MIDDLE TENNESSEE STATE UNIVERSITY

Financial Report

for the year ended June 30, 2023

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Middle Tennessee State University

Financial Report

For the year ended June 30, 2023

Vice President for Business and Finance
Cope Administration Building, Room 119
1301 East Main Street
Murfreesboro, Tennessee 37132
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MIDDLE TENNESSEE STATE UNIVERSITY.

December 14, 2023

Dr. Sidney A. McPhee
President
Middle Tennessee State University
Murfreesboro, TN 37132

Dear Dr. McPhee:

I am transmitting the annual Financial Report for the fiscal year ended June 30, 2023.

This report has been prepared in accordance with accounting principles generally accepted in the United States of America. The Financial Report has not been audited. The last audit by the State Comptroller's Office was completed as of June 30, 2022. An audit is currently in progress for the fiscal year ended June 30, 2023.

Sincerely,

Alan R. Thomas
Vice President for Business and Finance

Enclosures

MIDDLE TENNESSEE STATE UNIVERSITY

FINANCIAL REPORT

For the Year Ended June 30, 2023

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Management's Discussion and Analysis
For the Year Ended June 30, 2023

This section of Middle Tennessee State University's annual financial report presents a discussion and analysis of the financial performance of the University during the fiscal year ended June 30, 2023, with comparative information presented for the fiscal years ended June 30, 2022. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the financial statements and notes. The financial statements, notes, and this discussion are the responsibility of management.

The University has one discretely presented component unit, the Middle Tennessee State University Foundation. More detailed information about the Foundation is presented in Note 22 to the financial statements. This discussion and analysis focuses on the University and does not include the Foundation.

Overview of the Financial Statements

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The financial statements are presented on a consolidated basis to focus on the University as a whole. The full scope of the University's activities is considered to be a single business-type activity, and accordingly, is reported within a single column in the basic financial statements.

The University's financial report includes the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Notes to the financial statements are also presented to provide additional information that is essential to a full understanding of the financial statements.

The Statement of Net Position

The Statement of Net Position is a point-in-time financial statement. The Statement of Net Position presents the financial position of the University at the end of the fiscal year. To aid the reader in determining the University's ability to meet immediate and future obligations, the statement includes all assets, liabilities, deferred outflows/inflows, and net position of the University and segregates the assets and liabilities into current and noncurrent components. Current assets are those that are available to satisfy current liabilities, inclusive of assets that will be converted to cash within one year. Current liabilities are those that will be paid within one year. The Statement of Net Position is prepared under the accrual basis of accounting; assets and liabilities are recognized when goods or services are provided or received despite when cash is actually exchanged.

From the data presented, readers of the statement are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes vendors, lenders, and others. Net position represents the difference between the University's assets and liabilities, along with the difference between deferred outflows and deferred inflows and is one indicator of the University's current financial condition.

The Statement of Net Position also indicates the availability of net position for expenditure by the University. Net position is divided into three major categories. The first category, net investment in capital assets, represents the University's total investment in property, plant, and equipment, net of outstanding debt obligations related to these capital assets. To the extent debt or deferred inflows of resources has been incurred but not yet expended for capital assets, such amounts are not included. The next category is restricted net position, which is sub-divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position includes endowment and similar resources whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity. Expendable restricted net position is available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the resources. The final category is unrestricted net position. Unrestricted net position is available to the University for any lawful purpose of the University.

The following table summarizes the University's assets, liabilities, deferred outflows/ inflows, and net position at June 30, 2023, and June 30, 2022.

Summary of Net Position
(in thousands of dollars)

	2023	2022
Assets:		
Current assets	$ 90,496	$ 93,736
Capital assets, net	574,154	563,158
Other assets	111,716	119,977
Total assets	776,366	776,871
Deferred outflows of resources		
Deferred loss on debt refunding	3,114	3,734
Deferred outflows - OPEB	7,122	6,764
Deferred outflows - pensions	29,723	28,929
Total deferred outflows	39,959	39,427
Liabilities:		
Current liabilities	60,914	58,359
Noncurrent liabilities	182,626	161,377
Total liabilities	243,540	219,736

Deferred inflows of resources		
Deferred gain on debt refunding	1,588	1,804
Deferred inflows - OPEB	7,432	9,677
Deferred inflows - pensions	1,829	48,090
Total deferred inflows	10,849	59,571
Net Position:		
Net investment in capital assets	428,324	414,206
Restricted - nonexpendable	1,125	1,065
Restricted - expendable	10,371	24,660
Unrestricted	122,116	97,060
Total net position	$ 561,936	$ 536,991

The University had the following significant changes between fiscal years on the statement of net position:

- Deferred outflows related to pensions decreased $6.4 million. This decrease is primarily the result of the prior fiscal year one-time allocation made from the state to the Closed State and Higher Education Employee Pension plan ($5.1 million) increasing deferred outflows in fiscal year 2022, as well as the net impact of differences between experience and changes in assumptions underlying the actuarial valuation for fiscal year 2023. Detailed information related to pension plans is presented in Note 13 to the financial statements.

- Noncurrent liabilities increased by $21.2 million, primarily due to the resulting $24.3 million net pension liability recorded this fiscal year. This change from the prior fiscal year net pension asset to the current net pension liability is mainly due to the unfavorable investment earnings recorded to the pension plan fiduciary net position determined by an actuarial valuation as of June 30, 2022. Detailed information regarding the university's proportionate share of net pension liabilities is presented in Note 13 to the financial statements.

- Deferred inflows related to OPEB decreased $2.2 million due to unfavorable changes in earnings on plan investments. Differences between actual and projected investment earnings recorded for fiscal year 2023 was a deferred outflow of $2.3 million resulting in an aggregated net deferred outflow of resources balance for fiscal year 2023 in accordance with GASB 68 requirements. Additional information regarding OPEB is presented in Note 15 to the financial statements.

- Deferred inflows related to pensions decreased $46.3 million. Again, this decrease is due to a $33.4 million unfavorable change in projected and actual earnings in pension plan investments as reported in the Tennessee Consolidated Retirement System actuarial valuation funding report as of June 30, 2022. Previously established deferred inflows of $32.9 million for net difference between projected and actual earnings on investments have been aggregated and reported in net deferred outflows for this fiscal year.

Additional information about pension plans is presented in Note 13 to the financial statements.

- ♦ Restricted - expendable net position decreased $14.3 million primarily due to the $13.7 million decrease in net pension assets.

The Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the results of operations for the fiscal year. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received. The statement indicates whether the University's financial condition has improved or deteriorated during the fiscal year. The statement presents the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, operating and nonoperating, and any other revenues, expenses, gains, or losses received or spent by the University.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided directly to the payor. Although Middle Tennessee State University is dependent upon state appropriations and gifts to fund educational and general operations, under GASB standards these funding sources are reported as nonoperating revenues, as is investment income. As a result, the University has historically reported an excess of operating expenses over operating revenues, resulting in an operating loss. Therefore, the "increase in net position" is more indicative of overall financial results for the year.

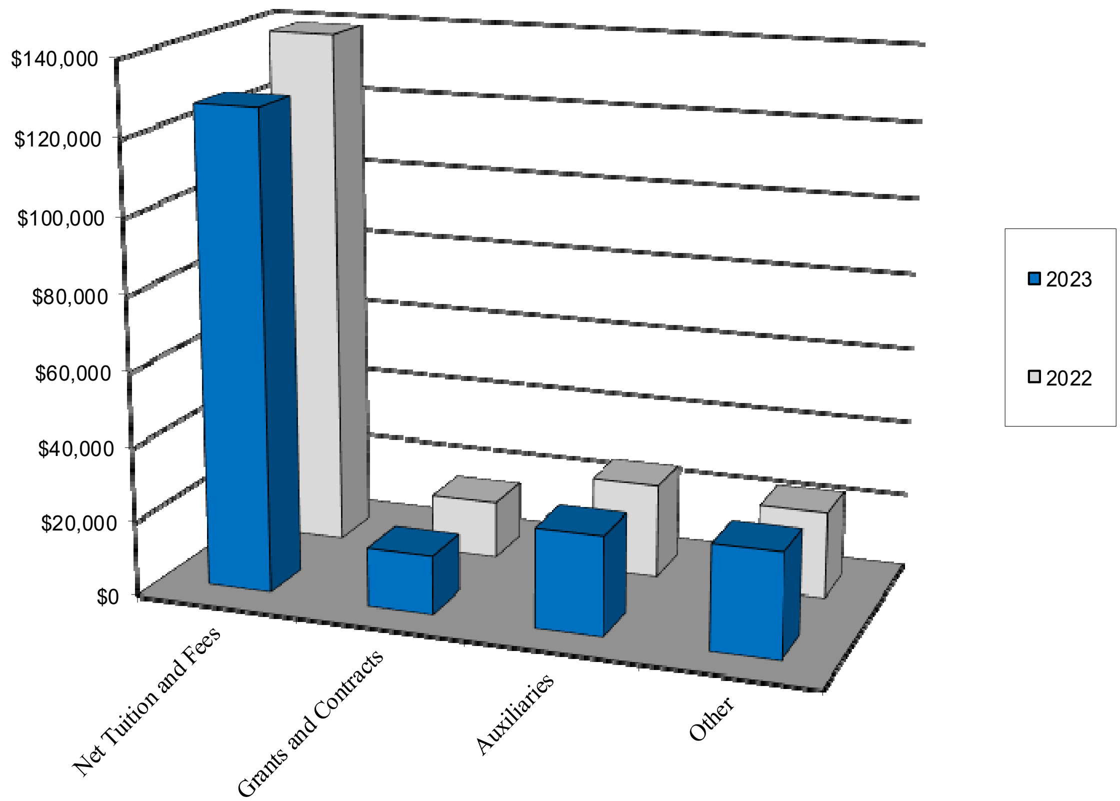
A summary of the University's revenues, expenses, and changes in net position for the year ended June 30, 2023, and June 30, 2022, follows.

Summary of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)

	2023	2022
Operating revenues	$ 197,307	$ 202,251
Operating expenses	423,487	409,790
Operating loss	(226,180)	(207,539)
Nonoperating revenues and expenses	233,356	236,538
Income (loss) before other revenues, expenses, gains, or losses	7,176	28,999
Other revenues, expenses, gains, or losses	17,769	33,738
Increase in net position	24,945	62,737
Net position at beginning of year, as originally reported	536,991	474,254
Net Position at end of year	$ 561,936	$ 536,991

Operating Revenues

The following summarizes the operating revenues by source that were used to fund operating activities for the last two fiscal years (in thousands of dollars):



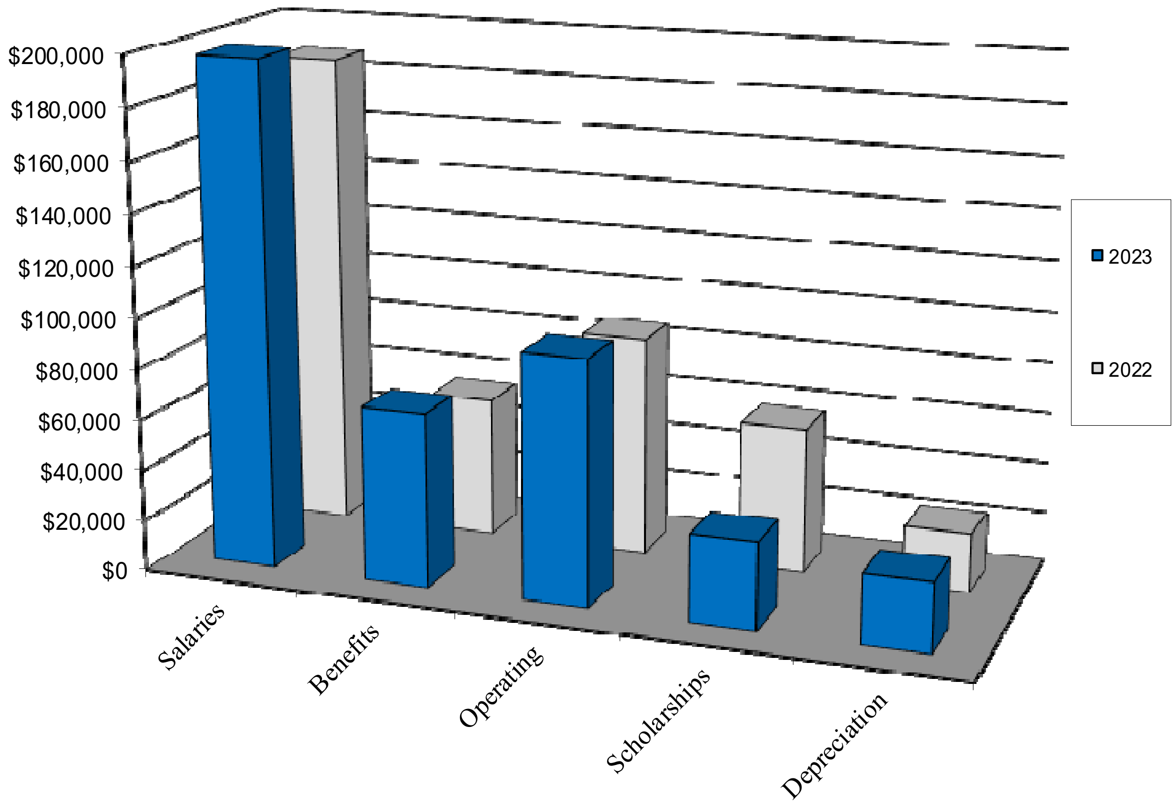
The University had the following significant changes in revenues between fiscal years:

- Net tuition and fees (net of scholarship allowances) decreased $11.7 million. An enrollment decline of 4.34% full-time equivalencies (FTE), coupled with no increase in tuition rates for the year, resulted in total tuition and fees decreasing $8.2 million. Additionally, scholarship allowances increased $3.5 million.

- Other operating revenues increased $5.0 million, mainly due to a $3.9 million increase attributable to activities and events in the areas of intercollegiate athletics in conference distributions, game guarantees, ticket sales, and advertising.

Operating Expenses

Operating expenses may be reported by nature or function. The University has chosen to report the expenses in their natural classification on the Statement of Revenues, Expenses, and Changes in Net Position and has displayed the functional classification in the notes to the financial statements. The following summarizes the operating expenses by natural classifications for the last two fiscal years (in thousands of dollars):



The University had the following significant changes in operating expenses between fiscal years:

- Salaries and wages increased $10.3 million. With the approval of the Board of Trustees, an across-the-board increase of 2%, or $1,000, whichever was greater, was effective July 1, 2022. Also approved by the Board was a 23.5% calculated market adjustment effective July 1, 2022, for administrative and classified employees and August 1, 2022, for faculty.

- Benefits increased by $12.9 million primarily for a couple of reasons. First, pension expense recognized for the fiscal year ended increased $8.8 million. And second, 401k match increased $1.1 million due to State Legislature changed funding to a 2:1 match for every $1 of eligible employee's contribution up to $50 during the 2023 fiscal year only.

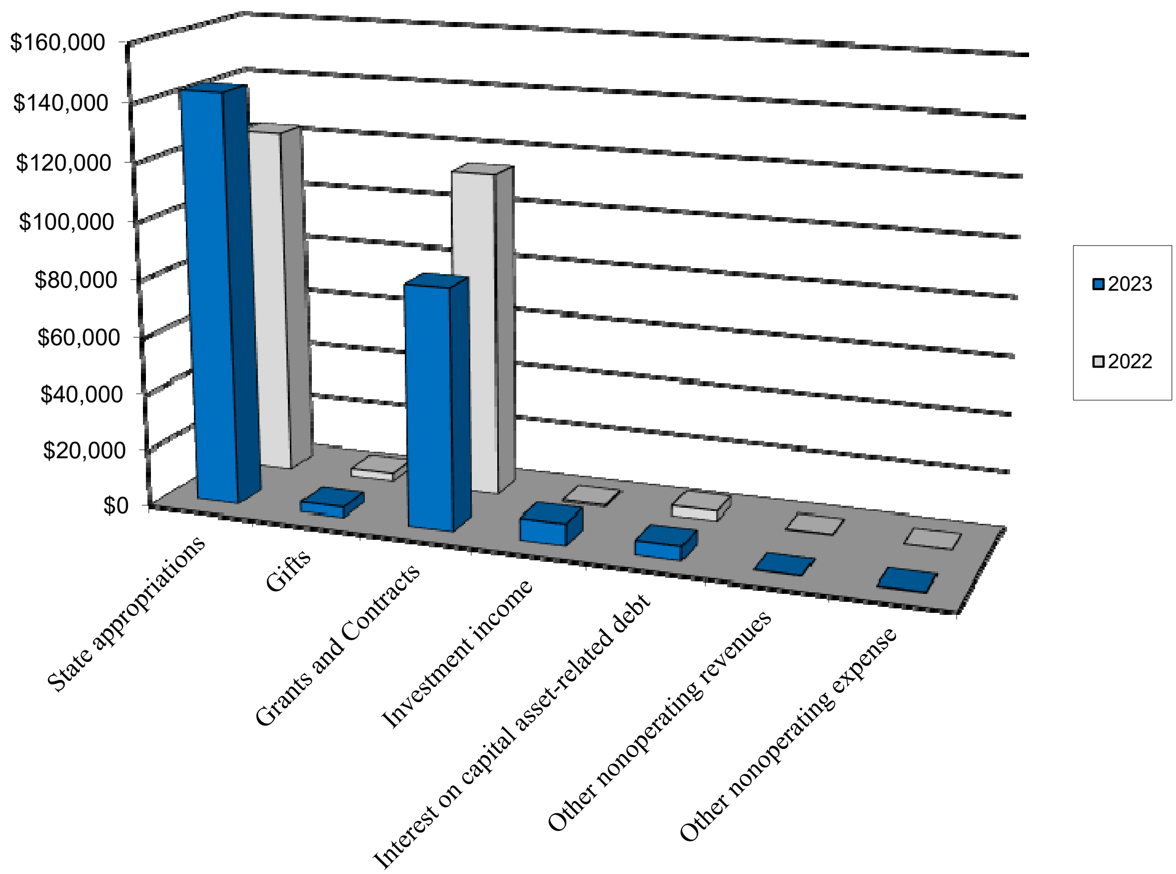
- Utilities, supplies, and other services (operating expenses) increased $9.7 million. Travel increased $2.2 million as COVID-19 travel restrictions and concerns diminished. Renewal and replacement maintenance increased $1.6 million for Aerospace, Dormitories, and the Recreation Center. Unexpended Plant maintenance increased $4.5 million with work performed on maintenance projects including life safety systems upgrades, Science Building HVAC and exhaust updates, Cope Administration Building roof replacement, Tennessee Livestock Center roof repair, and building elevator modernization. Supplies increased $1.5 million with the purchase of supplies and furniture for the School of Concrete and Construction Management Building.

- Scholarships decreased by $23.2 million primarily because no additional Higher Education Emergency Relief Funds (HEERF) emergency grants were awarded to students.

- Depreciation increased $3.9 million due to additions in plant. There was $49.0 million in additions to investment in plant from construction in progress, as well as $1.5 million in additions due to the implementation of GASB 96, Subscription-Based Information Technology Arrangements.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including state noncapital appropriations, certain gifts and grants, and investment income, are defined by the GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the last two fiscal years (in thousands of dollars):



The University had the following significant changes in nonoperating revenues between fiscal years:

- ♦ MTSU's share of state appropriations increased approximately $13.4 million in fiscal year 2023. Partial funding of an approximately 4% salary increase accounted for $4.6 million of the increase. The University also received $5.0 million to support moving the Flight Training facilities from Murfreesboro to Shelbyville. Funding of $2.0 million was also included for the Medical Education Program jointly administered by MTSU and Meharry Medical College. The State Legislature changed funding of the 401K match from a 1:1 match to a 2:1 match for the fiscal year 2023 only. MTSU received $1.67 million to cover the increase in the 401K match. Other adjustments included health insurance and retirement premiums.

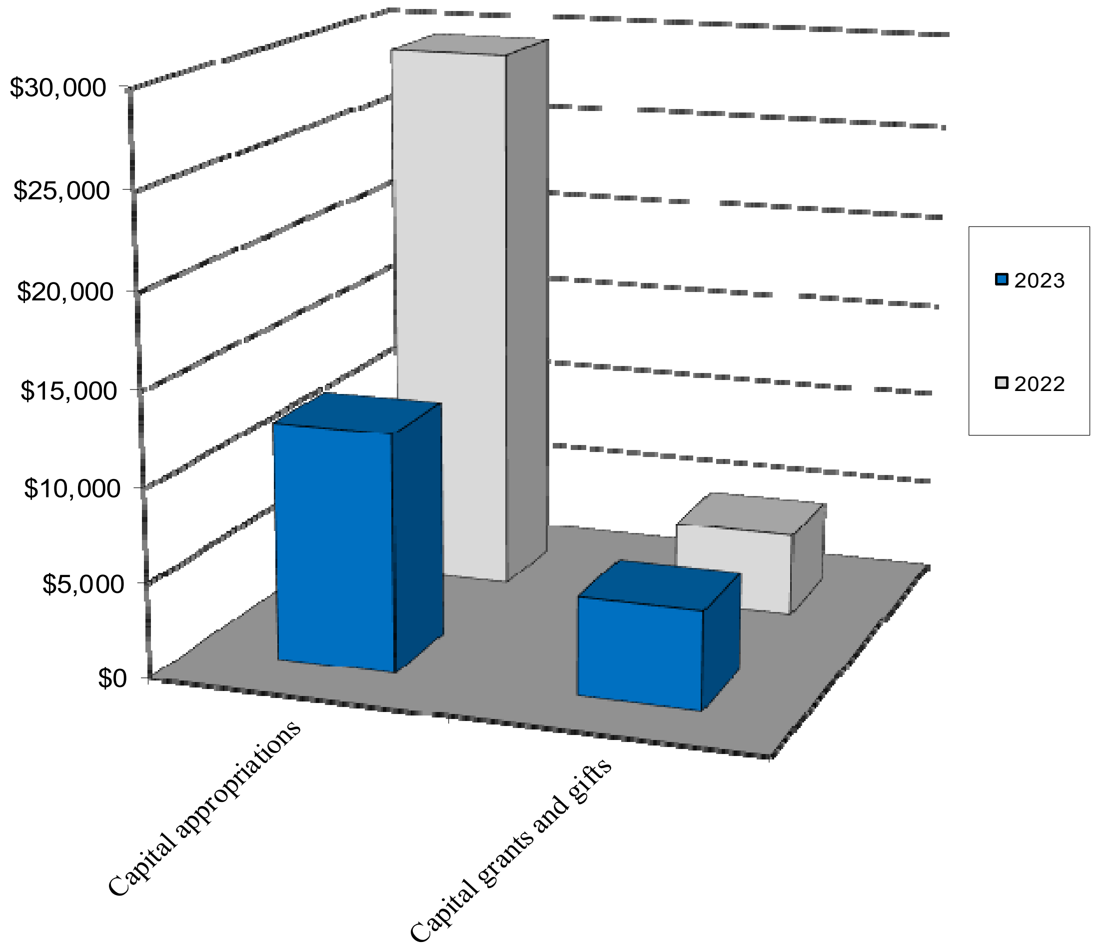
- ♦ Grants and Contracts decreased by $29.6 million primarily due to reduced Higher Education Emergency Relief Funds (HEERF) for Fiscal Year 2023.

- ♦ Investment income increased $7.4 million. This increase is the result of favorable increasing interest rates for the fiscal year 2023.

- ♦ Interest on capital asset related debt increased $1.5 million, mainly due to $1.7 million in interest paid on the Student Athlete Performance Center bond issued November 2022.

Other Revenues

This category is composed of state appropriations for capital purposes, capital grants and gifts, and additions to permanent endowments. These amounts were as follows for the last two fiscal years (in thousands of dollars):



- Capital appropriations decreased $16.7 million from the prior fiscal year primarily due to the completion of a four-year project for construction of the Concrete and Construction Management Building. Prior year capital appropriations had included a larger number of payments from the state for construction costs related to this building.

Capital Assets and Debt Administration

Capital Assets

Middle Tennessee State University had $574.2 million invested in capital assets, net of accumulated depreciation of $396.9 million as of June 30, 2023; and $563.2 million invested in capital assets, net of accumulated depreciation of $372.6 million as of June 30, 2022. Depreciation charges totaled $27.3 million and $23.3 million for fiscal years ended June 30, 2023, and June 30, 2022, respectively.

Schedule of Capital Assets, Net of Depreciation
(in thousands of dollars)

	2023	2022
Land	$ 18,925	$ 18,703
Land improvements and infrastructure	46,894	46,337
Buildings	459,710	430,696
Equipment	23,072	16,432
Library holdings	1,966	1,948
Intangible assets	2,157	2,272
Projects in progress	13,873	44,707
Leased asset - Land	50	57
Leased asset - Infrastructure	2,188	1,066
Leased asset - Buildings	615	817
Leased asset - Equipment	76	123
SBITA	4,628	-
Total	$574,154	$563,158

Major projects currently in progress at the University include the following: Applied Engineering Building, Student Athlete Performance Center, Tennis Facility Improvements, and Kirksey Old Main and Rutledge Hall Renovations.

On June 30, 2023, outstanding commitments under construction contracts totaled $193.4 million for various renovations and repairs of buildings and infrastructure. Future state capital outlay appropriations will fund $111.4 million of these costs.

More detailed information about the University's capital assets is presented in Note 6 to the financial statements.

Debt

The University had $140.9 million and $149.3 million in debt outstanding at June 30, 2023, and June 30, 2022, respectively. The table below summarizes these amounts by type of debt instrument.

Outstanding Debt Schedule
(in thousands of dollars)

	2023	2022
TSSBA bonds	$136,136	$145,676
TSSBA revolving credit facility	4,810	3,646
Total Debt	$140,946	$149,322

The TSSBA issued bonds with interest rates ranging from 0.22% to 5.10% due serially until 2044 on behalf of Middle Tennessee State University. The University is responsible for the debt service of these bonds. The current portion of the $136.1 million outstanding at June 30, 2023, is $10.6 million.

The TSSBA issued loans from the revolving credit facility with variable interest rates on behalf of Middle Tennessee State University. The University is responsible for the debt service of the loans from the revolving credit facility. The outstanding amount at June 30, 2023, is $4.8 million.

The ratings on debt issued by the Tennessee State School Bond Authority at June 30, 2023, were as follows:

Fitch	AA+
Moody's Investor Service	Aa1
Standard & Poor's	AA+

More information about the University's long-term liabilities is presented in Note 9 to the financial statements.

Economic Factors that Will Affect the Future

As part of the response to COVID-19 health crisis, the University received an award from the Higher Education Emergency Relief Fund (HEERF). HEERF funds were used to improve students' access to technology and provide students with much needed financial relief. As of June 30, 2023, all of the University's HEERF funds were expended.

MTSU will receive $9.8 million in new state appropriations as part of the 2023-24 General Appropriations Act passed by the General Assembly. A portion of the funding ($6.1 million) is to partially fund a 5% salary pool, with an additional $700,000 for increases in employee benefits. In June 2023, the Board of Trustees approved an across-the-board cost of living increase of 3.2 percent with a minimum of $1,250. These increases are effective July 1, 2023, for administrative and classified staff, and August 1, 2023, for faculty. The remainder of the appropriation increase was generated from the outcomes-based funding formula, including enhancement funding.

At the June quarterly meeting, the MTSU Board of Trustees approved a 2.98% percent increase in tuition and fees for the 2023-24 academic year. This will fund inflationary increases for various software packages and infrastructure, promotions for faculty, provide additional scholarships, and fund new academic programs.

MTSU will receive non-recurring funding of $2.0 million to provide continued financial aid for the Medical Education Program jointly administered by MTSU and Meharry Medical College.

The University will receive funding of $5 million for capital maintenance. The approved projects are to repair, replace, and update cooling and heating plant systems, including underground campus utilities and related work. The University will also receive $19.9 million in inflationary increases for the Applied Engineering Building, a project that was originally funded two years ago.

Fall 2023 headcount enrollment is projected to increase slightly. The University is evaluating the effects of this increase on the budget and making the adjustments needed.

BASIC FINANCIAL STATEMENTS

MIDDLE TENNESSEE STATE UNIVERSITY
Unaudited Statement of Net Position
June 30, 2023

Assets	**Institution**	**Component Unit**
Current assets:		
Cash and cash equivalents (Notes 2 and 22)	$ 68,666,453.30	$ 4,279,418.58
Accounts, notes, and grants receivable (net) (Note 5)	13,011,084.63	536.24
Due from primary government	2,096,930.53	-
Due from component unit	1,185,950.00	-
Pledges receivable (net) (Note 22)	-	5,231,530.25
Inventories (at lower of cost or market)	792,482.17	-
Prepaid expenses	3,873,978.67	30,000.00
Accrued interest receivable	868,664.96	59,347.00
Total current assets	90,495,544.26	9,600,832.07
Noncurrent assets:		
Cash and cash equivalents (Notes 2 and 22)	105,121,932.60	31,568,945.42
Investments (Notes 3 and 22)	1,069,400.93	92,537,893.08
Investment in Tennessee Retiree Group Trust	2,562,564.37	-
Accounts, notes, and grants receivable (net) (Note 5)	431,055.50	-
Due from primary government	2,109,346.13	-
Net pension asset (Note 13)	421,401.57	-
Pledges receivable (net) (Note 22)	-	10,055,930.86
Capital assets (net) (Notes 6 and 22)	574,154,292.49	13,820,545.44
Total noncurrent assets	685,869,993.59	147,983,314.80
Total assets	776,365,537.85	157,584,146.87
Deferred Outflows of resources		
Deferred amount on debt refunding	3,114,097.96	-
Deferred outflows related to OPEB (Note 15)	7,122,267.95	-
Deferred outflows related to pensions (Note 13)	29,723,026.19	-
Total deferred outflows of resources	39,959,392.10	-
Liabilities		
Current liabilities:		
Accounts payable (Note 9)	9,114,443.94	193,601.24
Accrued liabilities	19,806,347.84	-
Due to primary government	3,903,955.90	1,185,950.00
Student deposits	1,941,945.59	-
Unearned revenue	9,430,298.83	-
Compensated absences (Note 10)	2,525,981.02	-
Accrued interest payable	1,175,955.86	-
Lease liability	783,320.33	-
SBITA liability	1,521,385.66	-
Long-term liabilities, current portion (Note 10)	10,586,044.77	-
Deposits held in custody for others	124,663.44	-
Total current liabilities	60,914,343.18	1,379,551.24
Noncurrent liabilities:		
OPEB liability (Note 15)	16,696,876.03	-
Net pension liability (Note 13)	24,301,854.44	-
Compensated absences (Note 10)	6,978,692.36	-
Lease liability	1,940,383.55	-
SBITA liability	2,081,888.33	-
Long-term liabilities (Note 10)	130,359,405.42	-
Due to grantors (Note 10)	266,339.74	-
Total noncurrent liabilities	182,625,439.87	-
Total liabilities	243,539,783.05	1,379,551.24
Deferred Inflows of Resources		
Deferred amount on debt refunding	1,588,537.44	-
Deferred inflows related to OPEB (Note 15)	7,431,736.34	-
Deferred inflows related to pensions (Note 13)	1,829,124.00	-
Total deferred inflows of resources	10,849,397.78	-
Net Position		
Net investment in capital assets	428,323,689.14	13,820,545.44
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	10,900.00	47,330,464.76
Research	-	952,128.35
Instructional department uses	-	4,732,367.51
Other	1,114,496.57	2,236,794.38
Expendable:		
Scholarships and fellowships	386,932.41	29,395,226.49
Research	52,821.34	1,027,059.41
Instructional department uses	487,468.07	15,897,349.74
Loans	1,662,641.86	-
Capital projects	169,970.17	19,674,338.31
Pensions	421,401.57	-
Other	7,189,658.90	17,507,219.74
Unrestricted	122,115,769.09	3,631,101.50
Total net position	$ 561,935,749.12	$ 156,204,595.63

The notes to the financial statements are integral part of this statement.

MIDDLE TENNESSEE STATE UNIVERSITY
Unaudited Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	Institution	Component Unit
REVENUES		
Operating revenues:		
Student tuition and fees (Note 16)	$ 127,219,901.69	$ -
Gifts and contributions	-	27,603,227.95
Endowment Income (per spending plan)	-	3,348,827.60
Governmental grants and contracts	14,862,530.61	6,500.00
Non-governmental grants and contracts	727,682.63	-
Sales and services of educational activities	2,009,486.57	-
Sales and services of other activities	25,676,138.79	-
Auxiliary enterprises:		
Residential life (Notes 12 and 16)	10,959,271.94	-
Bookstore	367,448.90	-
Food service	2,959,209.00	-
Wellness facility	1,818,300.63	-
Other auxiliaries	10,408,773.12	-
Interest earned on loans to students	221,595.56	-
Other operating revenues	76,457.63	-
Total operating revenues	197,306,797.07	30,958,555.55
EXPENSES		
Operating Expenses (Note 20)		
Salaries and wages	197,794,625.24	1,613,271.20
Benefits	68,308,709.54	584,962.17
Utilities, supplies, and other services	96,084,993.04	4,325,263.35
Scholarships and fellowships	34,040,089.17	3,090,631.98
Depreciation expense	27,258,941.35	353,079.64
Payments to or on behalf of MTSU (Note 22)	-	5,691,739.83
Total operating expenses	423,487,358.34	15,658,948.17
Operating income (loss)	(226,180,561.27)	15,299,607.38
NONOPERATING REVENUES (EXPENSES)		
State appropriations	143,247,997.13	-
Gifts, including $3,661,196.94 from component unit	3,672,664.97	-
Grants and contracts	83,803,811.22	-
Investment income (net of $13,385.49 investment expense for institution and $82,645.78 expense for component unit)	7,827,826.27	3,772,884.56
Interest on capital asset-related debt	(5,098,481.76)	-
Bond issuance costs	(152,708.12)	-
University/College support (Note 22)	-	2,198,233.37
Other non-operating revenues/(expenses)	54,163.59	(87,175.38)
Net nonoperating revenues	233,355,273.30	5,883,942.55
Income (loss) before other revenues, expenses, gains, or losses	7,174,712.03	21,183,549.93
Capital appropriations	12,593,936.33	-
Capital grants and gifts, including $2,030,542.89 from component unit	5,175,507.70	
Additions to permanent endowments	-	2,394,660.57
Other capital	-	-
Total other revenues	17,769,444.03	2,394,660.57
Increase in net position	24,944,156.06	23,578,210.50
Net position - beginning of year	536,991,593.06	132,626,385.13
Net position - end of year	$ 561,935,749.12	$ 156,204,595.63

The notes to the financial statements are integral part of this statement.

MIDDLE TENNESSEE STATE UNIVERSITY
Unaudited Statement of Cash Flows
for the Year Ended June 30, 2023

Cash Flows from Operating Activities	
Tuition and fees	$ 128,667,304.24
Grants and contracts	17,554,600.59
Sales and services of educational activities	1,974,463.97
Sales and services of other activities	24,718,552.05
Payments to suppliers and vendors	(87,704,472.24)
Payments to employees	(197,794,238.92)
Payments for benefits	(71,362,109.30)
Payments for scholarships and fellowships	(34,040,089.17)
Loans issued to students	(3,700.00)
Collection of loans from students	5,850.47
Interest earned on loans to students	223,448.67
Funds received for deposits held for others	108,694.16
Funds dispersed for deposits held for others	(85,475.23)
Auxiliary enterprise charges:	
Residence halls	10,980,309.87
Bookstore	327,694.06
Food services	2,546,142.14
Wellness facility	1,824,788.84
Other auxiliaries	10,459,026.04
Other receipts (payments)	31,845.31
Net cash provided (used) by operating activities	(191,567,364.45)
Cash Flows from Noncapital Financing Activities	
State appropriations	136,182,400.00
Gifts and grants received for other than capital or endowment purposes, including $3,459,668.02 from MTSU Foundation	87,273,147.27
Federal/state student loan receipts	59,574,598.16
Federal/state student loan disbursements	(59,287,753.00)
Principal paid on noncapital debt	(590,471.93)
Interest paid on noncapital debt	(14,761.80)
Other non-capital financing receipts (payments)	92,797.97
Net cash provided (used) by non-capital financing activities	223,229,956.67
Cash Flows from Capital and Related Financing Activities	
Capital grants and gifts received, including $774,860.00 from component unit	3,781,180.81
Proceeds from sale of capital assets	119,084.00
Purchase of capital assets and construction	(20,372,805.95)
Principal paid on capital debt and lease	(12,293,594.62)
Interest paid on capital debt and lease	(5,882,553.78)
Net cash provided (used) by capital and related financing activities	(34,648,689.54)
Cash Flows from Investing Activities	
Income on investments	6,802,689.96
Purchase of investments	(462,828.98)
Net cash provided (used) by investing activities	6,339,860.98
Net increase (decrease) in cash and cash equivalents	3,353,763.66
Cash and cash equivalents - beginning of year	170,434,622.24
Cash and cash equivalents - end of year	$ 173,788,385.90

MIDDLE TENNESSEE STATE UNIVERSITY
Unaudited Statement of Cash Flows
for the Year Ended June 30, 2023

Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	$ (226,180,561.27)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Noncash operating expenses	32,993,365.81
Change in assets, liabilities, and deferrals:	
Receivables, net	921,649.70
Due from component unit/primary government	6,357.53
Inventories	(14,162.08)
Prepaid items	1,884,980.69
Net pension asset	13,706,442.15
Other assets	1,853.11
Deferred outflows of resources	6,006,215.23
Accounts payable	446,331.41
Accrued liabilities	27,087.09
Due to component unit/primary government	250,346.22
Unearned revenues	584,445.98
Deposits	969,070.85
Compensated absences	677,287.87
Net pension liability	24,301,854.44
Net OPEB obligation	293,451.31
Due to grantors	60,260.95
Loans to students	2,150.47
Deferred inflows of resources	(48,505,791.91)
Net cash provided (used) by operating activities	$ (191,567,364.45)

Non-cash investing, capital, and financing transactions		
Gifts in-kind - capital	$	1,444,211.89
Unrealized gains/(losses) on investments	$	59,466.20
Gain/(loss) on disposal of capital assets	$	(7,428.03)
Proceeds of capital debt	$	6,053,422.70
Capital appropriation	$	12,696,586.50
Purchase and construction of capital assets	$	16,622,030.60
Other capital receipts/(expenses)	$	(56,992.28)

The notes to the financial statements are integral part of this statement.

1. Summary of Significant Accounting Policies

REPORTING ENTITY

Middle Tennessee State University is a part of the State University and Community College System of Tennessee (the System). The Focus on College and University Success Act of 2016 removed the six universities from the governance of the Tennessee Board of Regents, but they remain part of the System. The universities have their own local governing boards that provide governance, approve policies, set tuition and fee rates, and hire presidents. The System has continuing oversight responsibilities in the areas of budget approval and institutional debt. The System is a component unit of the State of Tennessee because the state appoints a majority of the System's governing body and provides significant financial support; the System is discretely presented in the *Tennessee Annual Comprehensive Financial Report.*

The financial statements present only that portion of the System's activities that is attributable to the transactions of Middle Tennessee State University.

The Middle Tennessee State University Foundation is considered a component unit of the university. Although the university does not control the timing or amount of receipts from the foundation, the majority of resources, or income thereon, that the foundation holds and invests are restricted to the activities of the university by the donors. Because these restricted resources held by the foundation can only be used by, or for the benefit of the university, the foundation is considered a component unit of the university and is discretely presented in the university's financial statements. See Note 22 for more detailed information about the component unit and how to obtain the report.

BASIS OF PRESENTATION

The university's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental colleges and universities engaged in business-type activities as prescribed by the Governmental Accounting Standards Board (GASB).

BASIS OF ACCOUNTING

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA). This Statement addresses PPPs and APAs and amends current guidance in GASB 60, Accounting and Financial Reporting for Service Concession Arrangements. In general, the Statement applies the right-of-use model set forth in GASB 87 to PPP arrangements and provides accounting and disclosure guidance for both transferors and operators of governmental assets. The university implemented this standard as of July 1, 2022.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This Statement requires recognition of a right-to-use subscription asset, initially measured as the sum of the initial subscription liability amount, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs. The subscription asset is then amortized over the subscription term. The university implemented this standard as of July 1, 2022.

For financial statement purposes, the university is considered a special-purpose government entity engaged only in business-type activities. Accordingly, the financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant internal activity has been eliminated.

The university has classified its revenues and expenses as either operating or nonoperating according to the following criteria: Operating revenues and expenses are those that have the characteristics of exchange and exchange-like transactions. Operating revenues include (1) tuition and fees, net of scholarship discounts and allowances; (2) most federal, state, local, and private grants and contracts; (3) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (4) interest on institutional loans. Operating expenses include (1) salaries and wages; (2) employee benefits; (3) scholarships and fellowships; (4) depreciation, and (5) utilities, supplies, and other services.

Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other activities that are defined as nonoperating by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* such as state appropriations and investment income.

When both restricted and unrestricted resources are available for use, it is the university's policy to determine whether to use restricted or unrestricted resources first depending upon existing facts and circumstances.

CASH EQUIVALENTS

This classification includes instruments that are readily convertible to known amounts of cash and have original maturities of three months or less.

INVENTORIES

Inventories are valued at the lower of cost or market.

COMPENSATED ABSENCES

The university's employees accrue annual and sick leave at varying rates, depending upon length of service or classification. The amount of the liabilities for annual leave and the related benefits are reported in the Statement of Net Position. There is no liability for unpaid accumulated sick leave since the university's policy is to pay this only if the employee is sick or upon death.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, library holdings, intangible assets, and lease/SBITA assets, are reported in the Statement of Net Position at historical cost, acquisition value at date of donation, or the present value of lease/SBITA payments plus other associated lease/SBITA costs less accumulated depreciation/amortization. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized.

A capitalization threshold of $100,000 is used for buildings and $50,000 is used for infrastructure. Equipment is capitalized when the unit acquisition cost is $5,000 or greater. The capitalization threshold for additions and improvements to buildings and land is set at $50,000. The capitalization threshold for intangible assets is set at $100,000. The capitalization threshold for leases is set to be the present value of lease payments which equal or exceed the capitalization threshold for categories of capital assets already established. The capitalization threshold for SBITAs is set at $100,000.

These assets, with the exception of land, are depreciated/amortized using the straight-line method over the estimated useful lives of the assets or life of the lease agreement, which range from 1+ to 60 years.

PENSIONS

For purposes of measuring the net pension liability and/or net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Closed State and Higher Education Employee Pension Plan of the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Closed State and Higher Education Employee Pension Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Closed State and Higher Education Employee Pension Plan. Investments are reported at fair value.

OTHER POSTEMPLOYMENT BENEFITS

For purposes of measuring the net other postemployment benefits (OPEB) liability, as well as deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Closed Employee Group OPEB Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the State of Tennessee Postemployment Benefits Trust. For this purpose, benefits are recognized when due and payable in accordance with the benefit terms of the Closed Employee Group OPEB Plan. Investments are reported at fair value.

NET POSITION

The university's net position is classified as follows:

NET INVESTMENT IN CAPITAL ASSETS: This represents the university's total investment in capital assets, net of accumulated depreciation and net of outstanding debt obligations and deferred outflows/inflows of resources related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

RESTRICTED NET POSITION – NONEXPENDABLE: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be expendable or added to principal.

RESTRICTED NET POSITION – EXPENDABLE: Restricted expendable net position includes resources in which the university is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

UNRESTRICTED NET POSITION: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments, sales and services of other, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the university and may be used at the discretion of the university to meet current expenses for any purpose. The auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff.

SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the university and the amount that is paid by the student and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the university's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the university has recorded a scholarship discount and allowance.

2. Cash and Cash Equivalents

In addition to demand deposits and petty cash on hand, this classification includes instruments which are readily convertible to known amounts of cash and which have original maturities of three months or less. At June 30, 2023, cash and cash equivalents consists of $60,774,432.24 in bank accounts, $29,220.00 of petty cash on hand, $112,265,969.44 in the State of Tennessee Local Government Investment Pool (LGIP) administered by the State Treasurer, $673,668.58 in the LGIP Deposits – Capital Projects account, and $45,095.64 in a money market account.

LGIP deposits for capital projects – Payments related to the university's capital projects are made by the State of Tennessee's Department of Finance and Administration. The university's estimated local share of the cost of each project is held in a separate LGIP account. As expenses are incurred, funds are withdrawn from the LGIP account by the System and transferred to the Department of Finance and Administration. The funds in the account are not available to the university for any other purpose until the project is completed and the System releases any remaining funds.

The Local Government Investment Pool (LGIP) is administered by the State Treasurer and is measured at amortized cost. The LGIP is part of the State Pooled Investment Fund. There are no minimum or maximum limitations on withdrawals with the exception of a 24-hour notification period for withdrawals of $5 million or more. The fund's required risk disclosures are presented in the State Pooled Investment Fund financial statements. That report is available on the state's website at https://treasury.tn.gov/Explore-Your-TN-Treasury/About-the-Treasury/Department-Reports.

3. Investments

In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools,* as amended, and GASB Statement 72, *Fair Value Measurement and Application,* as amended, investments are reported at fair value, including those with a maturity date of one year or less at the time of purchase, unless otherwise noted.

At June 30, 2023, the university had the following debt investments and maturities:

		Investment Maturities (in Years)	
Investment Type	Fair Value	1 to 5	No Maturity Date
Mutual bond funds	$ 540,738.26	$ -	$ 540,738.26
Total Debt Instruments	540,738.26	$ -	$ 540,738.26
Non-Fixed Income Investments			
Mutual equity funds	328,485.87		
Exchange traded funds	200,176.80		
Total Investments	$ 1,069,400.93		

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The university does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The university is authorized by statute to invest funds in accordance with the System's policies. Under the current policy, funds other than endowments may be invested only in obligations of the United States or its agencies which are backed by the full faith and credit of the United States, repurchase agreements for United States securities, certificates of deposit in banks and savings and loan associations, banker's acceptances, commercial paper, money market mutual funds, and the State of Tennessee Local Government Investment Pool. The policy requires that investments of endowments in equity securities be limited to funds from private gifts or other sources external to the university and that endowment investments be prudently diversified. Securities are rated using Standard and Poor's, Moody's, and/or Fitch's and are presented below using the Standard and Poor's rating scale.

The policy restricts investments in banker's acceptances and commercial paper. The policy requires that prime banker's acceptances must be issued by domestic banks with a minimum AA rating or foreign banks with a AAA long-term debt rating by a majority of the rating services that have rated the issuer. Prime banker's acceptances are required to be eligible for purchase by the Federal Reserve System. To be eligible, the original maturity must not be more than 270 days, and it must 1) arise out of the current shipment of goods between countries or with the United States, or 2) arise out of storage within the United States of goods under contract of sale or expected to move into the channel or trade within a reasonable time and that are secured throughout their life by a warehouse receipt or similar document conveying title to the underlying goods.

The policy requires that prime commercial paper shall be limited to that of corporations that meet the following criteria: 1) Senior long-term debt, if any, should have a minimum rating of A1 or equivalent, and short-term debt should have a minimum rating of A1 or equivalent, as provided by a majority of the rating services that rate the issuer. If there is no long-term debt rating, the short-term debt must be A1 by all rating services (minimum of two). 2) The rating should be based on the merits of the issuer or guarantee by a nonbank. 3) A financial review should be made to ascertain the issuer's financial strength to cover the debt. 4) Commercial paper of a banking institution should not be purchased. Prime commercial paper shall not have a maturity that exceeds 270 days.

At June 30, 2023, the university's investments were rated as follows:

		Credit Quality Rating	
Investment Type	Carrying Value	A-	Unrated
LGIP	$ 112,939,638.02	$ -	$ 112,939,638.02
Mutual bond funds	540,738.26	-	540,738.26
Total	$ 113,480,376.28	$ -	$ 113,480,376.28

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the university will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The university does not have a deposit policy for custodial credit risk. At June 30, 2023, the university had $1,069,400.93 by the counterparty's trust department or agent but not in the university's name.

4. Fair Value Measurement

The university categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The university has the following recurring fair value measurements as of June 30, 2023:

	June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at the Net Asset Value (NAV)
Assets by Fair Level Value					
Debt Securities:					
Mutual bond funds	$ 540,738.26	$ 258,404.31	$ 282,333.95	$ -	$ -
Total debt securities	540,738.26	258,404.31	282,333.95	-	-
Equity Securitites:					
Mutual equity funds	328,485.87	322,175.11	6,310.76		-
Exchange Traded Funds	200,176.80	200,176.80	-	-	-
Total equity securities	528,662.67	522,351.91	6,310.76	-	-
Total assets at fair value	$ 1,069,400.93	$ 780,756.22	$ 288,644.71	$ -	$ -

Assets classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Assets classified in Level 2 of the fair value hierarchy are valued using third-party pricing services and guidance provided by custodians and trading counterparties for fair value estimates of these investments. In addition, it takes into account the nature of the securities, trading activity, and availability of comparable securities in the marketplace.

5. Accounts, Notes, and Grants Receivable

Accounts receivable at June 30, 2023, included the following:

Student accounts receivable	$9,013,781.46
Grants receivable	3,682,476.72
Notes receivable	94,724.02
Athletics receivable	570,559.71
Auxiliary receivable	1,612,049.11
Other receivables	1,343,378.04
Subtotal	16,316,969.06
Less allowance for doubtful accounts	(3,305,884.43)
Total receivables	$13,011,084.63

Federal Perkins Loan Program funds at June 30, 2023, include the following:

Perkins Loans receivable	474,628.66
Less allowance for doubtful accounts	(43,573.16)
Total	$431,055.50

6. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Transfers	Reductions	Ending Balance
Land	$ 18,702,919.27	$ 222,388.76	$ -	$ -	$ 18,925,308.03
Improvements and infrastructure	108,857,560.07	-	6,298,105.75	433,603.30	114,722,062.52
Buildings	675,209,085.20	414,280.41	42,706,714.82	-	718,330,080.43
Equipment	73,179,927.87	11,508,899.93	-	2,127,879.91	82,560,947.89
Library holdings	4,756,375.45	487,801.03	-	539,117.36	4,705,059.12
Intangible assets	7,767,246.08	-	-	-	7,767,246.08
Right-to-use - Land	63,062.30	-	-	45.09	63,017.21
Right-to-use - Infrastructure	1,322,405.36	1,415,870.92	-	629.15	2,737,647.13
Right-to-use - Buildings	1,018,228.83	-	-	325.62	1,017,903.21
Right-to-use - Equipment	166,590.16	12,298.86	-	27.03	178,861.99
SBITA - software	4,634,189.40	1,516,705.28	-	-	6,150,894.68
Projects in progress	44,707,076.07	18,170,648.46	(49,004,820.57)	-	13,872,903.96
Total	940,384,666.06	33,748,893.65	0.00	3,101,627.46	971,031,932.25
Less accumulated depreciation/amortization:					
Improvements and infrastructure	62,520,566.21	5,740,833.70	-	433,603.30	67,827,796.61
Buildings	244,512,782.34	14,106,914.10	-	-	258,619,696.44
Equipment	56,747,891.15	4,742,942.04	-	2,001,367.88	59,489,465.31
Library holdings	2,808,133.50	470,505.91	-	539,117.36	2,739,522.05
Intangible assets	5,495,423.17	114,995.90	-	-	5,610,419.07
Right-to-use - Land	6,306.24	6,297.16	-	-	12,603.40
Right-to-use - Infrastructure	256,768.08	293,066.21	-	-	549,834.29
Right-to-use - Buildings	201,552.60	201,482.76	-	-	403,035.36
Right-to-use - Equipment	43,363.66	59,397.07	-	-	102,760.73
SBITA - software	-	1,522,506.50	-	-	1,522,506.50
Total	372,592,786.95	27,258,941.35	-	2,974,088.54	396,877,639.76
Capital assets, net	$ 567,791,879.11	$ 6,489,952.30	$ 0.00	$ 127,538.92	$ 574,154,292.49

The university has elected not to capitalize several campus collections consisting mainly of historical treasures. These collections are held in the Center for Popular Music, Center for Historical Preservation, and the Albert Gore Research Center. This election not to capitalize is based on the collections being held for public exhibition, education, and research in furtherance of public service rather than financial gain. The collections are protected, cared for, and preserved by custodians in each of the various areas. The university allows departments to retain proceeds from sales of large capital assets and collections for the acquisition of replacement items.

7. Leases

Lease Liabilities – The university leases land, buildings, equipment, and infrastructure, the terms of which expire in various years through 2031.

Lease liability activity for the university for the year ended June 30, 2023, is summarized as follows:

	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Gross lease liabilities	$ 2,121,189.11	$ 1,428,169.78		$ 825,655.01	$ 2,723,703.88	$ 783,320.33

The following is a schedule by year of payments under the leases as of June 30, 2023:

For the Year(s) Ending June	Principal	Interest	Total
2024	$ 783,320.33	$ 71,537.66	$ 854,857.99
2025	696,129.62	51,068.69	747,198.31
2026	627,683.33	31,653.21	659,336.54
2027	355,125.87	17,559.59	372,685.46
2028	61,004.91	4,093.05	65,097.96
2029-2031	200,439.82	5,083.72	205,523.54
Total	$ 2,723,703.88	$ 180,995.92	$ 2,904,699.80

8. Subscription-based Information Technology Arrangements (SBITAs)

SBITA assets are reported with capital assets and SBITA liabilities are reported separately in the Statement of Net Position.

The university has entered into subscription-based arrangements for various types of software, the terms of which expire in various years through 2027.

SBITA liability activity for the university for the year ended June 30, 2023, is summarized as follows:

	Beginning Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
SBITA liabilities	$ 4,634,189.40	$ 1,516,705.28		$ 2,547,620.69	$ 3,603,273.99	$ 1,521,385.66

The following is a schedule by year of payments under the subscription arrangements as of June 30, 2023:

Year Ending June 30	Principal	Interest	Total
2024	$ 1,521,385.66	$ 91,272.37	$ 1,612,658.03
2025	1,410,014.36	42,846.76	1,452,861.12
2026	574,240.17	9,882.87	584,123.04
2027	97,633.80	810.31	98,444.11
Total	$ 3,603,273.99	$ 144,812.31	$ 3,748,086.30

9. Accounts Payable

Accounts payable included the following:

	June 30, 2023
Vendors payable	$8,635,829.94
Unapplied student payments	388,993.75
Other payables	89,620.25
Total accounts payable	$9,114,443.94

10. Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Payables:					
TSSBA Debt:					
Bonds	$140,102,518.50	$ 1,179,503.87	$12,884,066.55	128,397,955.82	$10,586,044.77
Unamortized bond premium/discount	5,573,328.15	3,306,571.23	1,142,045.25	7,737,854.13	-
Revolving credit facility	3,646,524.16	1,163,116.08	-	4,809,640.24	-
Subtotal	149,322,370.81	5,649,191.18	14,026,111.80	140,945,450.19	10,586,044.77
Other liabilities:					
Compensated absences	8,827,385.51	7,848,802.68	7,171,514.81	9,504,673.38	2,525,981.02
Due to grantors	206,078.79	60,260.95	-	266,339.74	-
Subtotal	9,033,464.30	7,909,063.63	7,171,514.81	9,771,013.12	2,525,981.02
Total long-term liabilities	$158,355,835.11	$13,558,254.81	$21,197,626.61	$150,716,463.31	$13,112,025.79

TSSBA Debt - Bonds Payable

Bonds, with interest rates ranging from 0.22% to 5.10% were issued by the Tennessee State School Bond Authority. The bonds are due serially until 2044 and are secured by pledges of the facilities' revenues to which they relate and certain other revenues and fees of the university, including state appropriations; see Note 14 for further details. The bonded indebtedness with the Tennessee State School Bond Authority included in long-term liabilities on the Statement of Net Position is shown net of unexpended debt proceeds. Unexpended debt proceeds were $58,272,154.52 at June 30, 2023.

Debt service requirements to maturity for the university's portion of TSSBA bonds at June 30, 2023, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2024	$ 10,586,044.77	$ 3,359,662.46	$ 13,945,707.23
2025	11,425,555.06	3,012,647.56	14,438,202.62
2026	11,662,716.78	2,620,578.59	14,283,295.37
2027	10,480,392.68	2,233,692.53	12,714,085.21
2028	10,299,409.65	1,875,956.93	12,175,366.58
2029-2033	30,762,022.88	6,337,278.01	37,099,300.89
2034-2038	24,761,836.00	3,806,257.42	28,568,093.42
2039-2043	17,265,211.00	1,127,599.76	18,392,810.76
2044-2048	1,154,767.00	15,364.17	1,170,131.17
Total	$ 128,397,955.82	$ 24,389,037.43	$ 152,786,993.25

TSSBA Debt – Revolving Credit Facility

The Tennessee State School Bond Authority receives loans from the revolving credit facility to finance costs of various capital projects during the construction phase. When projects are placed in service, TSSBA issues long-term, fixed-rate debt to finance the project over its useful payback period and repays the revolving credit facility debt. The total outstanding loans from the revolving credit facility was $4,167,485.02 at June 30, 2023. In addition, the college has expended $642,155.22 on projects that TSSBA has not yet withdrawn from the revolving credit facility.

More detailed information regarding the bonds and revolving credit facility can be found in the notes to the financial statements in the financial report for the Tennessee State School Bond Authority. That report is available on the state's website at https://comptroller.tn.gov/boards/tennessee-state-school-bond-authority/investor-information/tssba-financial-reports.html.

11. Endowments

If a donor has not provided specific instructions to Middle Tennessee State University, state law permits the university to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the university is required to consider its long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

The university chooses to spend only a portion of the investment income (including changes in the value of investments) each year. Under the spending plan established by the university, all interest earnings have been authorized for expenditure. At June 30, 2023, net appreciation of $15,927.17 is available to be spent, of which $400.15 is included in restricted net position, expendable for scholarships and fellowships, and $15,527.02 is included in restricted net position, expendable for loans.

12. Pledged Revenues

The university has pledged certain revenues and fees, including state appropriations, to repay $128,397,955.82 in revenue bonds issued from August 2012 to November 2022. Proceeds from the bonds provided financing for the following projects: construction of the Parking Services facility; Greek Row housing; dormitory and family housing upgrades; student health, wellness, and recreation facility upgrades; purchase of a new fleet of airplanes for the Aerospace Department; energy savings and performance contracts; parking and transportation improvements; football stadium enhancements; purchase of the Ingram Building; construction of the Student Union Building; and the construction of two parking garages. The bonds are payable through 2044. Annual principal and interest payments on the bonds are expected to require less than 4.49% of available revenues. The total principal and interest remaining to be paid on the bonds is $152,786,993.25. Principal and interest paid for the current year and total available revenues were $17,820,836.40 and $396,836,120.66 respectively.

13. Pension Plans

Defined Benefit Plans

Closed State and Higher Education Employee Pension Plan

General Information about the Pension Plan

Plan Description – State employees and higher education employees with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014, are provided with pensions through the Closed State and Higher Education Employee Pension Plan. This plan is a component of the Public Employee Retirement Plan, an agent, multiple-employer defined benefit pension plan. The Closed State and Higher Education Employee Pension Plan stopped accepting new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. A new agent defined benefit retirement plan, the State and Higher Education Employee Retirement Plan, became effective July 1, 2014 for state employees and higher education employees hired on or after July 1, 2014.

The TCRS was created by state statute under Title 8, Chapters 34-37, *Tennessee Code Annotated*. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided – Title 8, Chapters 34-37, *Tennessee Code Annotated*, establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Closed State and Higher Education Employee Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined using the following formula:

Average of member's highest compensation for 5 consecutive years (up to Social Security integration level)	**x**	1.50%	**x**	Years of Service Credit	**x**	105%
Plus:						
Average of member's highest compensation for 5 consecutive years (over Social Security integration level)	**x**	1.75%	**x**	Years of Service Credit	**x**	105%

A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw employee contributions, plus any accumulated interest.

Contributions – Contributions for state employees and higher education employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The university's employees are non-contributory, as are most members in the Closed State and Higher Education Employee Pension Plan. State and higher education agencies make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Closed State and Higher Education Employee Pension Plan are required to be paid. Employer contributions by the university for the year ended June 30, 2023, to the Closed State and Higher Education Employee Pension Plan were $9,345,453.11 which is 21.88 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities – At June 30, 2023, the university reported a liability of $24,301,854.44 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The university's proportion of the net pension liability was based on the proportion of the university's contributions during the year ended June 30, 2022, to the pension plan relative to the contributions of all participating state and higher education agencies. At the June 30, 2022, measurement date, the university's proportion was 2.039841 percent. The proportionate share from the prior year's measurement date of June 30, 2021 was 2.069141 percent.

Pension expense – For the year ended June 30, 2023, the university recognized a pension expense of $7,748,543.00.

Deferred outflows of resources and deferred inflows of resources – For the year ended June 30, 2023, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,701,094.00	$ 1,446,598.00
Net difference between projected and actual earnings on pension plan investments	347,066.00	-
Changes in assumptions	6,593,168.00	-
Changes in proportion of Net Pension Liability	182,610.00	195,602.00
University's contributions subsequent to the measurement date of June 30, 2022	9,345,453.11	
Total	$ 21,169,391.11	$ 1,642,200.00

Deferred outflows of resources, resulting from the university's employer contributions of $9,345,453.11 subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2024	$ 5,368,345
2025	$ 162,001
2026	$ (3,517,116)
2027	$ 8,168,507
2028	$ -
Thereafter	$ -

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions – The total pension liability as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actuarial experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate – The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all state and higher education agencies will be made at the actuarially determined contribution rate in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate – The following presents the university's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what the university's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
University's proportionate share of the net pension liability (asset)	$71,286,235.00	$24,301,854.44	($15,151,428.00)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2023, the Middle Tennessee State University reported a payable of $833,969.40 for the outstanding amount of legally required contributions to the pension plan required for the year ended June 30, 2023.

State and Higher Education Employee Retirement Plan

General Information about the Pension Plan

Plan description – State employees and higher education employees with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014, are provided with pensions through the Closed State and Higher Education Employee Pension Plan, an agent plan within the Public Employee Retirement Plan administered by the TCRS. The TCRS is a multiple-employer pension plan. The Closed State and Higher Education Employee Pension

Plan was closed effective June 30, 2014, and covers employees hired before July 1, 2014. Employees hired after June 30, 2014, are provided with pensions through a legally separate plan referred to as the State and Higher Education Employee Retirement Plan, an agent plan within the Public Employee Retirement Plan administered by the TCRS.
The TCRS was created by state statute under Title 8, Chapters 34-37, *Tennessee Code Annotated*. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/ Reporting-and-Investment-Policies.

Benefits provided – *Tennessee Code Annotated* Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the State and Higher Education Employee Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula multiplying the member's highest five consecutive year average compensation by 1.0 percent multiplied by the member's years of service credit. A reduced early retirement benefit is available at age 60 with 5 years of service credit or pursuant to the rule of 80 in which the member's age and service credit total 80. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service-related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost-of-living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to July 2nd of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions – Contributions for state and higher education employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of their salary to the State and Higher Education Employee Retirement Plan. State and higher education agencies make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the State and Higher Education Employee Retirement Plan are required to be paid. Employer contributions by the university for the year ended June 30, 2023, to the State and Higher Education Employee Retirement Plan were $803,828.95 which is 2.48 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Asset – At June 30, 2023, the university reported an asset of $421,401.57 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The university's proportion of the net pension asset was based on the proportion of the university's contributions during the year ended June 30, 2022, to the pension plan relative to the contributions of all participating state and higher education agencies. At the June 30, 2022, measurement date, the university's proportion was 1.689742 percent. The proportionate share from the prior year's measurement date of June 30, 2021 was 1.732047 percent.

Pension expense – For the year ended June 30, 2023, the Middle Tennessee State University recognized a pension expense of $512,812.00.

Deferred outflows of resources and deferred inflows of resources – For the year ended June 30, 2023, Middle Tennessee State University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 77,814.00	$143,078.00
Net difference between projected and actual earnings on pension plan investments	129,170.00	-
Changes in assumptions	352,018.00	-
Changes in proportion of net pension asset	31,957.00	43,846.00
Contributions subsequent to the measurement date of June 30, 2022	803,828.95	
Total	$ 1,394,787.95	$ 186,924.00

Deferred outflows of resources, resulting from the university's employer contributions of $803,828.95 subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2024	$ 30,952.00
2025	$ 34,365.00
2026	$ 12,169.00
2027	$229,596.00
2028	$ 43,529.00
Thereafter	$ 53,424.00

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions – The total pension asset as of the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. As a result of the 2020 actuarial study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was using in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate – The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all state and higher education agencies will be made at the actuarially determined contribution rate in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension asset to changes in the discount rate – The following presents the university's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what the university's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
University's proportionate share of the net pension liability (asset)	$1,719,022.00	($421,401.57)	($2,029,285.00)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2023, the university reported a payable of $77,285.74 for the outstanding amount of legally required contributions to the pension plan required for the year ended June 30, 2023.

Total defined benefit pension expense – The total pension expense for the year ended June 30, 2023, for all defined benefit pension plans was $8,261,355.00.

Defined Contribution Plans

Optional Retirement Plan

Plan Description – The university contributes to the Optional Retirement Plan (ORP). The ORP, administered by the Tennessee Treasury Department, is a defined contribution plan. The ORP was established by state statute in Title 8, Chapter 35, Part 4 of the TCA. This statute also sets out the plan provisions. The plan provisions are amended by the Tennessee General Assembly. The ORP was designed to provide benefits at retirement to faculty and staff who are exempt from the overtime provision of the Fair Labor Standards Act and who waive membership in the TCRS. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

Funding Policy – For employees employed prior to July 1, 2014, plan members are noncontributory. The university contributes 10 percent of the employee's base salary up to the social security wage base and 11 percent above the social security wage base. For employees hired after June 30, 2014, plan members will contribute 5 percent to the ORP and the university will contribute 9 percent of the employee's base salary. The required contributions made to the ORP were $9,554,146.63 for the year ended June 30, 2023, and $9,525,590.26 for the year ended June 30, 2022. Contributions met the requirements for each year.

Members are immediately 100 percent vested in the employer contributions made pursuant to the ORP. The Treasury Department has selected three investment vendors who offer a variety of investment products in which members are responsible for selecting how the contributions are invested. Each member makes the decision when to reallocate future contributions or when to transfer funds from one investment product to another. Funds are held by the investment vendor in the name of the member, not in the name of the State of Tennessee. The State of Tennessee has no discretion over these funds other than to make the initial contributions. Accordingly, the State of Tennessee is not acting in a trustee capacity nor does it have a fiduciary responsibility for the funds held by the investment vendors.

Payable to the Plan – At June 30, 2023, the university reported a payable of $899,083.25 for the outstanding amount of legally required contributions to the plan required for the year ended June 30, 2023.

Deferred Compensation Plans

The university, through the State of Tennessee, provides a deferred compensation pension plan pursuant to the Internal Revenue Code (IRC) Section 401(k). The plan is outsourced to a third-party vendor, and the administrative costs assessed by the vendors of these plans are the responsibility of plan participants. Section 401(k) plan assets remain the property of the contributing employees and they are not presented in the accompanying financial statements. Sections 401(k) establishes participation, contribution, and withdrawal provisions for the plan. The university/college provides up to a $50 monthly employer match for employees who participate in the state's 401(k) plan. Employees hired before July 1, 2014, voluntarily participate in the state's 401(k) plan. Pursuant to Chapter 259 of the Public Acts of 2013, employees hired after June 30, 2014, are automatically enrolled in the state's 401(k) plan if they elect to be in the TCRS pension plan. Employees contribute 2% of their salary, with the employer contributing an additional non-matching 5%. Employees may opt out of the 2% auto enrollment. Such contribution rates may only be amended by the Tennessee General Assembly. There are certain automatic cost controls and unfunded liability controls in the defined benefit plan where the employees participate that may impact the non-matching 5% employer contribution to the 401(k) plan.

Employees are immediately vested in both the employee and employer contributions in the plan. The IRC establishes maximum limits that an employee can contribute to the plan. The employee may increase, decrease, or stop contributions at any time for the plan.

During the year ended June 30, 2023, contributions totaling $7,204,912.74 were made by employees participating in the 401(k) plan, and the university recognized pension expense of $3,842,083.54 for employer contributions. During the year ended June 30, 2022, contributions totaling $5,985,763.75 were made by employees participating in the 401(k) plan, and the university recognized pension expense of $2,284,006.06 for employer contributions.

At June 30, 2023, and June 30, 2022, the university reported a payable of $77,285.74 and $118,664.38, respectively, for the outstanding amount of legally required contributions to the plan required for the year then ended.

14. Other Employee Benefits

Employees are offered three deferred compensation plans that are not considered pension plans. The university, through the state of Tennessee, provides a plan established pursuant to IRC, Section 457, and another is administered by the university and was established in accordance with IRC, Section 403(b). The plans are outsourced to third-party vendors, and the administrative costs assessed by the vendors of these plans are the responsibility of plan participants. Section 403(b) and Section 457 plan assets remain the property of the contributing employees; therefore, they are not presented in the accompanying financial statements. IRC Sections 403(b) and 457 establish participation, contribution, and withdrawal provisions for the plans.

15. Other Post-Employment Benefits (OPEB)

Closed State Employee Group OPEB Plan

General information about the OPEB plan

Plan description – Employees of the university, who were hired prior to July 1, 2015, and choose coverage, are provided with pre-65 retiree health insurance benefits through the closed State Employee Group OPEB Plan (EGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a cost-sharing multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The employers participating in this plan includes the primary government, the Tennessee Student Assistance Corporation, the Tennessee Housing Development Agency, the University of Tennessee, and the institutions that make up the State University and Community College System. The State of Tennessee Postemployment Benefits Trust (OPEB Trust) was established to accumulate resources to pay for the retiree benefits of EGOP participants. The OPEB Trust prepares a stand-alone financial report that can be found at https://www.tn.gov/finance/rd-doa/opeb22121.html.

Benefits provided – The EGOP is offered to provide health insurance coverage to eligible retired and disabled participants and is the only postemployment benefit provided to eligible pre-65 participants. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-201. All retirees and disabled employees of the primary government and certain component units, who are eligible and choose coverage, and who have not yet reached the age of 65 are enrolled in this plan. All members have the option of choosing between the premier preferred provider organization (PPO) plan, standard PPO plan or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members receive the same plan benefits, as active employees, at a blended premium rate that considers the cost of active and retired employees. This creates an implicit subsidy for the retirees. The retirees' cost is then directly subsidized by the employers, based on years of service. Therefore, retirees with 30 years of service are subsidized 80 percent; 20 but less than 30 years, 70 percent; and less than 20 years, 60 percent.

Contributions – Annually, an insurance committee, created in accordance with Tennessee Code Annotated (TCA) 8-27-201, establishes the required contributions to the plan by member employees through the premiums established to approximate claims cost for the year. Pre-age 65 retired members of the EGOP pay a premium based on a blended rate that considers the cost of active and retired employees as well as their individual years of service. Therefore, retirees pay either 20 percent, 30 percent, 40 percent, or 100 percent of the appropriate premium rate. These payments are deposited into the OPEB Trust. Employers contribute to the OPEB Trust based on an actuarially determined contribution (ADC) rate calculated in a manner to meet the funding goals of the state. The total ADC rate for plan employers for the fiscal year ended June 30, 2023, was $115.7 million. The university's share of the ADC was $3,080,568.04. During the fiscal year the university contributed $3,080,568.04 to the OPEB Trust. The state general assembly has the authority to change the contribution requirements of the employers participating in the EGOP.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Proportionate share – The university's proportion and proportionate share of the collective net OPEB liability, related to the EGOP, is 2.36% and $16,696,876.03 respectively. The proportion existing at the prior measurement date was 2.30%. This represents a change in proportion of 0.0579% between the current and prior measurement dates. The university's proportion of the collective net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected share of contributions of all participating employers, actuarially determined. The collective net OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2022 and measurement date of June 30, 2022.

OPEB expense – For the fiscal year ended June 30, 2023, the university recognized OPEB expense of $770,601.21.

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June, 30, 2023, the university reported deferred outflows of resources and deferred inflows of resources related to OPEB paid by the EGOP from the following sources:

EGOP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ -	$ 1,541,228.82
Changes of assumptions	839,384.20	3,678,314.80
Net difference between actual and projected investment earnings	981,524.50	-
Changes in proportion and differences between benefits benefits paid and proportionate share of benefits paid	2,220,791.21	2,212,192.72
Contributions subsequent to the measurement date	3,080,568.04	
Total	$ 7,122,267.95	$ 7,431,736.34

The amounts shown above for "contributions subsequent to the measurement date" will be recognized as a reduction to the collective net OPEB liability in the following measurement period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB paid by the EGOP will be recognized in OPEB expense as follows:

Year Ended June 30:	
2024	$(1,230,570.00)
2025	$(1,234,691.00)
2026	$(1,233,079.00)
2027	$ 353,564.00
2028	$ (45,263.00)
Thereafter	$ -

In the tables above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Actuarial assumptions – The collective net OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	8.37% for 2023, decreasing annually to an ultimate rate of 4.5% for 2030 and later years
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2021 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Long-term expected rate of return – The long-term expected rate of return of 6 % on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. TCA 8-27-802 establishes the responsibility of the trustees to adopt written investment policies authorizing how assets in the OPEB Trust may be invested and reinvested by the State Treasurer. The treasurer may invest trust assets in any security or investment in which the Tennessee Consolidated Retirement System (TCRS) is permitted to invest, provided that investments by the OPEB Trust shall be governed by the investment policies and guidelines adopted by the trustees. Any changes to the investment policy will be the responsibility of the established trustees. The OPEB Trust investment policy target asset allocation and allocation range for each major asset class is summarized in the following table:

	Allocation Range		Target
Asset Class	Minimum	Maximum	Allocation
Equities	25%	80%	53%
Fixed income and short-term securities	20%	50%	25%
Real estate	0%	20%	10%
Private equity and strategic lending	0%	20%	7%
Cash and cash equivalents	0%	25%	5%
			100%

The best-estimates of geometric real rates of return for each major asset class included in the OPEB Trust target asset allocation are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. equity	4.89%
Developed market international equity	5.38%
Emerging market international equity	5.97%
Cash	1.17%
Private equity and strategic lending	5.18%
U.S. fixed income	2.74%
Real estate	4.79%

Discount rate – The discount rate used to measure the net OPEB liability was 6%. This is the same rate used at the prior measurement date. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the ADC rates pursuant to an actuarial valuation in accordance with the state's funding goals. Inactive plan members are assumed to contribute their share of the premium rate for the coverage option in which they are enrolled. Based on those assumptions, the OPEB Trust fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Trust investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

Changes in assumptions – The medical and drug trend rate assumptions were updated to reflect more recent experience and a change in expected per capita health claims to reflect more recent information as of the measurement date. These changes decreased the liability by 2.57%.

Changes in benefit terms – Tennessee highway patrol members who retire with at least 25 years of service shall receive 80% of the schedule premium, regardless of the date of hire. Also, any commissioned member of the Tennessee Wildlife Resources Agency or Tennessee Bureau of Investigation who retires with at least 25 years of service shall receive 80% of the schedule premium.

Sensitivity of proportionate share of the collective net OPEB liability to changes in the discount rate – The following presents the university's proportionate share of the collective net OPEB liability of the EGOP, as well as what the proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease (5.0%)	Discount Rate (6.0%)	1% Increase (7.0%)
Proportionate share of the collective net OPEB liability	$18,402,866.56	$16,696,876.03	$15,078,482.56

Sensitivity of proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rate – The following presents the university's proportionate share of the collective net OPEB liability of the EGOP, as well as what the proportionate share of the collective net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease (7.37% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.37% decreasing to 4.50%)	1% Increase (9.37% decreasing to 5.50%)
Proportionate share of the collective net OPEB liability	$14,421,898.56	$16,696,876.03	$19,278,394.56

OPEB plan fiduciary net position − Detailed information about the OPEB plan's fiduciary net position is available in the State of Tennessee Comprehensive Annual Financial Report found at https://www.tn.gov/finance/rd-doa/fa-accfin-cafr.html.

Closed Tennessee Plan

General information about the OPEB plan

Plan description – Employees of the university, who were hired prior to July 1, 2015 and choose coverage, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The primary government as well as the Tennessee Student Assistance Corporation, the Tennessee Housing Development Agency, the University of Tennessee and the institutions that make up the State University and Community College System also participates in this plan. This plan also serves eligible post-65 retirees of employers who participate in the state administered Teacher Group Insurance and Local Government Insurance Plans.

Benefits provided – The TNP is offered to help fill most of the coverage gaps created by Medicare and is the only postemployment benefit provided to eligible post-65 retired and disabled employees of participating employers. This plan does not include pharmacy. In accordance with Tennessee Code Annotated (TCA) 8-27-209, benefits are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Many retirees receive direct subsidies toward their premium cost; however, participating employers determine their own policy in this regard. The primary government contributes to the premiums of component unit retirees based on years of service. Therefore, retirees with 30 years of service receive $50 per month; 20 but less than 30 years, $37.50; and 15 but less than 20 years, $25. The university does not provide any subsidies for retirees in the TNP. The primary government paid $165,250.00 for OPEB as the benefits came due during the reporting period. This plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies.

Total OPEB Liability and OPEB Expense

Proportionate share – The primary government is entirely responsible for the TNP OPEB liability associated with the university's employees. The primary governments proportionate share of the total OPEB liability associated with the university was $4,219,416.00. At the June 30, 2022, measurement date, the proportion of the collective total OPEB liability associated with the university was 2.80%. This represents a change of 0.05% from the prior proportion of 2.75%. The university's proportion of the collective total OPEB liability was based on a projection of the long-term share of contributions to the OPEB plan relative to the projected share of contributions of all participating employers, actuarially determined. The collective total OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2022 and measurement date of June 30, 2022.

Actuarial assumptions – The collective total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection; therefore, trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2021, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS) for Group I employees. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females., projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Discount rate – The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA Index.

Change in assumptions – The discount rate was changed from 2.16% to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability by 14.6%.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate – The following presents primary governments proportionate share of the university's related collective total OPEB liability, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate. The university does not report a proportionate share of the OPEB liability for employees in the TNP.

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Primary government's share of the collective total OPEB liability	$4,712,838.00	$4,219,416.00	$3,799,335.00

OPEB expense – For the fiscal year ended June 30, 2023, the primary government recognized OPEB expense of $118,496.00 for employees of the university participating in the TNP.

Total OPEB Expense **–** The total OPEB expense for the year ended June 30, 2023, was $889,097.21, which consisted of OPEB expense of $770,601.21 for the EGOP and $118,496.00 paid by the primary government for the TNP.

16. Revenues

A summary of adjustments and allowances by revenue classification is presented as follows:

Revenue Source	Gross Revenue	Less Scholarship Allowances	Less Uncollectible Debts	Net Revenue
Operating Revenues:				
Tuition and fees	$194,626,220.87	($67,406,319.18)	$0.00	$127,219,901.69
Sales and services of other activities	25,630,958.16		45,180.63	25,676,138.79
Residential life	16,929,379.90	(5,928,189.81)	(41,918.15)	10,959,271.94
Wellness facility	2,781,194.98	(962,894.35)		1,818,300.63
Other auxiliaries	10,416,358.22		(7,585.10)	10,408,773.12
Interest earned on loans to students	29,582.67		192,012.89	221,595.56
Total	$250,413,694.80	($74,297,403.34)	$187,690.27	$176,303,981.73

17. Chairs of Excellence

Middle Tennessee State University had $47,071,256.96 on deposit at June 30, 2023, with the State Treasurer for its Chairs of Excellence program. These funds are held in trust by the state and are not included in these financial statements.

18. Insurance-Related Activities

It is the policy of the state not to purchase commercial insurance for the risks associated with casualty losses for general liability, automobile liability, professional medical malpractice liability, and workers' compensation. By statute, the maximum liability for general liability, automobile liability, and medical malpractice liability is $300,000 per person and $1 million per occurrence. The state's management believes it is more economical to manage these risks internally and set aside assets for claim settlement in its internal service fund, the Risk Management Fund (RMF). The state purchases commercial insurance for real property, crime and fidelity coverage on the state's officials and employees, and cyber liability coverage. For property coverage, the deductible for an individual state agency is the first $25,000 of losses. The RMF is responsible for property losses for the annual aggregate deductible of $7.5 million for perils other than earthquake and flood. Purchased insurance coverage is responsible for losses exceeding the $7.5 million annual aggregate deductible. For earthquake and flood, there is a deductible of $10 million per occurrence. The maximum insurance coverage is $750 million per year for perils other than earthquake and flood. The maximum flood insurance coverage is $50 million per occurrence, except there is only $25 million of coverage in flood zones A and V. The maximum earthquake insurance coverage is $50 million per occurrence. The amounts of settlements have not exceeded insurance coverage for each of the past three fiscal years.

The university participates in the Risk Management Fund. The fund allocates the cost of providing claims servicing and claims payment by charging a premium to the university based on a percentage of the university's expected loss costs, which include both experience and exposures. This charge considers recent trends in actual claims experience of the state as a whole. An actuarial valuation is performed as of fiscal year-end to determine the fund liability and premium allocation. Information regarding the determination of the claim's liabilities and the changes in the balances of the claims liabilities for the years ended June 30, 2021 is presented in the *Tennessee Annual Comprehensive Financial Report*. The CAFR is available on the state's website at https://www.tn.gov/finance/rd-doa/fa-accfin-ar.html. Since the university participates in the Risk Management Fund, it is subject to the liability limitations under the provisions of the Tennessee Claims Commission Act, Tennessee Code Annotated, Section 9-8-101 et seq. Liability for negligence of the university for bodily injury and property damage is limited to $300,000 per person and $1,000,000 per occurrence. The limits of liability under workers' compensation are set forth in Tennessee Code Annotated, Section 50-6-101 et seq. Claims are paid through the state's Risk Management Fund. The amount of cash and cash equivalents designated for payment of claims held by the Risk Management Fund at June 30, 2023, was not available.

At June 30, 2023, the scheduled coverage for the university was $1,863,045,321.00 for buildings and $508,883,228.00 for contents.

The state has also set aside assets in the Employee Group Insurance Fund, an internal service fund, to provide a program of health insurance coverage for the employees of the state with the risk retained by the state. The university participates in the Employee Group Insurance Fund. The fund allocates the cost of providing claims servicing and claims payment by charging a premium to the university based on estimates of the ultimate cost of claims, including the cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Employees and providers have 13 months to file medical claims.

19. Commitments and Contingencies

Sick Leave – The university records the cost of sick leave when paid. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee dies or is absent because of illness, injury, or related family death, there is no liability for sick leave at June 30. The dollar amount of unused sick leave was $80,951,482.96 at June 30, 2023.

Construction in Progress – At June 30, 2023, outstanding commitments under construction contracts totaled $193,394,739.16 for major projects including Academic Classroom Building; access controls and security updates; alarm system updates; Americans with Disabilities Adaptations updates; Applied Engineering Building; Athletic Video Boards; Scarlett Commons Stair Repairs; Renovations to KOM and Rutledge Hall; Central Plant control updates; commissioning services; Concrete and Construction Management Facility; consulting services; electrical upgrades; elevator modernizations; Floyd Stadium lightning protection and stair replacement; Keathley University Center mechanical and HVAC updates; Kirksey Old Main Building mechanical system replacement; lighting and lighting control updates; Masterplan amendment; mechanical and controls updates; Murphy Center curtain wall replacement; Parking Services Facility; piping and manhole replacement; roof replacements; safety systems upgrades; Science Building HVAC and exhaust system upgrade; several buildings exterior repairs; Student Athlete Performance Center; Tennis Facility Improvements; utilities repairs and replacements; and water and sewer system updates of which $111,394,041.80 will be funded by future state capital outlay appropriations.

Litigation – The university is involved in litigation that is not expected to have a material effect on the accompanying financial statements.

20. Natural Classifications with Functional Classifications

The university's operating expenses by functional classification for the year ended June 30, 2023, are as follows:

	Natural Classification					
Functional Classification	Salaries	Benefits	Operating	Scholarships	Depreciation	Total
Instruction	$107,105,086.96	$36,323,029.84	$27,134,272.98	$ -	$ -	$170,562,389.78
Research	6,167,308.11	2,061,656.62	2,240,711.64	-	-	10,469,676.37
Public Service	5,771,572.10	1,670,991.89	4,621,083.72	-	-	12,063,647.71
Academic Support	25,502,924.39	9,385,052.92	(2,356,478.17)	-	-	32,531,499.14
Student Services	21,747,782.05	7,431,273.70	24,073,015.60	-	-	53,252,071.35
Institutional Suppor	14,261,279.28	5,502,743.58	7,297,471.17	-	-	27,061,494.03
M & O	10,226,847.41	3,839,262.41	21,340,126.74	-	-	35,406,236.56
Scholarships and Fellowships	-	-	-	34,040,089.17	-	34,040,089.17
Auxiliaries	7,011,824.94	2,094,698.58	11,734,789.36	-	-	20,841,312.88
Depreciation	-	-	-	-	27,258,941.35	27,258,941.35
Total Expenses	$197,794,625.24	$68,308,709.54	$96,084,993.04	$34,040,089.17	$27,258,941.35	$423,487,358.34

Expenses initially incurred by the academic support function as a result of providing internal services to the other functional classifications were allocated to the other functional areas by reducing the academic support function's operating expenses by the total amount of salaries, benefits, and operating expenses incurred in the provision of these services, and allocating this amount to the other functional areas' operating expenses on the basis of usage. As a result of this process, expenses totaling $17,686,883.57 were reallocated from academic support to the other functional areas and caused academic support operating expense to appear as a negative amount in the schedule above.

21. On-Behalf Payments

During the year ended June 30, 2023, the State of Tennessee made payments of $165,250.00 on behalf of the university for retirees participating in the Closed Tennessee OPEB Plan. The Closed Tennessee OPEB Plan is a postemployment benefit healthcare plan and is discussed further in Note 16.

22. Component Unit

The Middle Tennessee State University Foundation is a legally separate, tax-exempt organization supporting Middle Tennessee State University. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the university in support of its programs. The 31-member board of the Foundation is self-perpetuating and consists of graduates and friends of the university. Although Middle Tennessee State University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the university by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the university, the Foundation is considered a component unit of the university and is discretely presented in the university's financial statements.

During the year ended June 30, 2023, the Foundation made distributions of $5,691,739.83 to or on behalf of Middle Tennessee State University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Joe Bales, Vice President for University Advancement, MTSU, 1301 East Main Street, Murfreesboro, TN 37132.

The Foundation is a nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from those of GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the university's financial report for these differences.

Fair Value Measurements

The Foundation reports certain assets at fair value. Fair value has been determined using quoted prices in active markets for identical assets that are accessible at the measurement date (Level 1), inputs other than quoted market prices included in Level 1 that are directly or indirectly observable for the asset or liability (Level 2), or significant unobservable inputs (Level 3). The following table categorizes the recurring fair value measurements for these assets at June 30, 2023:

	Total Fair Value at June 30, 2023	Quoted Prices: Level 1	Significant Other Inputs: Level 2	Significant Unobservable Inputs: Level 3
Assets:				
Cash equivalents	$ 1,988,385.75	$ -	$ 1,988,385.75	$ -
U.S. treasury	2,748,382.75	2,748,382.75	-	-
Corporate stocks	893,646.90	893,646.90	-	-
Domestic bonds	2,457,427.75	-	2,457,427.75	-
Euro & Int'l fixed income bonds	616,489.50	-	616,489.50	-
Government agencies	192,864.00	-	192,864.00	-
Real assets	7,137,705.64	-	-	7,137,705.64
Municipal Bonds	234,608.50	-	234,608.50	-
Mutual Funds	3,363,550.32	3,363,550.32		
Equity funds	30,798,920.00	-	27,687,492.00	3,111,428.00
Private equity	12,184,629.13	16,906.94	-	12,167,722.19
Exchange-traded products	1,000,328.56	1,000,328.56	-	-
Cash surrender value of life insurance	587,986.50	-	587,986.50	-
Alternative investments	30,321,353.53	-	2,070,744.00	28,250,609.53
Pledges receivable	15,287,461.11	-	-	15,287,461.11
Total Assets	$109,813,739.94	$8,022,815.47	$35,835,998.00	$65,954,926.47

The following table reconciles beginning and ending balances of all assets valued using Level 3 inputs:

	Beginning Balance	Total Gains/Losses, Realized & Unrealized	Purchases	Transfers In/Out of Level 3	Ending Balance
Assets:					
Alternative investments	$27,745,929.00	$ 2,922,999.53	$ -	$ (2,418,319.00)	$28,250,609.53
Real Assets	5,821,728.45	1,163,477.19	-	152,500.00	7,137,705.64
Private Equity	13,142,217.28	(943,941.59)	-	(30,553.50)	12,167,722.19
Equity Funds	3,089,096.00	22,332.00	-	-	3,111,428.00
Pledges receivable	5,621,838.64	9,665,622.47	-	-	15,287,461.11
Total Assets	$55,420,809.37	$ 12,830,489.60	$ -	$ (2,296,372.50)	$65,954,926.47

Alternative Investments – The total amount in this category is $28,250,609.53. Of this amount, $14,955.835.00 is in a private investment fund with a diversified group of managers that attempt to minimize market risk through a hedged approach or through the use of other various strategies, including distressed debt, insurance linked securities, energy/commodities, closed end funds, convertible arbitrage, and statistical arbitrage; $12,993,203.00 is in a private investment fund with a diversified group of long and short equity funds that attempt to minimize market risk through a hedged approach; and $301,571.53 is in a private investment fund partnership which mainly invests in managed vehicles in stressed or distressed debt securities.

Real Assets – The $7,137,705.64 in this category is invested in private investment funds primarily in real assets including energy, infrastructure, residential real estate and commercial real estate.

Private Equity – The $12,167,722.19 in this category is invested in private investment funds primarily in the debt and/or equity of private companies.

Equity Funds – The total amount in this category is $3,111,428.00 which includes investments in private investment funds primarily in long equities and equity-like instruments.

All gains and losses, both realized and unrealized, have been reported on the Statement of Revenues, Expenses, and Changes in Net Position as investment income. Of this total, $4,343,908.96 is attributable to the change in unrealized gains or (losses) relating to those assets still held at June 30, 2023.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposit accounts, a State of Tennessee Local Government Investment Pool account administered by the state treasurer, and money market funds. Uninsured bank balances at June 30, 2023 totaled $21,075,159.10.

Investments

Investments are recorded on the date of acquisition and are stated at market value. Unrealized gains and losses are determined by the difference between market values at the beginning and end of the year. Investment securities held at year-end were as follows:

	Cost	Fair Value
U.S. Treasury	$ 2,846,657.56	$ 2,748,382.75
Corporate stocks	758,654.34	893,646.90
Domestic Bonds	2,558,163.50	2,457,427.75
Euro & Intl Fixed Income Bonds	653,017.00	616,489.50
Government Agencies	211,514.80	192,864.00
Real Assets	4,382,138.00	7,137,705.64
Municipal Bonds	235,625.50	234,608.50
Mutual Funds	3,774,430.77	3,363,550.32
Equity funds	16,991,032.00	30,798,920.00
Private Equity	8,007,949.57	12,184,629.13
Exchange-Traded Products	1,020,289.62	1,000,328.56
Cash surrender value of life insurance	N/A	587,986.50
Alternative investments	17,490,492.00	30,321,353.53
Total investments	$ 58,929,964.66	$ 92,537,893.08

<u>Operating Return</u> – The board of trustees designates only a portion of the Foundation's cumulative investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The amount computed under the endowment spending policy of the investment pool is used to support current operations.

<u>Alternative Investments</u> – The Foundation has investments in offshore hedge fund-of-funds. The estimated fair value of these assets is $30,321,353.53 at June 30, 2023.

The Foundation believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2023. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and such differences could be material. These investments are made in accordance with the Foundation's investment policy that approves the allocation of funds to various asset classes in order to ensure the proper level of diversification. These investments are designed to enhance diversification and provide reductions in overall portfolio volatility. These fair values are estimated using various valuation techniques. Each offshore hedge fund-of-funds owned by the Foundation has an annual independent CPA firm audit. Hedge fund values are determined by using monthly reports received directly from the hedge fund-of-funds managers, as well as from the Foundation's registered investment advisors and/or investment custodian.

Pledges Receivable

Pledges receivable at June 30, 2023, are summarized below:

Current pledges	$ 5,231,530.25
Pledges due in one to five years	10,570,760.85
Pledges due after five years	281,270.83
Subtotal	16,083,561.93
Less discount to net present value	(796,100.82)
Total pledges receivable, net	$ 15,287,461.11

Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of net position date, comprise the following:

Cash and cash equivalents	$ 4,243,839.00
Endowment spending-rate distribution and appropriations	4,176,500.00
Total available for general expenditure within one year	$ 8,420,339.00

The Foundation's endowment funds consist of donor-restricted endowments and quasi-endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The quasi-endowment has a spending rate of 7.5 percent. Thirty one thousand from the quasi-endowment will be available within the next 12 months.

The Foundation does not have a liquidity management plan.

Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	$ 2,211,798.61	$ -	$ -	$ 2,211,798.61
Improvements and infrastructure	1,009,439.46	184,645.00	184,645.00	1,009,439.46
Buildings	20,301,256.05	-	-	20,301,256.05
Intangible assets	-	-	-	-
Equipment	5,976.12	29,500.00	29,500.00	5,976.12
Construction of Bldgs	-	1,091,422.89	1,091,422.89	-
Total	23,528,470.24	1,305,567.89	1,305,567.89	23,528,470.24
Less accumulated depreciation:				
Improvements and infrastructure	840,277.49	45,221.01	-	885,498.50
Buildings	8,508,591.55	307,858.63	-	8,816,450.18
Equipment	5,976.12	-	-	5,976.12
Total	9,354,845.16	353,079.64	-	9,707,924.80
Capital assets, net	$ 14,173,625.08	$ 952,488.25	$ 1,305,567.89	$ 13,820,545.44

Endowments

The Foundation’s endowment consists of 808 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net position associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (the Act) as adopted by Tennessee, and thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Foundation’s Board appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to nets assets without donor restrictions. The Foundation’s Board has interpreted the Act as requiring the preservation of the fair value of the original gift, as of the gift date, of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to funds and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted the Act to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: 1) the duration and preservation of the fund; 2) the purposes of the foundation and the donor-restricted endowment fund; 3) general economic conditions; 4) the possible effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the foundation; and 7) the investment policies of the foundation.

Endowment Net Assets Composition by Type of Fund
as of June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 815,973.58	$ 14,994,619.23	$ 15,810,592.81
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	55,251,755.00	55,251,755.00
Accumulated investment gains	-	18,100,608.01	18,100,608.01
Total funds	$815,973.58	$88,346,982.24	$89,162,955.82

Changes in Endowment Net Assets
for the Fiscal Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$749,396.85	$82,304,689.88	$83,054,086.73
Investment return, net	54,713.12	6,179,863.03	6,234,576.15
Contributions	50,424.66	2,395,760.57	2,446,185.23
Appropriated for expenditure	(31,067.08)	(3,392,272.90)	(3,423,339.98)
Other changes:			
Expenses	(7,493.97)	(820,178.23)	(827,672.20)
Transfers	-	1,679,119.89	1,679,119.89
Endowment net assets, end of year	$815,973.58	$88,346,982.24	$89,162,955.82

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the Foundation is required to retain as a fund of perpetual duration. Deficiencies of this nature exist in 30 donor-restricted endowment funds, which together have an original gift value of $2,269,383.07 a current fair value of $2,183,414.65 and a deficiency of $85,968.42 as of June 30, 2023. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions and/or continued appropriation for fees and previously approved budget expenditures.

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historical dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that provide for adequate long-term purchasing power preservation, as well as current scholarship and other institutional support as appropriate. The Foundation expects its endowment funds, over time, to provide an average total rate of return of approximately 7.5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk restraints.

Spending Policy and How the Investment Objectives Relate – The Foundation has a policy of appropriating for distribution each year 4 percent of the three-year rolling average total fair market value of the endowment. Payout policy is determined by the Foundation year-to-year, and in a year of significantly declining investment values, the board may choose to not make an annual payout to preserve the future purchasing and payout power of the endowment. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2.5 percent annually. This is consistent with the Foundation's objective to maintain the historical dollar value of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Natural Classifications with Functional Classifications

The Foundation's operating expenses by functional classification for the year ended June 30, 2023, are as follows:

	Natural Classification						
Functional Classification	Salaries	Benefits	Other Operating	Scholarship	Depreciation	Payments to or on behalf of Institution	Total
Program Services	$ -	$ -	$ 2,355,882.79	$ 3,090,461.98	$ 330,292.68	$ -	$ 5,776,637.45
Support activities	1,613,271.20	584,962.17	1,969,380.56	170.00	22,786.96	-	4,190,570.89
Payment to university	-	-	-	-	-	5,691,739.83	5,691,739.83
Total Expenses	$ 1,613,271.20	$ 584,962.17	$ 4,325,263.35	$ 3,090,631.98	$ 353,079.64	$ 5,691,739.83	$ 15,658,948.17

Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas.

Support from Middle Tennessee State University

During fiscal year 2023, the university paid certain payroll costs amounting to $2,198,233.37 for university personnel who also performed services supporting the Foundation. These support costs paid by the university are reflected in the Statement of Revenues, Expenses, and Changes in Net Position as university support, with a like amount included in expenses. Middle Tennessee State University provides office space and the use of certain common facilities and services to the Foundation at no cost. These costs have not been recorded as university support because they are not considered to be significant to the operations of the Foundation.

MIDDLE TENNESSEE STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of University's Proportionate Share of the Net Pension Liability
Closed State and Higher Education Employee Pension Plan Within TCRS

	Proportion of the net Pension Liability	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentge of the Total Pension Liability
2022	2.039841%	$ 24,301,854.44	$ 42,547,457.90	57.12%	93.80%
2021	2.069141%	(12,659,994.67)	43,672,326.40	-28.99%	103.30%
2020	2.032719%	33,302,243.46	44,994,511.07	74.01%	90.58%
2019	2.031214%	28,684,093.82	45,798,062.00	62.63%	91.67%
2018	1.984443%	32,056,933.16	45,927,946.99	69.80%	90.26%
2017	1.941574%	34,746,404.00	46,608,015.18	74.55%	88.88%
2016	1.980400%	36,132,902.28	48,351,944.00	74.73%	87.96%
2015	1.904642%	24,556,209.88	49,745,361.75	49.36%	91.26%
2014	1.868875%	12,894,279.00	51,118,689.00	25.22%	95.11%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future years until ten years of information is available.

(2) To correspond with the measurement date, the amounts presented were determined as of June 30 of the prior fiscal year.

MIDDLE TENNESSEE STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of University'S Proportionate Share of the Net Pension Liability (Asset)
State and Higher Education Employee Retirement Plan Within TCRS

	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Asset	Covered Payroll	Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	1.689742%	$ 421,401.57	$ 24,652,105.65	1.71%	104.81%
2021	1.732047%	1,467,849.05	21,930,322.00	6.69%	121.71%
2020	1.670412%	588,206.81	19,121,642.52	3.08%	112.90%
2019	1.643170%	681,546.64	15,414,650.00	4.42%	122.36%
2018	1.679749%	647,931.71	12,321,619.45	5.26%	132.39%
2017	1.494041%	309,841.47	7,853,300.00	3.95%	131.51%
2016	1.580760%	133,171.45	4,876,823.00	2.73%	130.56%
2015	1.907390%	53,044.15	2,077,083.91	2.55%	142.55%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) To correspond with the measurement date, the amounts presented were determined as of June 30 of the prior fiscal year.

MIDDLE TENNESSEE STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of University's Contributions

Closed State and Higher Education Employee Pension Plan Within TCRS

	Contractually Determined Contributions	Contributions in Relation to Contractually Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	$9,345,453.11	$ 16,504,300.24	$ (7,158,847.13)	$42,712,305.79	38.64%
2022	8,722,229.96	13,821,832.89	(5,099,602.93)	42,547,457.90	32.49%
2021	8,834,911.13	8,834,911.13	-	43,672,326.40	20.23%
2020	8,845,922.36	8,845,922.36	-	44,994,511.07	19.66%
2019	8,806,967.34	8,806,967.34	-	45,798,062.54	19.23%
2018	8,665,375.84	8,665,375.84	-	45,927,946.99	18.87%
2017	7,000,532.49	7,000,532.49	-	46,608,015.18	15.02%
2016	7,268,067.60	7,268,067.60	-	48,351,944.00	15.03%
2015	7,475,084.12	7,475,084.12	-	49,745,361.75	15.03%
2014	7,681,000.00	7,681,000.00	-	51,118,689.00	15.03%
2013	7,398,445.45	7,398,445.45	-	49,224,520.63	15.03%

(1) To correspond with the reporting date, the amounts presented were determined as of June 30 of the stated fiscal year.

(2) In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; and decreased the salary growth graded ranges from an averate of 4.25% to an average of 4.00%, and modified mortality assumptions.

MIDDLE TENNESSEE STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of University's Contributions

State and Higher Education Employee Retirement Plan Within TCRS

	Contractually Determined Contributions	Contributions in Relation to Contractually Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	$803,828.95	$ 803,828.95	$ -	$32,413,259.92	2.48%
2022	458,597.59	458,597.59	-	24,652,105.65	1.86%
2021	394,733.24	394,733.24	-	21,930,321.98	1.80%
2020	330,785.17	330,785.17	-	19,121,642.52	1.73%
2019	255,871.00	255,871.00	-	15,414,650.00	1.66%
2018	481,460.24	481,460.24	-	12,321,619.45	3.91%
2017	305,514.02	305,514.02	-	7,853,299.59	3.89%
2016	188,480.00	188,480.00	-	4,876,823.00	3.86%
2015	80,383.18	80,383.18	-	2,077,083.91	3.87%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; and decreased the salary growth graded ranges from an averate of 4.25% to an average of 4.00%, and modified mortality assumptions.

MIDDLE TENNESSEE STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Employer Proportionate Share of the Collective Total/Net OPEB Liability
Closed State Employee Group OPEB Plan

	University's Proportion of the Collective Total/Net OPEB liability	University's Proportionate Share of the Collective Total/Net OPEB liability	University's Covered-Employee Payroll	University's Proportionate Share of the Collective Total/Net OPEB Liability as a Percentage of it's Covered Payroll	OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	2.36%	$ 16,696,876.03	$ 71,158,379.69	23.46%	39.00%
2022	2.30%	16,403,424.72	74,711,019.40	21.96%	39.00%
2021	2.24%	18,744,790.22	79,838,513.46	23.48%	25.20%
2020	2.21%	21,021,360.00	85,957,765.08	24.46%	18.30%
2019	2.29%	31,779,804.00	86,772,700.55	36.62%	
2018	2.08%	27,887,848.00	90,829,555.41	30.70%	

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

(3) During fiscal year 2019, the EGOP transitioned from a pay-as-you-go OPEB plan to a prefunding arrangement where assets are accumulated in a qualifying trust and benefits are paid from that trust. The Transition resulted in a significant increase to the discount rate from 3.6 percent to 6 percent. This change would be reflected in the June 30,2020 reporting period due to the one year lookback on OPEB measurement

MIDDLE TENNESSEE STATE UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of University's Contributions to State of Tennessee Postemployment Benefits Trust

Closed State Employee Group OPEB Plan

	Actuarially Determined Contributions	Contributions in Relation to Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-employee Payroll
2023	$3,080,568.04	$3,080,568.04	$ -	$69,645,807.37	4.42%
2022	3,317,328.04	3,317,328.04	-	71,158,379.69	4.66%
2021	3,606,692.04	3,606,692.04	-	74,711,019.40	4.83%
2020	3,445,834.63	3,445,834.63	-	79,838,513.46	4.01%
2019	2,815,390.00	2,815,390.37	(0.37)	85,957,765.08	3.24%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) Actuarially determined contribution rates are determined based on valuations as of June 30 two years prior to the fiscal year in which the contributions are reported.

MIDDLE TENNESSEE STATE UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Employer Proportionate Share of the Collective Total OPEB Liability
Tennessee OPEB Plan

	University's Proportion of the Collective Total OPEB Liability	Primary Government's Share of the Collective Total OPEB liability	Univesity's Covered-Employee Payroll	Primary Government's Share of the Collective Total OPEB Liability related to University as a Percentage of Covered-Employee Payroll
2023	0.00%	$ 4,219,416.00	$ 90,294,555.77	4.67%
2022	0.00%	4,885,294.00	91,166,964.49	5.36%
2021	0.00%	5,195,482.00	95,693,049.85	5.43%
2020	0.00%	4,276,086.00	97,640,089.59	4.38%
2019	0.00%	4,446,595.00	98,646,207.82	4.51%
2018	0.00%	4,260,124.00	103,609,991.71	4.11%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

(3) There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan.

MIDDLE TENNESSEE STATE UNIVERSITY
Supplementary Information
Supplementary Schedule of Cash Flows - Component Unit
for the Year Ended June 30, 2023

Cash Flows from Operating Activities	
Gifts and contributions	$ 14,631,439.05
Grants and contracts	6,500.00
Payments to suppliers and vendors	(2,251,499.62)
Payments for scholarships and fellowships	(3,090,631.98)
Payments to (MTSU)	(4,234,528.02)
Other receipts (payments)	15,675.33
Net cash provided (used) by operating activities	5,076,954.76
Cash Flows from Non-capital Financing Activities	
Private gifts for endowment purposes	2,451,739.74
Net cash provided by non-capital financing activities	2,451,739.74
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets and construction	(29,500.00)
Net cash used by capital andrelated financing activities	(29,500.00)
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	8,378,054.04
Income on investments	1,212,470.14
Purchase of investments	(8,272,661.51)
Other investing receipts (payments)	(87,175.38)
Net cash provided by investing activities	1,230,687.29
Net increase in cash and cash equivalents	8,729,881.79
Cash and cash equivalents - beginning of year	27,118,482.21
Cash and cash equivalents - end of year	$ 35,848,364.00
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	$ 15,299,607.38
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Noncash operating expenses	1,275,245.12
Endowment income per spending plan	(3,348,827.60)
Change in assets, liabilities, and deferrals:	
Receivables, net	(9,723,184.30)
Prepaid items	24,626.63
Accounts payable	56,659.30
Other	1,492,828.23
Net cash provided (used) by operating activities	$ 5,076,954.76
Non-cash investing, capital, and financing transactions	
Gifts in-kind - capital	$ 1,276,067.89
Unrealized gains/(losses) on investments	$ 4,343,908.96
Transfer of capital asset to institution	$ (1,305,567.89)

The notes to the financial statements are integral part of this statement.