	Auxiliary Enterprises	Restricted	Loan Funds	Endowment and Similar Funds	Unexpended	Renewals and Replacement	Retirement of Indebtedness	Agency Funds
<u>Renewal &amp; Replacement</u>											
Student Hsg Fee	\$816		\$816								
<u>Total Renewal &amp; Replacement</u>	<u>816</u>		<u>816</u>								
<u>Agency Funds:</u>											
Nursing Fees	15,704		15,704								
Library Vending Oper	119			\$119							
Professional Outreach	500		500								
<u>Total Agency Funds</u>	<u>16,323</u>		<u>16,204</u>	<u>119</u>							
<u>Total Transfer Among Funds</u>	<u>\$6,621,719</u>	<u>\$70,000</u>	<u>\$1,057,392</u>	<u>\$922,367</u>	<u>\$43,692</u>	<u>\$86,383</u>	<u>\$373</u>	<u>\$2,029,249</u>		<u>\$2,405,845</u>	<u>\$6,418</u>

Unaudited

SCHEDULE C-1  
MIDWESTERN STATE UNIVERSITY  
Schedule of Current Funds Revenues  
For the Year Ended August 31, 2001

	Unrestricted			Restricted	Total
	Educational and General	Designated	Auxiliary Enterprises		
<b>Tuition and Fees:</b>					
Tuition	\$6,539,762			\$6,539,762	\$6,539,762
Designated-Local Tuition		\$3,472,085		3,472,085	3,472,085
Student Center/Union Fees		269,649	\$164,314	433,963	433,963
Student Service Fees			1,655,803	1,655,803	1,655,803
Laboratory Fees	103,234			103,234	103,234
Computer Usage Fees		724,348		724,348	724,348
Departmental Course Fees		819,860		819,860	819,860
Medical Services Fee			186,231	186,231	186,231
Wellness Center Fee		136,258		136,258	136,258
Publication Fees		66,193		66,193	66,193
Library Fee		26,939		26,939	26,939
Other Fees		15,169		15,169	15,169
Continuing Education	53,224	659,578		712,802	712,802
<b>Remissions and Exemptions:</b>					
Blind, deaf Students	3,952	3,586	1,633	9,171	9,171
Hazlewood	28,103	24,957	4,055	57,115	57,115
Foster Care	3,760	3,445	1,477	8,682	8,682
Highest Ranking High School Graduates	7,960	4,776		12,736	12,736
Other	2,174	5,442	49,178	56,794	56,794
Statutory Waiver of NonResident Status	3,547,169			3,547,169	3,547,169
Total Tuition and Fees	<u>10,289,338</u>	<u>6,232,285</u>	<u>2,062,691</u>	<u>18,584,314</u>	<u>18,584,314</u>
<b>State Appropriations:</b>					
General Revenue	20,132,804			20,132,804	20,132,804
Higher Education Assistance Funds	3,007,669			3,007,669	3,007,669
Total State Appropriations	<u>23,140,473</u>			<u>23,140,473</u>	<u>23,140,473</u>
<b>Federal Grants and Contracts:</b>					
Research					25,500
Other Programs					3,247,164
Recovery of Indirect Costs	47,023			47,023	47,023
Total Federal Grants and Contracts	<u>47,023</u>			<u>47,023</u>	<u>3,272,664</u>
<b>Fed.Pass-Thru Grants from Other Agencies:</b>					
Other Programs					198,351
					<u>198,351</u>
<b>State Grants and Contracts:</b>					
<b>State Pass-Thru Grants from Other Agencies:</b>					
Other Programs	313,086			313,086	257,369
					<u>570,455</u>
<b>Private Gifts, Grants and Contracts</b>		18,550	25,500	44,050	2,224,846
					<u>2,268,896</u>
<b>Endowment Income</b>					186,057
					<u>186,057</u>
<b>Sales &amp; Services of Educational Activities</b>		436,512		436,512	436,512
					<u>436,512</u>
<b>Sales &amp; Services of Auxiliary Enterprises</b>			4,125,940	4,125,940	4,125,940
					<u>4,125,940</u>
<b>Other Sources:</b>					
Interest Income	146,855	379,223	206,038	732,116	77,224
Increase in the Fair Value of Investments	13,981	159,805	105,047	278,833	26,838
Vending Commissions	37,064			37,064	37,064
Leases & Rentals	12,974			12,974	12,974
Mineral Royalties	3,859			3,859	3,859
Miscellaneous	51,060	326,792		377,852	11,513
Total Other Sources	<u>265,793</u>	<u>865,820</u>	<u>311,085</u>	<u>1,442,698</u>	<u>115,575</u>
<b>Total Current Fund Revenue (Exhibit C)</b>	<u>\$34,055,713</u>	<u>\$7,553,167</u>	<u>\$6,525,216</u>	<u>\$48,134,096</u>	<u>\$6,254,862</u>
					<u>\$54,388,958</u>

SCHEDULE C-2  
MIDWESTERN STATE UNIVERSITY  
Statement of Current Funds Expenditures by Object  
For the Year Ended August 31, 2001

	<u>Salaries and Wages</u>	<u>Other Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>
<b><u>Educational and General:</u></b>				
Instruction	\$12,831,102	\$2,923,480	\$17,566	\$15,772,148
Research	2,770	18,265	1,795	22,830
Academic Support	1,403,145	516,591	325,673	2,245,409
Student Services	1,090,950	345,658		1,436,608
Institutional Support	2,093,651	515,036	3,097	2,611,783
Operation and Maintenance of Plant	1,557,814	2,248,697		3,806,511
Scholarships and Fellowships		3,835,041		3,835,041
<b>Total Educational and General</b>	<b>18,979,432</b>	<b>10,402,767</b>	<b>348,131</b>	<b>29,730,330</b>
<b><u>Designated:</u></b>				
Instruction	664,057	1,511,134	46,879	2,222,070
Research				0
Public Service	76,044	116,518		192,562
Academic Support	54,871	222,451	8,251	285,573
Student Services	136,585	321,312	4,315	462,212
Institutional Support	166,856	724,819	34,644	926,319
Operation and Maintenance of Plant		21,654		21,654
Scholarships and Fellowships	9,652	1,001,996		1,011,648
<b>Total Designated</b>	<b>1,108,065</b>	<b>3,919,884</b>	<b>94,089</b>	<b>5,122,038</b>
<b><u>Auxiliary Enterprises:</u></b>				
<b>Total Auxiliary Enterprises</b>	<b>2,037,781</b>	<b>4,594,615</b>	<b>103,929</b>	<b>6,736,325</b>
<b><u>Restricted:</u></b>				
Instruction	368,404	199,383	22,603	590,390
Research	16,101	45,864	6,435	68,400
Public Service	263,673	213,308	10,715	487,696
Academic Support	61,845	193,953	13,310	269,108
Student Services	54,366	66,736	10,953	132,055
Institutional Support	105,151	88,323	1,393	194,867
Scholarships and Fellowships		4,483,617		4,483,617
Auxiliary Enterprises		10,184		10,184
<b>Total Restricted</b>	<b>869,540</b>	<b>5,301,368</b>	<b>65,409</b>	<b>6,236,317</b>
<b>Total Current Fund Expenditures (Exh. C)</b>	<b>\$22,994,818</b>	<b>\$24,218,634</b>	<b>\$611,558</b>	<b>\$47,825,010</b>

Unaudited

SCHEDULE C-3  
MIDWESTERN STATE UNIVERSITY  
Schedule of Unrestricted Current Fund Educational and General  
Expenditures by Object Classification  
For the Year Ended August 31, 2001

	Total	Salaries and Wages	Other Expenses	Capital Outlay
<b>Instruction:</b>				
College of Fine Arts				
Art	\$296,627	\$296,627		
Band Program	15,654	13,966	\$1,688	
Choir Program	232		232	
Mass Communication	301,383	300,592	791	
Music	419,537	419,537		
Theatre	197,785	197,785		
College of Liberal Arts				
BAAS Evening Trimester Program	63,280	63,280		
Criminal Justice	113,698	113,698		
English	1,092,444	1,081,201	2,745	\$8,498
Foreign Languages	392,810	392,810		
History	529,148	529,148		
Political Science	472,371	472,371		
Psychology	352,964	352,964		
Social Work	165,514	165,514		
Sociology	239,556	239,556		
College of Sciences and Mathematics				
Biology	600,345	550,716	49,629	
Chemistry	348,387	311,395	27,925	9,068
Computer Science	448,350	448,350		
Geology	127,701	127,686	16	
Manufacturing Engineering Technology	199,563	199,533	30	
Mathematics	793,833	793,833		
Physics	151,072	151,072		
Planetarium	1,356	1,320	36	
College of Health and Human Services				
Dental Hygiene	195,717	195,717		
Health & Public Administration	73,538	70,358	3,180	
Nursing	901,550	901,550		
Radiologic Science	511,051	511,051		
Respiratory Care	145,361	145,361		
College of Business Administration				
Accounting	268,744	268,744		
Business Administration	344,491	344,491		
Business Computer Information Systems	307,437	307,437		
Economics/Finance	493,225	493,225		
Management/Marketing	595,131	591,631	3,500	
College of Education				
Continuing Education	79,786	79,541	245	
Education	927,291	919,104	8,187	
Kinesiology	483,159	483,159		
Physical Training	274,025	274,025		
Computer Related Instruction	181,304	10,664	170,640	
State College Work Study	12,091	12,091		
Staff Benefits	2,654,637		2,654,637	
<b>Total Instruction</b>	<b>15,772,148</b>	<b>12,831,102</b>	<b>2,923,480</b>	<b>17,566</b>
<b>Research:</b>				
College of Business Administration	3,480	588	1,097	1,795
College of Education	4,680		4,680	
College of Fine Arts	4,412	451	3,961	
College of Liberal Arts	6,436	1,731	4,705	
College of Science and Mathematics	3,823		3,823	
<b>Total Research</b>	<b>22,831</b>	<b>2,770</b>	<b>18,265</b>	<b>1,795</b>

Unaudited

SCHEDULE C-3 (Continued)  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Unrestricted Current Fund Educational and General  
 Expenditures by Object Classification  
 For the Year Ended August 31, 2001

	Total	Salaries and Wages	Other Expenses	Capital Outlay
<b>Academic Support:</b>				
Academic Affairs	\$211,439	\$211,439		
College Administration	503,657	473,659	\$29,998	
Cooperative Education	43,943	43,943		
Libraries	1,092,831	577,944	189,213	\$325,673
SAFB Programs Office	31,752	31,752		
Outreach	79,316	64,408	14,908	
Staff Benefits	282,472		282,472	
<b>Total Academic Support</b>	<b>2,245,409</b>	<b>1,403,145</b>	<b>516,591</b>	<b>325,673</b>
<b>Student Services:</b>				
Admissions	205,151	205,151		
Career Services				
Dean of Students	92,532	92,532		
Enrollment Management	70,644	70,644		
Financial Aid Office	226,725	226,725		
Honors Program	4,000	4,000		
Registrar's Office	489,895	394,895	95,000	
Testing Services	97,003	97,003		
Staff Benefits	250,658		250,658	
<b>Total Student Services</b>	<b>1,436,608</b>	<b>1,090,950</b>	<b>345,658</b>	
<b>Institutional Support:</b>				
Business Office	356,506	286,506	70,000	
Information Systems	(21,923)	408,717	(430,640)	
Institutional Memberships	23,580		23,580	
Institutional Research and Planning	65,077	65,077		
Internal Audit	50,612	50,612		
Payroll	91,672	91,672		
Personnel	150,660	150,660		
President's Office	172,013	171,550	463	
Printing Service	7,446	94,753	(87,307)	
Public Information Office	65,879	65,879		
Public Safety	189,698	174,664	15,034	
Purchasing	113,527	112,417	1,110	
Special Development Service	45,359	45,359		
Telephone Service	103,034	82,453	17,483	3,098
Vice-Pres. of Administrative Affairs	141,096	141,096		
Vice-Pres. of Business Affairs	156,369	152,236	4,133	
Staff Benefits	901,179		901,179	
<b>Total Institutional Support</b>	<b>2,611,783</b>	<b>2,093,651</b>	<b>515,035</b>	<b>3,098</b>
<b>Operation and Maintenance of Plant:</b>				
Building Maintenance	461,419	341,760	119,659	
Custodial Services	576,727	524,754	51,972	
General Services-Administration	112,435	103,617	8,817	
General Services-Maintenance	134,240	95,942	38,298	
General Services-Planning	990	16	974	
Grounds Maintenance	194,854	162,520	32,334	
Purchased Utilities	1,448,640		1,448,640	
Utilities Maintenance	393,606	329,204	64,402	
Staff Benefits	483,600		483,600	
<b>Total Operation and Maintenance of Plant</b>	<b>3,806,511</b>	<b>1,557,814</b>	<b>2,248,697</b>	
<b>Scholarships and Fellowships:</b>				
Scholarships	5,866		5,866	
TEXAS Grants	236,057		236,057	
Tuition and Fee Remissions and Exemptions	3,593,118		3,593,118	
<b>Total Scholarships and Fellowships</b>	<b>3,835,041</b>		<b>3,835,041</b>	
<b>Total Unrestricted Current Fund Educational and General Expenditures</b>	<b>\$29,730,330</b>	<b>\$18,979,432</b>	<b>\$10,402,767</b>	<b>\$348,131</b>

Unaudited

SCHEDULE D-1  
MIDWESTERN STATE UNIVERSITY  
Schedule of Bonds Payable  
And Debt Service Requirements  
For the Year Ended August 31, 2001

D-1a: Miscellaneous Bond Information

<u>Description</u>	Bonds Issued <u>To Date</u>	Range of Interest <u>Rates</u>	<u>Maturities</u>		
			<u>First Year</u>	<u>Last Year</u>	<u>First Call Date</u>
<b>Tuition &amp; General Fee Revenue Bonds:</b> Series 1998	\$9,860,000	3.45% - 5.10%	1998	2018	12-01-08
<b>Constitutional Appropriation Bonds:</b> Series 1996	4,035,000	4.00% - 5.75%	1997	2001	NONE
<b>Building Revenue &amp; Refunding Bonds:</b> Series 1996	5,850,000	4.00% - 5.50%	1997	2016	06-01-06
	<u>\$19,745,000</u>				

D-1b: Changes in Bonded Indebtedness

<u>Description</u>	Bonds Outstanding <u>Sept. 1, 2000</u>	Bonds Issued	Bonds Matured	Bonds Refunded or Extinguished	Bonds Outstanding <u>Aug. 31, 2001</u>
	<b>Tuition &amp; General Fee Revenue Bonds:</b> Series 1998	\$8,995,000		\$565,000	
<b>Constitutional Appropriation Bonds:</b> Series 1996	895,000		895,000		0
<b>Building Revenue &amp; Refunding Bonds:</b> Series 1996	5,105,000		225,000		4,880,000
	<u>\$14,995,000</u>	<u>\$0</u>	<u>\$1,685,000</u>	<u>\$0</u>	<u>\$13,310,000</u>

D-1c: Debt Service Requirements

<u>Description</u>	<u>Fiscal Year Ending August 31,</u>					<u>All Other Years</u>	<u>Total Requirement</u>
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>		
<b>Tuition &amp; General Fee Revenue Bonds:</b> Series 1998	\$698,200	\$698,948	\$702,447	\$700,073	\$698,520	\$9,099,594	\$12,597,782
<b>Building Revenue &amp; Refunding Bonds:</b> Series 1996	497,620	496,105	498,855	495,855	497,085	4,706,410	7,191,930
	<u>\$1,195,820</u>	<u>\$1,195,053</u>	<u>\$1,201,302</u>	<u>\$1,195,928</u>	<u>\$1,195,605</u>	<u>\$13,806,004</u>	<u>\$19,789,712</u>

Unaudited

SCHEDULE D-2  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Analysis of Funds Available for Debt Service  
 For General Obligation Bonds Outstanding  
 For the Year Ended August 31, 2001

Description	Beginning Balance Available For Debt Service Sept. 1, 2000	Sources of Funds				
		Pledged Sources		Other Sources		
		Interest Earned on Pledged Sources	Other Pledged Sources	Operating Transfers	General Revenue Fund	Total Sources Available
Constitutional Appropriation Bonds: Series 1996	\$0				\$930,800	\$930,800

SCHEDULE D-2A  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Analysis of Funds Available for Debt Service  
 For Revenue Bonds Outstanding  
 For the Year Ended August 31, 2001

Description	Pledged Revenues and Related Expenditures					
	Operating Revenues	Interest Earned on Pledged Sources	Other Pledged Sources	Total Pledged Sources	Other Sources Refunding Bond Proceeds	Operating Expenditures
Building Revenue & Refunding Bonds: Series 1996	\$3,664,177	\$316,938	\$1,552,042	\$5,533,157		\$3,684,636
Tuition & General Fee Revenue Bonds: Series 1998			28,984,466	28,984,466		
	\$3,664,177	\$316,938	\$30,536,508	\$34,517,623	\$0	\$3,684,636

Application of Funds					Ending Balance Available for Debt Service at Aug. 31, 2001	
<u>Principal</u>	<u>Interest</u>	<u>Refunded or Extinguished</u>	<u>Other Application of Funds</u>	<u>Total Application of Funds</u>	<u>Minimum Required</u>	<u>Actual Balance</u>
\$895,000	\$35,800			\$930,800	n/a	\$0

Debt Service					Restricted Account Balances			
<u>Capital Outlay</u>	<u>Net Available for Debt Service</u>	<u>Refunded or Extinguished</u>	<u>Debt Service Principal</u>	<u>Debt Service Interest</u>	<u>Interest and Sinking Funds</u>		<u>Bond Reserve Fund</u>	
					<u>Required</u>	<u>Actual</u>	<u>Required</u>	<u>Actual</u>
\$42,500	\$1,806,021		\$225,000	\$273,420	n/a		\$477,118	\$477,118
	28,984,466		565,000	410,188	n/a		n/a	
\$42,500	\$30,790,487	\$0	\$790,000	\$683,608	\$0	\$0	\$477,118	\$477,118

Unaudited

SCHEDULE D-3  
MIDWESTERN STATE UNIVERSITY  
Schedule of Defeased Bonds Outstanding  
For the Year Ended August 31, 2001

SCHEDULE NOT USED

(Not applicable - No Defeased Bonds Outstanding)

Unaudited

SCHEDULE D-4  
 MIDWESTERN STATE UNIVERSITY  
 Schedule of Higher Education Assistance Funds  
 For the Year Ended August 31, 2001

	<u>Total</u>	Current Funds	Plant Funds		<u>Retirement Of Indebtedness</u>
		<u>Educational &amp; General</u>	<u>Unexpended</u>	<u>Renewal &amp; Replacement</u>	
Balance, September 1, 2000	\$1,047,089		\$1,018,939	\$28,150	
<u>Revenues:</u>					
Appropriations	3,007,669	\$3,007,669			
Auto Proceeds	15,305		15,305		
Total Revenues	<u>3,022,974</u>	<u>3,007,669</u>	<u>15,305</u>		
<u>Expenditures:</u>					
Capital Outlay	1,592,040		1,591,599	441	
Library Books	339,866	339,866			
Non-Capital Items	391,358		390,073	1,285	
Interest on Debt	35,800				\$35,800
Bond Principal Payments	895,000				895,000
Total Expenditures	<u>3,254,064</u>	<u>339,866</u>	<u>1,981,672</u>	<u>1,726</u>	<u>930,800</u>
<u>Transfers:</u>					
Mandatory-Debt Service		(930,800)			930,800
Non-Mandatory		(1,731,869)	1,731,869		
Total Transfers		<u>(2,662,669)</u>	<u>1,731,869</u>		<u>930,800</u>
Balance - August 31, 2001	<u>\$815,999</u>	<u>\$5,134</u>	<u>\$784,441</u>	<u>\$26,424</u>	
<u>Balances Consist of:</u>					
Encumbrances	\$546,532	\$5,113	\$541,419		
Allocated for HEAF Projects	269,467	21	243,022	\$26,424	
Total	<u>\$815,999</u>	<u>\$5,134</u>	<u>\$784,441</u>	<u>\$26,424</u>	

Unaudited

SCHEDULE D-5  
MIDWESTERN STATE UNIVERSITY  
Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2001

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Pass-Through From			Univ Amount	Dif. Between Exh. B & C	Univ Amount	Non-St. A Amount
		ID #	Agy #	Univ #				
<b>Student Financial Assistance Cluster</b>								
<u>U.S. Department of Education</u>								
Direct Programs:								
--Federal Supplemental Educational Opportunity Grant Program	84.007							
--Federal Work Study Program	84.033							
--Federal PELL Grant Program	84.063							
--Federal Family Education Loan Program	84.032							
--Federal Perkins Loan Program	84.038							
--Upward Bound	84.047							
<b>Total Student Financial Assistance Cluster Programs</b>								
<b>Other Clusters</b>								
<u>U.S. Department of Education</u>								
Pass Through from Texas Higher Education Coordinating Board - Eisenhower Higher Ed Grants	84.168		781		\$34,144	\$33,886		
<u>U.S. Department of Health &amp; Human Services</u>								
Pass-Through from Texas Tech Health Sciences Center - Nurse Practitioner and Nurse Midwifery Program	93.298			739			6,770	
<u>National Endowment for the Humanities</u>								
Direct Program - Translation	06.000							
<u>Small Business Administration</u>								
Pass-Through from Texas Tech - Small Business Development Center	59.037			733			123,551	
<b>Research and Development Cluster</b>								
<u>National Science Foundation</u>								
--Computer Science Research Project	47.070							
<b>Total Federal Financial Assistance</b>					<u>\$34,144</u>	<u>\$33,886</u>	<u>\$130,321</u>	<u>\$0</u>
<b>Note 1: Reconciliation</b>								
Federal Revenues - per Exhibit C:								
Federal Grants and Contracts - Restricted						\$3,272,664		
Administrative Cost Recovery - Unrestricted (Indirect Cost Recoveries)						47,023		
						<u>3,319,687</u>		
Federal Pass-Through Grants from Other State Agencies						164,465		
Reconciling items:								
Difference Between Exh. C and Exh. B Revenue						<u>33,886</u>		
<b>Total Federal Pass-Through Grants from Other State Agencies</b>						<u>198,351</u>		
<b>Total Federal Revenues per Exhibit C</b>						<u>3,518,038</u>		
Reconciling items: Add								
Federal Family Education Loans Processed						7,900,984		
Federal Perkins Loans Processed						13,390		
						<u>\$11,432,412</u>		

Direct Program	Total Pass-Through From & Direct Program	Pass-Through To		Expenditures	Total Pass-Through To and Expenditures
		Agy #/ Univ. #	State Entities		
\$163,003	\$163,003			\$163,003	\$163,003
90,684	90,684			90,684	90,684
2,762,697	2,762,697			2,762,697	2,762,697
7,900,984	7,900,984			7,900,984	7,900,984
13,390	13,390			13,390	13,390
265,803	265,803			265,803	265,803
<u>11,196,561</u>	<u>11,196,561</u>			<u>11,196,561</u>	<u>11,196,561</u>
	68,030			68,030	68,030
	6,770			6,770	6,770
12,000	12,000			12,000	12,000
	123,551			123,551	123,551
25,500	25,500			25,500	25,500
<u>\$11,234,061</u>	<u>\$11,432,412</u>		\$0	<u>\$11,432,412</u>	<u>\$11,432,412</u>

Note 2: Student Loans Processed and Administrative Costs Recovered

Federal Grantor/CFDA #/Program Name	New Loans Processed	Admin. Costs Recovered	Total Loans Pro- cessed & Admin. Costs Recovered	Ending Balances Of Previous Years' Loans
U.S. Department of Education				
84.032 Federal Family Education Loan Program	\$7,900,984		\$7,900,984	
84.038 Federal Perkins Loan Program	13,390		13,390	\$99,976
Total Department of Education	<u>\$7,914,374</u>		<u>\$7,914,374</u>	<u>\$99,976</u>

Unaudited

SCHEDULE D-6  
MIDWESTERN STATE UNIVERSITY  
Schedule of Medical Services, Research and Development Plan  
For the Year Ended August 31, 2001

SCHEDULE NOT USED

(Not applicable)

SCHEDULE D-10  
MIDWESTERN STATE UNIVERSITY  
For the year ended August 31, 2001

FY 2001 Agency Report of Recycled, Remanufactured and Environmentally Sensitive Purchases		
Agency No. <u>735</u>	Agency Name: <u>Midwestern State University</u>	
Point of Contact: _____ Phone Number: _____ E-Mail Address: _____		
E1, E2, or E3	Description	Total Expenditures
Total E1 Including 1 <sup>st</sup> Choice	Recycled	\$ 13,891
Total E2 Including 1 <sup>st</sup> Choice	Remanufactured	\$ none
Total E3 Including 1 <sup>st</sup> Choice	Environmentally Sensitive	\$ none
<b>Total of E1, E2 and E3 includes Recycled 1<sup>st</sup> Choice Targeted Totals</b>		<b>\$</b>

FY 2001 1 <sup>st</sup> Choice Targeted Commodities	Expenditures			% Spent on 1 <sup>st</sup> Choice Products 100 * [A/(A+B)]
	1 <sup>st</sup> Choice Products (A)	Virgin Counterpart (B)	Total (A+B)	
Motor Oil & Lubricants *	\$ none	\$ none	\$	%
Toilet Paper, Toilet Seat Covers & Paper Towels	\$ 13,891	\$	\$ 13,891	100 %
Printing Paper, Copier Paper & Computer Paper *	\$ none	\$ none	\$	%
Business Envelopes *	\$ none	\$ none	\$	%
<b>Total 1<sup>st</sup> Choice Targeted Commodities</b>	<b>\$ 13,891</b>	<b>\$</b>	<b>\$ 13,891</b>	<b>100 %</b>
Summary of Total Number of Justification Letters	Total Cost	Total Quality	Total Not Available	Total Other
Motor Oil & Lubricants				
Toilet Paper, Toilet Seat Covers & Paper Towels				
Printing Paper, Copier Paper & Computer Paper				
Business Envelopes				
<b>Total Number(s)</b>				

\* not purchased with state appropriated funds

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APPENDIX C  
FORM OF BOND COUNSEL OPINION

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*[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.]*

[Closing Date]

**TEXAS PUBLIC FINANCE AUTHORITY  
MIDWESTERN STATE UNIVERSITY REVENUE FINANCING SYSTEM  
REVENUE BONDS, SERIES 2002  
\$8,965,000**

**WE HAVE EXAMINED** into the validity of the referenced issue of bonds (the "Bonds"), being issued by the Texas Public Finance Authority (the "Authority") on behalf of the Board of Regents (the "Board") of Midwestern State University (the "University"). The Bonds shall be dated June 15, 2002, numbered consecutively from R-1 upward, and shall bear interest from their date, until maturity or redemption prior to maturity, at the following rates per annum:

maturities 2002, 4.000 %	maturities 2012, 4.500 %
maturities 2003, 4.000 %	maturities 2013, 4.250 %
maturities 2004, 4.000 %	maturities 2014, 4.350 %
maturities 2005, 4.000 %	maturities 2015, 4.450 %
maturities 2006, 4.000 %	maturities 2016, 4.550 %
maturities 2007, 4.000 %	maturities 2017, 4.650 %
maturities 2008, 4.000 %	maturities 2018, 4.750 %
maturities 2009, 4.125 %	maturities 2019, 4.850 %
maturities 2010, 4.250 %	maturities 2020, 5.000 %
maturities 2011, 4.250 %	maturities 2021, 5.000 %

payable on December 1, 2002, and semiannually thereafter on each June 1 and December 1 and with said Bonds maturing serially on December 1 in each of the years 2002 through 2021, inclusive. The Bonds are subject to redemption prior to maturity, on the dates and at the prices specified on the face of the Bonds, all in accordance with the resolutions of the Authority and the Board authorizing the issuance of such Bonds (collectively, the "Bond Resolution"). Terms used herein and not otherwise defined shall have the meaning given in the Bond Resolution.

**WE HAVE ACTED AS BOND COUNSEL** for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and statutes of the State of Texas, and with respect to the exclusion of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the financial condition or capabilities of the Authority, the Board or the University, and have not assumed any responsibility with respect thereto. We have relied solely on representations by officials of the Board or the University as to the availability and sufficiency of the Pledged Revenues of the Board.

**WE HAVE EXAMINED** the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Board relating to the authorization, issuance, sale, and delivery of the Bonds, including the Bond Resolution, certificates and opinions of officials of the Board, and other pertinent instruments relating to the issuance of the Bonds. We have also examined one of the executed Bonds which we found to be in due form and properly executed. We express no opinion with respect to any statement of insurance that may appear on the Bonds.

**BASED ON SAID EXAMINATION, IT IS OUR OPINION** that the Bonds have been duly authorized, issued, and delivered in accordance with law; that, except as may be limited by laws applicable to the Authority or the Board relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights, the covenants and provisions in the Bond Resolution constitute valid and legally binding special obligations of the Authority, issued on behalf of the Board; and that the Bonds constitute valid and legally binding special obligations secured by and payable

from, a lien on and pledge of the Pledged Revenues, such lien on and pledge of the Pledged Revenues being subordinate only to the lien on and pledge of the Pledged Revenues securing the Outstanding Revenue Bonds.

**THE REGISTERED OWNERS** of the Bonds shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation.

**THE AUTHORITY AND THE BOARD** have reserved the right, subject to the restrictions stated in the resolution authorizing the Bonds, to issue additional parity revenue bonds which also may be secured by and made payable from a first lien on and pledge of the aforesaid Pledged Revenues.

**IT IS FURTHER OUR OPINION**, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, and assume compliance by the Authority and the Board with, certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon failure by the Authority or the Board to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

**WE CALL YOUR ATTENTION TO THE FACT** that for taxable years beginning after December 31, 1986, the interest on tax-exempt obligations, such as the Bonds will be (a) included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by Section 55 of the Code, (b) subject to the branch profits tax imposed on foreign corporations by Section 884 of the Code, and (c) included in the passive investment income of a Subchapter S corporation and subject to the tax imposed by Section 1375 of the Code.

**EXCEPT AS STATED ABOVE**, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds.

**OUR SOLE ENGAGEMENT** in connection with the issuance of the Bonds is as Bond Counsel for the Authority, and, in that capacity, we have been engaged by the Authority for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Authority, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Authority and the Board. Our role in connection with the Authority's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described herein.

Respectfully,

APPENDIX D  
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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**FINANCIAL  
SECURITY  
ASSURANCE®**

**MUNICIPAL BOND  
INSURANCE POLICY**

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No.: -N

Effective Date:

Premium: \$

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By \_\_\_\_\_

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.  
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)





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