

Stephen F. Austin State University

Annual Report

**Continuing Disclosure Requirements of SEC Rule 15(c)2-12
Fiscal Year Ended August 31, 2022**

Stephen F. Austin State University
Annual Report
Fiscal Year Ended 08/31/2022

Continuing Disclosure Requirements of SEC Rule 15(c)2-12

This information is provided by **Stephen F. Austin State University** (the “Issuer”) in compliance with its contractual undertaking (the “Undertaking”) to provide an annual report of financial and operating information, as required by Rule 15(c)2-12 (the “Rule”) of the Securities and Exchange Commission, regarding the following municipal debt issues:

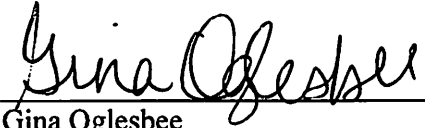
<u>Issuer</u> <u>CUSIP Number</u>	<u>Issue Description</u>
858620 X85	Stephen F. Austin State University \$22,255,000 Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds, Series 2013
858620 2C0	Stephen F. Austin State University \$61,205,000 Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds, Series 2016
858620 3B1	Stephen F. Austin State University \$94,290,000 Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Bonds, Series 2019A
858620 3U9	Stephen F. Austin State University \$15,925,000 Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Bonds - Taxable, Series 2019B
858620 4D6	Stephen F. Austin State University \$15,935,000 Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds, Series 2020

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This report is based on information compiled and provided by the Issuer. This information has been obtained from Issuer records, unaudited financial statements and other sources which are believed to be reliable. This information is provided in satisfaction of the Undertaking, containing information as prescribed by the Rule. The Issuer makes no warranty concerning the usefulness of such information to a decision to invest in, hold or sell bonds or other debt instruments of the Issuer. Information agreed to be provided by the Issuer may be reported in full text herein, or may be incorporated by reference to certain other publicly available documents. The Undertaking requires that the Issuer provide information annually, while the debt identified above is outstanding, and that such information will be provided by a date not more than six months following the close of the Issuer's fiscal year. The required information includes financial statements of the Issuer, which may be provided separately. If it becomes available within the aforesaid period for providing information, the audited annual financial report of the Issuer will be provided, otherwise unaudited financial information will be provided within the prescribed time and audited financial information will be provided when and if it becomes available.

Approved for submission:

2/10/23
Date



Gina Oglesbee
Vice President for Finance and Administration

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DEBT SERVICE REQUIREMENTS

Revenue Bonds

Fiscal Year	Total (1) Existing Debt Service	Actual Gross Coverage *
2023	20,538,281	3.21 x
2024	21,636,581	3.04 x
2025	21,644,634	3.04 x
2026	19,843,194	3.32 x
2027	14,570,472	4.52 x
2028	14,578,238	4.52 x
2029	13,422,684	4.91 x
2030	12,020,463	5.48 x
2031	9,441,225	6.98 x
2032	9,439,569	6.98 x
2033	9,442,080	6.98 x
2034	9,445,791	6.97 x
2035	9,440,885	6.98 x
2036	9,444,118	6.98 x
2037	9,444,800	6.98 x
2038	6,602,000	9.98 x
2039	6,603,500	9.98 x
2040	6,601,100	9.98 x
2041	6,602,475	9.98 x
2042	6,602,350	9.98 x
2043	6,600,225	9.98 x
2044	6,602,600	9.98 x
2045	6,596,400	9.99 x
2046	6,601,400	9.98 x
2047	6,597,200	9.99 x
2048	6,603,400	9.98 x
2049	6,604,500	9.97 x
Total	\$ 283,570,166	

* Gross pledged revenues = \$ 65,877,971 as of 8/31/2022

(1) Total existing Consolidated Revenue Debt includes the outstanding Texas Public Finance Authority and Stephen F. Austin State University Revenue Financing System Revenue Bonds Series 2013, Series 2015, Series 2016, Series 2019 A & B, and Series 2020.

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SECURITY OF BONDS

Table 1: Pledged Revenues

The following table contains a summary of the Pledged Revenues for the Fiscal Years Ended August 31, 2018 through 2022, including pledged unappropriated fund balances available at the beginning of the fiscal year. The Pledged Revenues consist of Unrestricted Current Funds Revenues but do not include: remissions, governmental appropriations, restricted gifts, grants and contracts within the Educational and General Fund Group; Higher Education Funds; and certain student service fees in the Auxiliary Fund Group.

	For Fiscal Years Ending August 31,				
	2022	2021	2020	2019	2018
Available Pledged Revenues ⁽¹⁾	\$ 164,234,000	\$ 151,667,901	\$ 160,939,583	\$ 162,033,175	\$ 155,081,648
Pledged Unrestricted Fund and Reserved Balances ⁽²⁾⁽³⁾	(87,078,236)	(103,116,333)	(48,420,341)	(26,696,073)	14,511,959
Less HEF & Research Development Fund Balances	(11,277,793)	(11,277,793)	(11,726,168)	(9,949,410)	(8,057,999)
Total Pledged Revenues	\$ 65,877,971	\$ 37,273,775	\$ 100,793,074	\$ 125,387,692	\$ 161,535,608

- ⁽¹⁾ Available Pledged Revenues include the gross revenues of the Revenue Financing System, including pledged student tuition and fees and investment income. Available Pledged Revenues exclude State appropriations and restricted revenues.
- ⁽²⁾ Pledged Unrestricted Fund and Reserve Balances include all the Unrestricted Funds as reported in Net Position on the Statement of Net Position, except unspent balances in the State appropriated Research and Development Fund and the Higher Education Fund.
- ⁽³⁾ The methodology to calculate Pledged Unrestricted Fund and Reserve Balances changed in fiscal year 2016 to include certain unrestricted fund balances that were within the definition of Pledged Revenues. Table 1 reflects this change in methodology for each fiscal year shown.

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Table 2: Enrollment Data

First Time Freshman Statistics

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Men	621	581	518	642	709
Women	1,145	1,051	1,041	1,253	1,347
Total	<u>1,766</u>	<u>1,632</u>	<u>1,559</u>	<u>1,895</u>	<u>2,056</u>
Annual % Change	8.21%	4.68%	-17.73%	-7.83%	-3.56%
One Year Retention Rate **	73.2%	76.2%	76.9%	70.0%	70.5%

* Represents Full-Time Enrollment Students

** One-year retention rates for the fall year are return rates for first-time, full-time freshmen enrolled in prior fall term.

Residency Statistics

<u>Type of Student</u>	<u>Fall 2022</u>	<u>Summer 2022</u>	<u>Spring 2022</u>	<u>Fall 2021</u>
Texas Resident	10,923	4,188	10,215	11,556
Out of State	270	123	250	270
Foreign	122	34	113	112
Inter-institutional	12	2	8	8
Total	<u>11,327</u>	<u>4,347</u>	<u>10,586</u>	<u>11,946</u>

Exemption Status

<u>Exemptions and Waivers</u>	<u>Fall 2022</u>	<u>Summer 2022</u>	<u>Spring 2022</u>	<u>Fall 2021</u>
Hazlewood Act and Legacy	514	209	497	578
High School Scholarship	19	-	20	20
Visually & Hearing Impaired	44	25	51	57
Adopted and Foster Care	87	43	72	76
Dual Credit	952	45	805	849
Distance Education	-	-	-	-
Other Exemptions	387	397	638	734
Out of State Waivers	339	127	301	315

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Undergraduate and Graduate Fall Enrollment Data

<u>Fiscal Year</u>	<u>Students</u>	<u>Semester Hours</u>
2023 (Fall 2022)	11,327	135,554
2022 (Fall 2021)	11,946	143,729
2021 (Fall 2020)	12,620	150,785
2020 (Fall 2019)	12,969	152,625
2019 (Fall 2018)	13,144	155,556

Curriculum

SFA is a comprehensive institution serving students (96% Texas residents) through a variety of undergraduate and graduate programs. Approximately 80 undergraduate programs and 40 Master's programs are available in six colleges (Business, Education, Fine Arts, Forestry and Agriculture, Liberal and Applied Arts and Sciences and Mathematics). The Master's degrees include two terminal degree programs, the Master of Fine Arts in Art and Master of Social Work. Additionally, SFA offers the Doctor of Philosophy in Forestry, the Doctor of Education in Educational Leadership, the Doctor of Philosophy in School Psychology, and the Doctor of Social Work.

Degrees Awarded by School and Percent Total

	For Fiscal Year Ended August 31,									
	<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>	
Business	408	14.61%	433	14.68%	432	15.34%	383	13.31%	340	12.41%
Education	740	26.50%	883	29.93%	773	27.45%	777	27.00%	855	31.20%
Fine Arts	178	6.38%	165	5.59%	180	6.39%	147	5.11%	163	5.95%
Forestry and Agriculture	143	5.12%	142	4.81%	138	4.90%	125	4.35%	132	4.82%
Liberal and Applied Arts	439	15.72%	449	15.22%	441	15.66%	437	15.19%	418	15.26%
Sciences & Mathematics	322	11.53%	333	11.29%	295	10.48%	308	10.71%	273	9.96%
Graduate	562	20.13%	545	18.48%	557	19.78%	700	24.33%	559	20.40%
Total	2,792	100.00%	2,950	100.00%	2,816	100.00%	2,877	100.00%	2,740	100.00%

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Faculty Profile

During the fall semester 2022, the University employed 516 full-time instructional faculty and 218 part-time faculty (excludes teaching assistants).

<u>Academic Credentials</u>	<u>Number</u>	<u>Academic Rank</u>	<u>Number</u>	<u>% Tenured</u>
Doctorate	400	Professor	139	97.84%
Master's Degree (or equivalent)	289	Associate Professor	116	73.28%
Other	45	Assistant Professor	108	5.56%
		Instructor	10	10.00%
		Lecturer	66	0.00%
		Visiting/Special Prof.	68	0.00%
		Adjunct	227	0.44%
	734	Total	734	31.20%

Endowments

The University is benefited by endowments with a market value at August 31, 2022 of approximately \$119 million. These include endowments for the University, SFA Foundation and SFA Alumni Association. As of August 31, 2022, endowment funds under the direct control of the University had a value of approximately \$23 million. Endowment funds under direct control of the University are invested in the Texas A&M System's Endowment Fund and Cash Concentration Pool, and in Texas Class, a local government investment pool. The University's target distribution rate is 4%.

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Retirement Information

The State of Texas has joint contributory retirement plans for all of its benefits-eligible employees. One of the plans in which the University participates is administered by the Teacher Retirement System of Texas (TRS). The TRS defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. The contributory percentages of participant salaries currently provided by the State and by each participant are 8% and 8%, respectively, of annual compensation. Further information regarding actuarial assumptions and conclusions, together with audited financial statements, are included in TRS' annual financial report. Deferred outflows of resources and deferred inflows of resources related to the pension plan administered by TRS are disclosed in Note 28.

The State has also established an Optional Retirement Program (ORP) for institutions of higher education for certain administrative personnel and faculty. Participation in ORP is in lieu of participation in TRS, and the selection to participate in ORP must be made in the first 90 days of eligibility. The ORP allows participants to select from a variety of companies for the purchase of annuity contracts or to invest in mutual funds. The contributory percentages on salaries for participants entering the program prior to September 1, 1995, are 8.5% and 6.65% by the State and each participant, respectively. The State's contribution is comprised of 6.6% from the ORP appropriation and 1.9% from other funding sources. The 6.6% contribution is mandatory with the other 1.9% being at the discretion of the University's Board of Regents. The Board has approved the additional contributions for these employees. The contributory percentages on salaries for participants entering the program after August 31, 1995, are 6.6% and 6.65% by the State and each participant, respectively. Since these are individual annuity contracts or mutual fund investments, the University has no additional or unfunded liability for this program.

Fiscal Year 2022 TRS and ORP Contributions:

Source of Contributions	TRS Contributions	ORP Contributions	Total
Member	\$ 4,732,282.50	\$1,675,103.51	\$6,407,386.01
University	3,388,753.59	880,570.63	4,269,324.22
State	1,191,078.26	851,151.88	2,042,230.14
Total	\$ 9,312,114.35	\$3,406,826.02	\$12,718,940.37

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SELECTED FINANCIAL INFORMATION

Financial Reports

The Vice President for Finance and Administration is responsible for the operational activities and financial management of Stephen F. Austin State University's debt, cash, risk, budgets, accounting, financial statements, and investment management of the operating and endowment funds.

State CAFR

The State issues an audited Comprehensive Annual Financial Report ("CAFR"), prepared in accordance with generally accepted accounting principles, for the State as a whole. The CAFR for each year is normally available in April of the following year. The CAFR is prepared by the State Comptroller of Public Accounts and is audited by the State Auditor's Office. The State Auditor expresses an opinion on the CAFR but does not express an opinion on the financial reports of individual member units, including those of Stephen F. Austin State University.

The fiscal year of the State and Stephen F. Austin State University begins on September 1 of each year. Annually, not later than November 20th, an unaudited financial report dated as of August 31, prepared from the books of Stephen F. Austin State University, must be delivered to the Governor and the State Comptroller of Public Accounts. In certifying the financial reports included in the CAFR, the State Auditor examines the financial records of Stephen F. Austin State University. No independent audit in support of this detailed review is required or obtained by Stephen F. Austin State University.

Stephen F. Austin State University Financial Reports

Stephen F. Austin State University is an agency of the State of Texas (State). The University's financial records comply with the State's statutes and regulations. This includes compliance with the Texas Comptroller of Public Account's Reporting Requirements for the Annual Financial Reports of State Agencies and Universities. Due to the statewide requirements embedded in the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, the Comptroller of Public Accounts does not require the University's annual financial report to comply with all the requirements in those Statements. The University follows the "business-type-activities" reporting requirement of GASB No. 34 and 35.

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Table 3 – Statement of Revenues and Changes in Net Position (1)

	<u>For Fiscal Years Ending August 31,</u>				
	2022	2021	2020-Restated	2019	2018-Restated
Operating Revenues:					
Sales of Goods and Services					
Tuition & Fees - Pledged	\$ 115,572,126	\$ 124,442,915	\$ 124,442,983	\$ 119,980,292	\$ 111,451,846
Tuition & Fees - Non-Pledged	4,036,094	4,331,692	4,382,524	4,431,434	4,120,909
Tuition - Discounts/Allowances	(33,796,430)	(47,773,232)	(41,219,485)	(36,469,053)	(32,472,265)
Auxiliary Enterprise - Pledged	32,631,194	29,480,475	31,399,353	41,689,192	41,230,215
Auxiliary Enterprise - Non-Pledged	3,027,434	2,122,909	1,827,389	2,034,214	1,909,069
Auxiliary Enterprise - Discounts/Allowances	(9,516,358)	(11,089,230)	(10,894,812)	(12,963,439)	(11,715,796)
Other Sales of Goods and Svcs - Pledged	4,982,370	4,218,199	3,141,965	5,695,500	5,632,402
Other Sales of Goods and Svcs - Non-Pledged	815,888	571,352	523,309	838,552	793,950
Federal Revenue	1,510,072	1,320,022	1,802,046	2,253,303	2,498,580
Federal Pass Through Rev from Non-State Entities	67,200	245,455	77,179	99,570	65,481
Federal Pass Through Revenue	944,525	2,632,795	830,483	767,394	730,790
State Pass Through Revenue	11,910,766	11,746,071	12,440,400	12,351,956	11,172,431
Local Contracts and Grants	620,544	1,129,224	667,716	585,726	578,969
Other Contracts and Grants	340,119	319,452	757,516	719,005	745,873
Other Operating Revenues - Pledged	334,075	209,967	700,983	145,924	101,431
Other Operating Revenues - Non-Pledged	3,345	4,139	47,343	157,150	-
Total Operating Revenues	133,482,964	123,912,206	130,926,890	142,316,719	136,843,884
Operating Expenses:					
Cost of Goods Sold	11,655,158	7,845,745	9,194,859	11,425,699	11,119,191
Salaries and Wages	94,624,494	101,376,211	102,619,588	102,835,368	97,895,929
Payroll Related Costs	48,309,999	57,302,917	60,508,281	59,220,887	34,778,982
Professional Fees and Services	2,787,982	2,348,435	2,585,960	2,196,634	2,058,411
Travel	3,173,511	1,109,966	1,822,363	3,091,685	2,793,031
Materials and Supplies	12,496,613	11,139,689	10,463,593	13,140,201	13,879,952
Communication and Utilities	8,953,759	8,258,422	8,312,862	8,448,959	7,579,649
Repairs and Maintenance	5,624,618	5,028,835	4,542,671	5,167,291	6,046,642
Rentals and Leases	3,183,696	2,576,824	2,582,531	3,194,379	2,689,061
Printing and Reproduction	504,939	285,271	307,754	448,938	372,380
Federal Pass Through Expenditure	-	-	-	-	-
Fed Pass Through Exp to Non-State Entities	16,838	-	19,732	21,847	158,087
Amortization	-	-	-	-	-
Depreciation	19,207,098	18,823,601	19,213,096	18,711,720	16,440,353
Bad Debt Expense	859,605	-	-	56,056	139,754
Interest Expense	576	125	134	199	113
Scholarships	24,536,337	33,675,827	22,682,015	18,964,489	18,458,115
Claims and Settlements	35,000	-	37,800	250,000	47,070
Other Operating Expenses	6,991,979	6,081,628	5,876,434	8,633,487	7,220,091
Total Operating Expenses	242,962,201	255,853,495	250,769,673	255,807,839	221,676,811
Operating Income (Loss)	(109,479,237)	(131,941,290)	(119,842,783)	(113,491,120)	(84,832,927)

(1) Some columns may not foot due to rounding.

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Table 3 – Statement of Revenues and Changes in Net Position (1) – continued

	<u>For Fiscal Years Ending August 31,</u>				
	2022	2021	2020-Restated	2019	2018-Restated
Non-Operating Revenues (Expenses):					
Legislative Revenue	\$ 39,152,020	\$ 36,406,557	\$ 39,106,062	\$ 40,201,343	\$ 40,145,775
Additional Appropriations	9,972,909	10,743,445	10,650,410	11,426,276	11,506,698
Federal Revenue	23,108,074	70,292,372	31,535,813	23,011,780	22,172,515
Gifts - Non-Pledged	7,398,661	6,734,995	5,463,161	4,577,612	4,998,568
Gifts - Pledged	237,674	1,000,000	-	-	3,155
Other Rental Income	151,246	178,908	138,668	219,259	167,383
Investment Income-Pledged	207,537	3,498,010	3,339,599	4,178,385	2,727,481
Investment Income-Non-Pledged	75,574	1,572,555	1,026,962	1,269,562	1,154,442
Net Increase (Decrease) Fair Value - Pledged	(12,873,383)	7,862,028	5,283,026	(696,501)	1,591,338
Net Increase (Decrease) Fair Value - Non-Pledged	(1,991,950)	1,971,919	177,797	(115,491)	411,875
Investing Activities Expenses	(474,933)	(457,037)	(376,003)	(364,288)	(328,675)
Income on Loans Receivable	24,615	(168,136)	30,515	336,594	123,735
Interest Income on Capital Investments - Pledged	393,152	240,323	1,773,403	1,775,197	405,116
Interest Expenses and Fiscal Charges	(6,244,380)	(7,243,291)	(7,664,055)	(7,229,175)	(2,510,119)
Gain(Loss) on Sale of Capital Assets	(28,235)	417,202	(1,131)	(103,130)	(8,698)
Settlement of Claims	310,669	294	159,889	615,734	75,083
Other Non-Operating Revenues (Expenses)	256,773	348,347	193,464	405,756	476,796
Total Non-Operating Revenues (Expenses)	59,676,023	133,398,489	90,837,581	79,508,913	83,112,468
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	(49,803,214)	1,457,199	(29,005,201)	(33,982,207)	(1,720,460)
Other Revenues, Expenses, Gains/Losses and Transfers					
Capital Contributions	149,608	4,183,278	253,600	11,155	693,178
Capital Appropriations (HEF)	11,277,793	11,277,793	11,636,163	11,636,163	11,636,163
Additions to Permanent and Term Endowments	240,990	23,478	45,498	18,576	32,634
Lapsed Appropriations	(4,600)	(100)	(1,632,928)	-	-
Legislative Transfer In	381,499	403,398	376,564	355,690	374,873
Transfers-In	248,437	265,086	221,308	207,198	216,072
Transfers-Out	(6,034)	1,751	(570)	(7,087)	(8,720)
Total Other Revenue, Expenses, Gain/Losses and Transfers	12,287,693	16,154,685	10,899,635	12,221,695	12,944,200
Change in Net Position	(37,515,521)	17,611,883	(18,105,566)	(21,760,512)	11,223,741
Net Position, Beginning of Year	78,651,874	61,007,067	79,284,267	113,603,266	146,610,287
Restatements	(100,056)	32,923	(171,634)	(12,558,487)	(56,789,248)
Net Position, Beginning of Year - Restated	78,551,818	61,039,990	79,112,633	101,044,779	89,821,039
Net Position, August 31, 20xx	\$ 41,036,297	\$ 78,651,874	\$ 61,007,067	\$ 79,284,267	\$ 101,044,779

(1) Some columns may not foot due to rounding.

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Fund Balances

For Fiscal Years Ending August 31,

	2022	2021 - Restated	2020	2019	2018 - Restated
Invested in Capital Assets (Net of Related Debt)	\$ 81,292,961	\$ 81,340,280	\$ 71,755,447	\$ 73,356,302	\$ 67,545,915
Restricted for:					
Debt Retirement					
Capital Projects	6,453,068	11,006,727	4,304,325	844,774	-
Funds Held as Permanent Endowments					
Non-Expendable	6,348,034	6,107,044	6,083,566	6,038,068	6,019,492
Expendable	4,025,773	5,712,933	3,837,457	3,593,103	3,570,928
Other	26,507,792	25,765,761	23,414,002	22,148,093	22,533,718
Unrestricted	(83,591,330)	(51,280,870)	(48,387,730)	(26,696,073)	1,374,727
	<u>\$ 41,036,297</u>	<u>\$ 78,651,874</u>	<u>\$ 61,007,067</u>	<u>\$ 79,284,267</u>	<u>\$ 101,044,779</u>

(1) Some columns may not foot due to rounding.

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**Stephen F. Austin State University
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Funding for the University

Funding for the University for the Fiscal Year ended August 31, 2022 consisted of government appropriations; tuition and student fees; gifts, investment and endowment income; sales and services; auxiliary enterprises; and other sources. The amounts and the sources of such funding vary from year to year and there is no guarantee that the source or amounts of such funding will remain the same in future years. See "State Government Appropriations" on page 13.

Tuition and Fees

Each Texas public university granting degrees charges tuition and fees as authorized by the State Legislature and the Board under Chapters 54 and 55 of the Texas Education Code. Tuition charges are comprised of "State Mandated Tuition," "Board Designated Tuition" and "Board Authorized Tuition," as further described below.

State Mandated Tuition

Section 54.051, Texas Education Code, currently permits (i) undergraduate tuition applicable to state residents to be charged up to \$50 per semester credit hour; and (ii) tuition of a non-resident student at a general academic teaching institution or medical and dental unit to be increased to an amount equal to the average of the non-resident undergraduate tuition charged to a resident of the State at a public state university in each of the five most populous states other than the State (the amount of which would be computed by the Coordinating Board for each academic year). For the 2022-23 academic year, the Coordinating Board computed \$458 per semester credit hour for non-resident undergraduate tuition.

Section 56.033 of the Texas Education Code requires that not less than 15% of each resident student's tuition charge for State mandated tuition and 3% of each non-resident student's tuition charge for State Mandated tuition be set aside for Texas Public Education Grants.

Board Designated Tuition

In 2003, the Texas Legislature approved and the Governor signed into law House Bill 3015, which provided for the deregulation of a portion of tuition that a governing board of an institution of higher education, such as the Board, has the authority to charge under Section 54.0513 of the Texas Education Code. Effective with the tuition that was charged for the fall 2003 semester, a governing board may charge any student an amount (referred to as "Board Designated Tuition") that it considers necessary for the effective operation of the institution. The new legislation also granted authority to the governing board to set a different tuition rate for each program and course level offered by the institution. This new authority offers more opportunity for the University to develop a tuition schedule that assists in meeting its strategic objectives in terms of access, affordability, effective use of campus resources, and improvement of graduation rates.

Beginning with the fall 2020 semester with no subsequent changes, the Board authorized the Board Designated Tuition rate for all University students to vary from \$91.80 to \$268.42 per credit hour depending on the number of semester credit hours taken.

Board Designated Tuition (General Fee) for the	\$ Minimum	\$ Maximum
Fall 2018 - 2019 Academic Year :	\$192.00	\$3,072
Fall 2019 - 2020 Academic Year :	\$204.00	\$3,264
Fall 2020 - 2021 Academic Year :	\$204.00	\$3,221
Fall 2021 - 2022 Academic Year :	\$204.00	\$3,221
Fall 2022 - 2023 Academic Year :	\$204.00	\$3,221

Consistent with Section 56.011 and 56.012 of the Texas Education Code, no less than 15% of the Board designated tuition charged to resident undergraduate and resident graduate students in excess of \$46 per semester hour will be set aside to provide financial assistance to resident students.

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The Board has adopted guaranteed tuition and fee rates allowing students to pay the same rate of tuition for up to four years (twelve consecutive semesters) with certain variances for tuition requirements for certain programs. After the expiration of four years, students will pay the current year's rates for each term until completion. For the 2022-23 academic year, students may elect the variable one-year rate or a four-year guaranteed rate of from \$164.24 to \$299.67 per semester credit hour depending on the number of semester credit hours taken.

The Board has no assurance that the State Legislature will not place future limits on the Board's ability to charge Board Designated Tuition in an amount that it considers necessary for the effective operation of the University. However, Section 55.16 of the Texas Education Code specifically allows the Board to levy and collect any necessary fees, tuition, rentals, rates, or other charges necessary to provide funds sufficient for the payment of outstanding Parity Obligations.

Board Authorized Tuition

Section 54.008 of the Texas Education Code permits the governing board of each institution to set tuition for graduate programs for that institution at a rate that is at least equal to that of the State Mandated tuition, but that is not more than twice that rate. Between the maximum and minimum rates, the Board may also set differential tuition among programs offered by an institution of higher education. The Board has set graduate tuition at an additional \$30 per semester hour for both resident and non-resident graduate students. The Board has set differential tuition at an additional \$100 for undergraduate and an additional \$75 for graduate students per semester.

Set forth below is a table showing the State Mandated tuition, Board Designated tuition, Board Authorized tuition, mandatory fees, and the amount set aside for financial assistance to resident and non-resident students for the 2022-2023 academic year based on 15 semester credit hours per semester for undergraduate students and 9 semester credit hours per semester for graduate students.

State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, Mandatory Fees And Financial Set-Aside Per Semester 2022-2023 Academic Year Based on 15 Undergraduate and 9 Graduate Credit Hours per Fall & Spring Semesters:						
	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set-Aside ⁽¹⁾
Resident Undergraduate	\$ 750	\$ 3,074	\$ 100	\$ 1,376	\$ 5,300	\$ 485
Resident Undergraduate-Fixed Rate (22/23 Cohort)	750	3,449	100	1,376	5,675	541
Border State Undergraduates ⁽²⁾	1,200	3,074	100	1,376	5,750	36
Non-resident Undergraduate	6,870	3,074	100	1,376	11,420	206
Resident Master's/Doctoral	450	1,836	345	1,086	3,717	333
Border State Master's/Doctoral	720	1,836	345	1,086	3,987	22
Non-resident Master's/Doctoral	4,122	1,836	345	1,086	7,389	124

⁽¹⁾ Total tuition and fees includes amounts required to be set aside for financial assistance according to Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated tuition, not less than 15% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); from Board Designated Tuition, not less than 15% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and not less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012).

⁽²⁾ Consistent with Section 54.0601, students who are residents of neighboring states (Arkansas, Louisiana, New Mexico and Oklahoma) enrolled in a Texas public university located within 100 miles of the Texas border may receive approval from the Texas Higher Education Coordinating Board to offer a lowered tuition rate. Currently eligible persons shall pay a tuition rate at the university of not less than \$30.00 more than the resident tuition rate.

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State Government Appropriations

The operations of the University are heavily dependent upon the continued support of the State through biennial appropriations of general revenues. The University receives a significant portion of its operating funds from State appropriations. The Board has no assurance that the Texas Legislature will continue to appropriate to the University the general revenue funds of the State at the same levels as in previous years. Future levels of State support are dependent upon the ability and willingness of the Texas Legislature to make appropriations to the University taking into consideration the availability of financial resources and other potential uses of such resources.

The State Legislature budgeted to the University a total of \$53,899,002 and \$53,898,307 for the 2022-2023 biennium. Included in the budget were \$39,152,020 and \$39,149,878 from the general revenue fund, \$14,739,036 and \$14,740,483 from dedicated general revenue (which includes tuition remissions from the University to the State), and \$7,946 and \$7,946 from License Plate Trust Account for fiscal years 2022 and 2023, respectively. Additional appropriations allocated to the University for employee benefits were \$13,177,691 for 2022 and \$13,358,469 for 2023. State appropriations included a 1.57% decrease in operational funding and a 3.30% increase in benefits funding.

In addition to the appropriation of general revenues of the State, the University receives a portion of an annual appropriation of funds made by the State Legislature pursuant to Texas Education Code 62.021 (a-1). Stephen F. Austin is scheduled to receive an annual Higher Education Funds (HEF) appropriation of \$11,277,793 beginning on September 1, 2022.

Private Funding

In fiscal years 2018-2022, the University received contributions (gifts, grants and contracts) averaging \$7.7 million annually from the private sector.

	For Fiscal Years Ending August 31,				
	2022	2021	2020	2019	2018
Other Contracts and Grants	\$ 340,119	\$ 319,452	\$ 757,516	\$ 719,005	\$ 745,873
Gifts - Non-pledged	7,398,661	6,734,995	5,463,160	4,577,612	4,998,568
Gifts - Pledged	237,674	1,000,000	-	-	3,155
Capital Contributions	149,608	4,183,278	253,600	11,155	693,178
	<u>\$ 8,126,062</u>	<u>\$ 12,237,725</u>	<u>\$ 6,474,276</u>	<u>\$ 5,307,772</u>	<u>\$ 6,440,774</u>

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Table 4 – Outstanding Indebtedness

Revenue Financing System Obligations	Principal	Interest
Revenue Financing System Revenue Bonds, Series 2020 *	\$ 15,935,000	\$ 3,595,625
Revenue Financing System Revenue Refunding Bonds, Series 2013 *	5,060,000	332,344
Revenue Financing System Revenue Refunding Bonds, Series 2016*	44,995,000	14,308,950
Revenue Financing System Revenue Bonds, Series 2019A*	91,415,000	68,669,675
Revenue Financing System Revenue Bonds, Series 2019B	13,985,000	4,173,417
Revenue Financing System Revenue Refunding Bonds, Series 2015	<u>20,275,000</u>	<u>825,155</u>
TOTAL REVENUE FINANCING SYSTEM OBLIGATIONS	<u>191,665,000</u>	<u>91,905,166</u>
Notes and Leases		
Banc of America Public Capital Corporation Equipment Lease	<u>7,238,538</u>	<u>881,987</u>
TOTAL NOTES AND LEASES	<u>7,238,538</u>	<u>881,987</u>
Constitutional Appropriation Bonds		
Constitutional Appropriation Bonds - Series 2008	-	-
TOTAL OBLIGATIONS	<u>\$ 198,903,538</u>	<u>\$ 92,787,154</u>

* Does not include \$12,533,017.44 of net unamortized bond premium.

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Investment Program

The University invests public funds in its custody with primary emphasis on the preservation and safety of the principal amount. Secondly, investments must be of sufficient liquidity to meet the day-to-day cash requirements of the University. Finally, the University invests to maximize yield within the two previously indicated standards. All investments within this scope conform to applicable State statutes and local rules governing the investment of public funds. Deposits and investments in other than United States Treasury or Agency securities or money market funds invested in United States Treasury or Agency securities are secured by depository pledges of collateral with market value no less than 100% of the value of the deposits and investments. Diversification maximums and actual investment levels for eligible securities as of August 31, 2022 were:

	<u>Maximum</u>	<u>Actual</u>	<u>Actual</u>
United States Treasury or Government securities	100.00%	-	
United States Agency securities	50.00%	-	
Mortgage-backed securities	25.00%	-	
Corporate Obligations	50.00%	-	
Fully insured or collateralized certificates of deposit	100.00%	-	
Bankers' acceptances	25.00%	-	
Commercial paper	50.00%	-	
Repurchase agreements	100.00%	-	
Registered money-market funds	80.00%	-	
Local Government Investment Pool	100.00%	34,567,872.75	22.82%
Bank Deposits	100.00%	58,689,321.60	38.74%
Investments held at Texas A&M University System- pooled account*	100.00%	57,453,815.60	37.93%
Cash held in the State Treasury	100.00%	<u>774,651.03</u>	<u>0.51%</u>
Totals		<u>151,485,660.98</u>	<u>100.00%</u>

*Removed the Quasi Endowment investments. This is reflected on the Endowments tab.

Endowments

The University is benefited by endowments consisting of marketable securities and investments which are not pledged to the payment of debt obligations. The value as of August 31, 2022 of the endowments, including both true endowments and quasi endowments, is presented in the table below:

	Market Value	Accrued Interest	Accrued Payables	Total
Endowments	\$ 15,747,247.13	\$ -	\$ -	\$ 15,747,247.13
Quasi Endowments	7,198,720.10		-	7,198,720.10
	<u>\$ 22,945,967.23</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,945,967.23</u>

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Deposits of Cash in Bank

The University invests its funds under authority of provisions of the Texas Education Code, the Texas Property Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. At August 31, 2022, the carrying amount of the University's deposits was \$58,689,321.60 and total bank balances equaled \$60,853,220.53.

Bank balances of \$1,000,000.00 were covered by federal depository insurance, and \$59,853,220.53 was covered by collateral pledged in the University's name. The collateral was held in the safekeeping departments of unrelated banks that act as the pledging banks' agents.

Cash and Temporary Investments, as reported on the university balance sheet consist of the items reported below:

Bank Deposits			
Cash in Bank		\$	58,689,321.60
Cash and Cash Equivalents			
Petty Cash on Hand	\$ 15,315.00		
Reimbursement from State Treasury	350,875.64		
Local Funds in State Treasury	813,773.46		
Cash Equivalents	-		1,179,964.10
Temporary Investments			1,428,147.23
Total Cash and Temporary Investments		\$	61,297,432.93

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Investments

Investment Categories

August 31, 2022

	Investment Pooled at Texas A&M University System *
U.S. Treasury Securities	\$ 5,265,982.61
U.S. Treasury TIPS	-
U.S. Government Agency Obligations	4,478,421.81
Corporate Obligations	7,411,749.40
Corporate Asset & Mortgage Backed Securities	2,959,088.55
Equity	13,313,480.93
International Obligations (Government and Corp)	3,746,364.04
International Equity	5,891,533.22
Fixed Income Money Market and Bond Mutual Fund	1,274,183.69
Mutual Funds - International Equity	-
International Other Commingled Funds - Equity	11,574,162.51
Other Commingled Funds - Fixed Income	97,285,430.94
Derivatives - Currency Forwards	2,445.14
Alternative Investments	22,392,272.09
Miscellaneous	124,060.53
Total Investments	\$ 175,719,175.46

* The university has contracted with Texas A&M University System in accordance with TEC 51.0031 for the investment of operating and quasi-endowment funds into the A&M Cash Concentration Pool. Investments in the pool are made in accordance with A&M Policy 22.02 System Investments.

The university has also contracted with A&M for the investment of the university's endowment funds into the A&M System Endowment Fund. Investments in the Endowment Fund are made in accordance with A&M Policy 22.02 System Investments.

Displayed on Statement of Net Assets as:	
Current Assets:	
Restricted:	
Short-Term Investments	\$ 61,615,405.69
Cash Equivalents	-
Unrestricted:	
Short-Term Investments	-
Cash Equivalents	-
Non-Current Assets	
Restricted:	
Investments: Endowment	14,883,361.32
Investments: Bond Proceeds	-
Unrestricted:	
Investments: Quasi-Endowments	7,198,720.10
Investments: Operating	92,021,688.35
Subtotal Investments	175,719,175.46
Less: Certificates of Deposit	-
Total Investments	\$ 175,719,175.46

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Subsequent Events

In September 2022, employee Tammy Wheeler filed a suit against the Board, Steve Westbrook, Ed.D., Interim President, and the University alleging Discrimination and Retaliation (Title VII, ADA, Ch. 21 of Texas Labor Code). She is seeking injunctive relief, actual damages, compensatory damages, mental anguish, attorney's fees, courts costs, and interest. The probability of liability and possible loss have not yet been determined.

In October 2022, former employee Sarah Evans filed a suit against the University alleging Discrimination and Retaliation (Ch. 21 of Texas Labor Code). She is seeking actual damages, non-economic damages, interest, court costs, and attorney's fees. The probability of liability and possible loss have not yet been determined.

The Board met in a special called meeting on November 29, 2022 where the decision was made to affiliate with the University of Texas system.

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