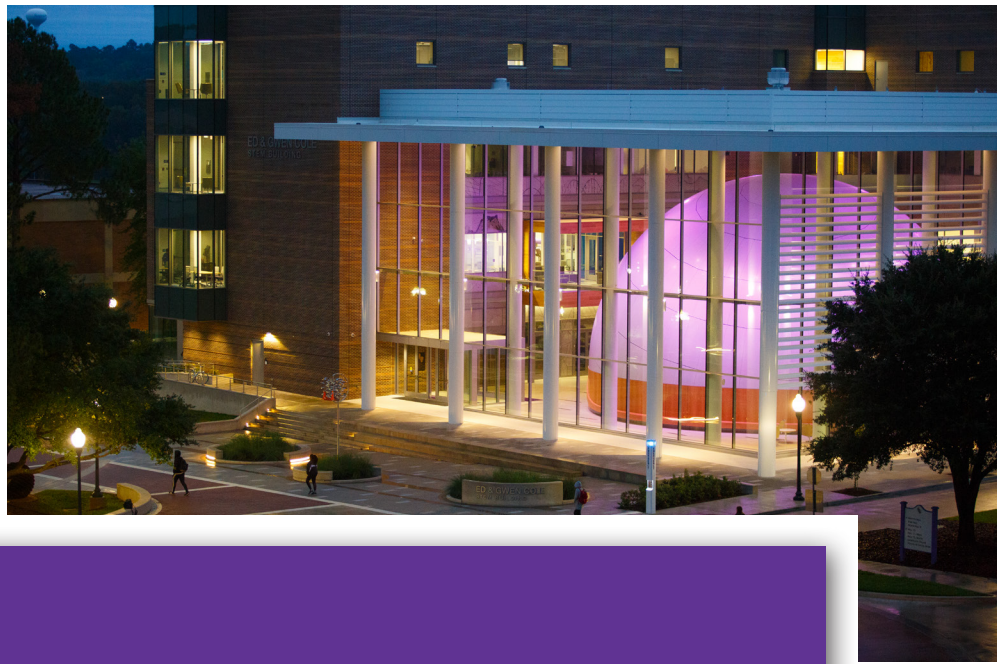




**STEPHEN F. AUSTIN
STATE UNIVERSITY**
NACOGDOCHES, TEXAS



ANNUAL FINANCIAL REPORT

For the year ended August 31, 2022

STEPHEN F. AUSTIN STATE UNIVERSITY

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STEPHEN F. AUSTIN STATE UNIVERSITY

Stephen F. Austin State University

Office of the President

P. O. Box 6078, SFA Station • Nacogdoches, TX 75962

Phone: (936) 468-2201 • Fax: (936) 468-2202

November 20, 2022

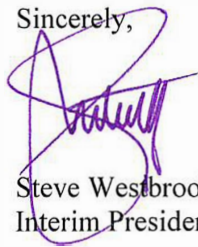
The Honorable Greg Abbott, Governor of Texas
The Honorable Glenn Hegar, Texas Comptroller of Public Accounts
Jerry McGinty, Director, Legislative Budget Board
Lisa Collier, CPA, State Auditor

Dear Governor Abbott, Mr. Hegar, Mr. McGinty, and Ms. Collier:

We are pleased to submit the Annual Financial Report of Stephen F. Austin State University for the year ended August 31, 2022, in compliance with Texas Government Code Annotated, Section 2101.011, and the requirements established by the Texas Comptroller of Public Accounts.

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

Sincerely,



Steve Westbrook
Interim President



STEPHEN F. AUSTIN STATE UNIVERSITY

Vice President for Finance and Administration

P.O. Box 6108, SFA Station • Nacogdoches, Texas 75962-6108
Phone (936) 468-2203 • Fax (936) 468-7027

November 20, 2022

Dr. Steve Westbrook
Interim President
Stephen F. Austin State University
P. O. Box 6078, SFA Station
Nacogdoches, Texas 75962

Dear Dr. Westbrook:

Submitted herein is the Annual Financial Report of Stephen F. Austin State University for the fiscal year ended August 31, 2022.

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

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

Sincerely,

Judi Kruwell, CPA
Associate Vice President for Finance and Administration

Gina Oglesbee, CPA, CFE, CIA
Vice President for Finance and Administration



STEPHEN F. AUSTIN
STATE UNIVERSITY
NACOGDOCHES, TEXAS

Organizational Data August 31, 2022

Board of Regents

Officers

Karen G. Gantt, Chair
M. Thomas Mason, Vice Chair
Jennifer W. Winston, Secretary

Members

Name	Town	Term Expires
David R. Alders	Nacogdoches, Texas	January 31, 2025
Robert A. Flores	Nacogdoches, Texas	January 31, 2027
Karen G. Gantt	McKinney, Texas	January 31, 2023
Brigettee C. Henderson	Lufkin, Texas	January 31, 2023
M. Thomas Mason	Dallas, Texas	January 31, 2023
Judy L. Olson	The Woodlands, Texas	January 31, 2025
Laura Rectenwald	Longview, Texas	January 31, 2027
Nancy C. Windham	Nacogdoches, Texas	Januray 31, 2027
Jennifer W. Winston	Lufkin, Texas	January 31, 2025
Paige Vadnais (student)	Forney, Texas	May 31, 2023

Interim President

Steve Westbrook, Ed.D.

Finance and Administration

Vice President – Gina Oglesbee, CPA, CFE, CIA
Associate Vice President – Judith Kruwell, CPA

STEPHEN F. AUSTIN STATE UNIVERSITY

Management's Discussion and Analysis

For the Year Ended August 31, 2022

INTRODUCTION

Stephen F. Austin State University (the University) is a comprehensive regional public institution of higher education and an agency of the State of Texas (State). Founded in 1923, the University is named for the "Father of Texas," Stephen Fuller Austin. It is located in the city of Nacogdoches, a part of the East Texas forested region. The main campus has more than 400 acres, including part of the original homestead of Thomas J. Rusk, early Texas patriot and United States Senator. In fall 2021, the University enrolled 11,946 students in 31 academic units and 6 colleges. The University offers baccalaureate, masters, and doctoral degrees.

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges. Specific academic programs hold numerous other accreditations.

The University does not include any blended components in the Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The objective of Management's Discussion and Analysis is to help readers of the University's Financial Statements better understand the financial position and operating activities for the fiscal year ended August 31, 2022, with selected comparative information for the fiscal year ended August 31, 2021. This discussion should be read in conjunction with the Letter of Transmittal, Financial Statements, and Notes to the Financial Statements. Management has prepared the Financial Statements and Notes to the Financial Statements along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the University administration.

Three primary statements are presented: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. The Financial Statements are prepared in accordance with requirements established by the Texas Comptroller of Public Accounts.

FISCAL YEAR 2022 HIGHLIGHTS

- Enrollment for the fall 2021 semester was 11,946. This figure represents a decrease of 5.3 percent from the enrollment of 12,620 recorded in fall 2020. Retention rates and persistence to graduation are two metrics by which the Texas Legislature evaluates State universities. The University reported an undergraduate retention rate of 76.2 percent for the fall 2021.
- In spring 2019, the University began construction of a basketball training facility and improvements to the fine arts building as part of the initiatives funded by the 2019 revenue bonds. The basketball training facility was completed in October 2021, and the capital improvements to the fine arts building are expected to be complete in March 2023. The SFA Board of Regents has reaffirmed and approved the use of remaining bond proceeds to construct a new dining facility, various deferred maintenance projects for residence hall facilities, and academic and university projects.
- In April 2022, President Scott Gordon and the University mutually agreed to end the employment relationship. Dr Steve Westbrook, long-time SFA senior administrator and former Interim President, was appointed until a permanent president assumes office. Additionally, the SFA Board of Regents appointed Gina Oglesbee as Vice President for Finance and Administration. Ms. Oglesbee previously served as the University's Chief Audit Executive.

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2022

- Based on instructions from the Texas Comptroller of Public Accounts, change in the reporting requirement for residual appropriations from Higher Education Funds (HEF) was implemented in Fiscal Year (FY) 2022. Net position for residual HEF was previously reported as Unrestricted Net Position. Beginning FY 2022, unexpended HEF is reported as Restricted Net Position-Capital Projects. FY 2021 net position information has been restated to reflect this change as well.
- The University's financial position at August 31, 2022 reflected total assets and deferred outflows of \$599.7 million and total liabilities and deferred inflows of \$558.7 million. Overall, the net position of the University decreased \$37.6 million. This decrease in overall net position is primarily attributable to the recording of non-cash accounting adjustments related to Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75 totaling \$15.7 million, and a decrease in fair market value of university operating and endowment investments of \$14.9 million. The remaining decrease in net position was due to variances in operating revenues and expenditures.

CONDENSED FINANCIAL INFORMATION AND FINANCIAL HIGHLIGHTS

Statement of Net Position

The Statement of Net Position provides a snapshot view of assets available for use in the University's continuing operations and enables readers to determine the amounts owed to others. Over time, increases or decreases in net position are indicators of the improvement or decline of the financial health of the University. The Statement of Net Position presents the assets, liabilities, deferred outflows and inflows of resources, and net position of the University at a specific point in time, in this case August 31, 2022. Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources.

"Net Position" displays three major categories: Invested in Capital Assets, Net of Related Debt; Restricted Net Position; and Unrestricted Net Position. The Invested in Capital Assets, Net of Related Debt category identifies the equity in property, plant, and equipment owned by the University net of debt owed on those capital assets. Restricted Net Position is either expendable or non-expendable. Restricted Net Position-Expendable may be expended only for the purposes designated by the external donor or provider of the assets. Restricted Net Position-Non-expendable is comprised entirely of funds held as permanent endowments. Unrestricted Net Position is available for any lawful purpose of the University. Although Unrestricted Net Position assets are not subject to externally imposed stipulations, these assets may have other commitments for various future uses in support of the University's mission. These include commitments for encumbrances outstanding at year-end. Previously classified in Unrestricted Net Position, unspent HEF have been reclassified in FY 2022 as Restricted for Capital Projects. Assets and liabilities are generally measured using current values, except capital assets, which are stated at historical cost less an allowance for depreciation.

Stephen F. Austin State University-755
Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2022

A summarized comparison of the University's Statement of Net Position at August 31, 2022 and 2021 follows:

Statement of Net Position

	August 31, 2022	August 31, 2021 Restated
Assets		
Current Assets	\$ 177,197,342.31	\$ 224,674,951.43
Noncurrent Assets		
Other Noncurrent Assets	117,957,578.93	121,691,817.23
Capital Assets, Net of Depreciation	<u>235,365,221.59</u>	<u>223,697,209.76</u>
Total Assets	<u>530,520,142.83</u>	<u>570,063,978.42</u>
Deferred Outflows of Resources	<u>69,213,394.00</u>	<u>98,671,719.00</u>
Liabilities		
Current Liabilities	120,143,324.89	122,848,921.51
Noncurrent Liabilities	<u>378,508,073.74</u>	<u>411,403,433.99</u>
Total Liabilities	<u>498,651,398.63</u>	<u>534,252,355.50</u>
Deferred Inflows of Resources	<u>60,045,841.00</u>	<u>55,831,468.00</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 81,292,960.67	\$ 81,340,280.21
Restricted Net Position		
Capital Projects*	6,453,067.78	11,006,727.25
Expendable and Other	30,533,565.41	31,478,693.17
Non-expendable	6,348,033.52	6,107,043.66
Unrestricted Net Position*	<u>(83,591,330.18)</u>	<u>(51,280,870.37)</u>
	<u>\$ 41,036,297.20</u>	<u>\$ 78,651,873.92</u>

*Unrestricted Net Position restated to reclassify residual HEF and other restricted capital projects as Restricted for Capital Projects.

Statement of Revenues, Expenses, and Changes in Net Position

The change in total net position was calculated from the activity shown on the Statement of Revenues, Expenses, and Changes in Net Position. This statement presents operating revenues and expenses; non-operating revenues and expenses; and other revenues, expenses, gains (losses), and transfers.

Operating revenues are receipts for providing goods and services to the various constituencies of the University. Operating expenses include salaries, wages, and goods and services needed to carry out the mission of the University. Non-operating revenues and expenses include non-exchange transactions for which no goods or services were provided. This category includes State appropriations, Pell grants, gifts, investment income, and interest payments on long-term debt.

Stephen F. Austin State University-755
Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2022

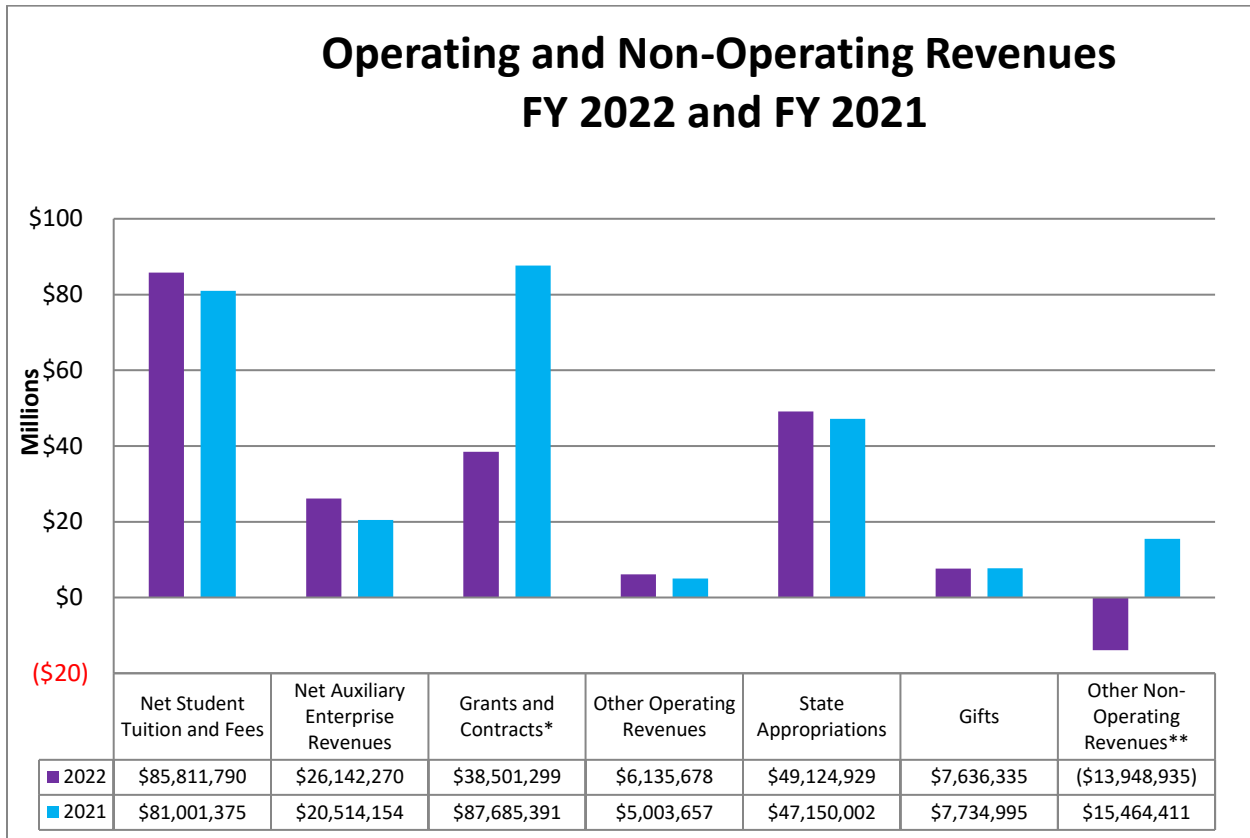
A summarized comparison of the University's Statement of Revenues, Expenses, and Changes in Net Position for the years ended August 31, 2022 and 2021 follows:

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Net Student Tuition and Fees	\$ 85,811,789.79	\$ 81,001,375.27
Net Auxiliary Enterprise Revenues	26,142,269.61	20,514,154.12
Grants and Contracts	15,393,225.93	17,393,019.07
Other Operating Revenues	6,135,678.46	5,003,657.22
Total Operating Revenues	<u>133,482,963.79</u>	<u>123,912,205.68</u>
Total Operating Expenses	<u>242,962,200.97</u>	<u>255,853,495.43</u>
Operating Income (Loss)	<u>(109,479,237.18)</u>	<u>(131,941,289.75)</u>
Legislative Revenue (State)	39,152,020.00	36,406,556.72
Additional Appropriations	9,972,909.04	10,743,445.23
Federal Revenues - Non-Operating	23,108,073.51	70,292,372.06
Gifts	7,636,335.27	7,734,994.56
Net Investment Income (Loss)	225,944.56	4,685,714.28
Net Increase (Decrease) in Fair Value of Investments	(14,865,333.18)	9,833,946.93
Interest Expenses and Fiscal Charges	(6,244,379.50)	(7,243,290.68)
Net Other Non-Operating Revenues (Expenses)	690,453.29	944,749.58
Total Non-Operating Revenues (Expenses)	<u>59,676,022.99</u>	<u>133,398,488.68</u>
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	<u>(49,803,214.19)</u>	<u>1,457,198.93</u>
Other Revenues, Expenses, Gains (Losses) and Transfers	<u>12,287,693.08</u>	<u>16,154,684.53</u>
Change in Net Position	<u>(37,515,521.11)</u>	<u>17,611,883.46</u>
Net Position, Beginning of Year	78,651,873.92	61,007,067.24
Restatements	(100,055.61)	32,923.22
Restated Net Position, Beginning of Year	<u>78,551,818.31</u>	<u>61,039,990.46</u>
Net Position, End of Year	<u>\$ 41,036,297.20</u>	<u>\$ 78,651,873.92</u>

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2022

The following graph exhibits operating and non-operating revenues by major source:



* Grants and Contracts includes both Operating and Non-Operating Grants and Contracts.

**Other Non-Operating Revenues includes Net Investment Income, Net Increase (Decrease) in Fair Value of Investments, and Net Other Non-Operating Revenues.

Fiscal year 2022 highlights presented in the Statement of Revenues, Expenses, and Changes in Net Position are as follows:

- Fall 2021 headcount decreased approximately five percent. However, net tuition and fees increased \$4.8 million due to the effect of COVID-19 related federal economic relief funding on tuition discounting in FY 2021.
- The University reinstated the housing residency requirements for applicable students which were suspended in FY 2021 due to COVID-19. As a result, occupancy rates increased and auxiliary revenues increased approximately 27 percent.
- Grants and contracts decreased \$49.2 million due to the effect of receiving COVID-19 federal aid in FY 2021.
- Increase in state appropriations was attributed to increased funding for special items, as well as additions to the formula funding provided by The Higher Education Coordinating Board (THECB).
- Net investment income (loss) and net increase (decrease) in Fair Value of Investments resulted in a decrease in non-operating revenues of \$29.2 million as a result of the investment market.

Stephen F. Austin State University-755
Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2022

Discounts and allowances reported as offsets for both tuition and fees and auxiliary enterprise revenues include exemptions, tuition discounts, and the allowance for doubtful accounts, which is a calculated estimate of the uncollectible student and other receivables. The chart below reflects these amounts and the related variances from FY 2021.

Gross Student Revenues, Exemptions, Discounts and Allowances			
	2022	2021	Net Change
Tuition and Fees - Pledged	\$115,572,126.15	\$124,442,914.99	\$(8,870,788.84)
Tuition and Fees - Non-Pledged	4,036,093.74	4,331,692.36	(295,598.62)
Exemptions	(13,071,283.11)	(16,240,363.52)	3,169,080.41
Tuition Discounts	(20,621,716.18)	(31,059,972.75)	10,438,256.57
Allowances for Doubtful Accounts	(103,430.81)	(472,895.81)	369,465.00
Net Student Tuition and Fees	\$85,811,789.79	\$ 81,001,375.27	\$4,810,414.52
Auxiliary Enterprises - Pledged	\$ 32,631,194.03	\$ 29,480,475.10	\$3,150,718.93
Auxiliary Enterprises - Non-Pledged	3,027,433.92	2,122,908.61	904,525.31
Discounts	(9,420,663.45)	(10,732,932.93)	1,312,269.48
Allowances for Doubtful Accounts	(95,694.89)	(356,296.66)	260,601.77
Net Auxiliary Enterprise Revenues	\$26,142,269.61	\$ 20,514,154.12	\$5,628,115.49

State and federal loans to students have continued to decrease for the fourth year in a row. Gross scholarships awarded to students from grants and outside organizations decreased significantly by approximately \$20.9 million, primarily reflecting the loss of the FY 2021 COVID-19 student aid. Net scholarships decreased by approximately \$9.1 million. Pell grants decreased by four percent to \$20.1 million. A portion of scholarships has been reclassified as either tuition discounts or auxiliary discounts using the National Association of College and University Business Officers (NACUBO) discount formula.

The discount calculation involves various types of aid to the student as shown below:

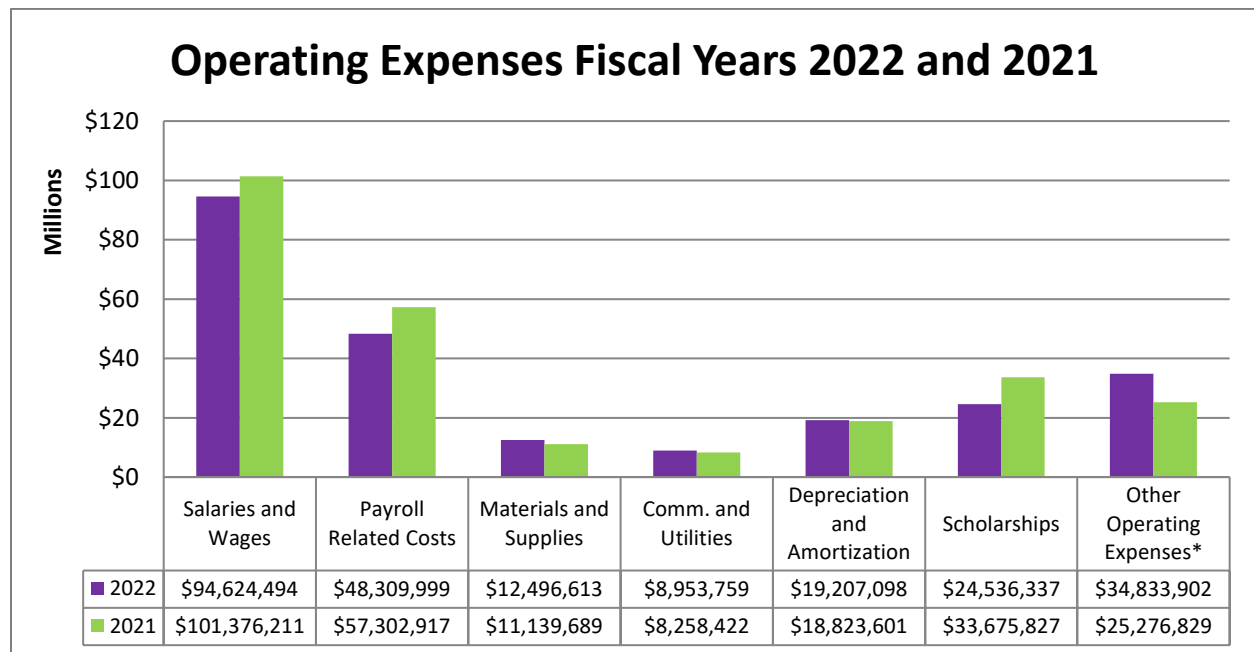
Gross Scholarships and Related Discounts Applied to Revenues			
	2022	2021	Net Change
State and federal student loans	\$ 57,386,007.08	\$ 62,991,803.80	\$ (5,605,796.72)
Gross Scholarships	54,578,716.14	75,468,732.95	(20,890,016.81)
Scholarships - Reclassified to Tuition/Fee Discounts	(20,621,716.18)	(31,059,972.75)	10,438,256.57
Scholarships - Reclassified to Auxiliary Enterprises	(9,420,663.45)	(10,732,932.93)	1,312,269.48
Scholarships (as reported)	\$ 24,536,336.51	\$ 33,675,827.27	\$ (9,139,490.76)

Stephen F. Austin State University-755
Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2022

The following data summarizes the operating expenses in the natural classification expense categories for the fiscal years ended August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cost of Goods Sold	\$ 11,655,157.79	\$ 7,845,744.90
Salaries and Wages	94,624,493.68	101,376,210.74
Payroll-Related Costs	48,309,998.57	57,302,916.97
Professional Fees and Services	2,787,981.70	2,348,434.84
Travel	3,173,510.71	1,109,966.07
Materials and Supplies	12,496,612.69	11,139,689.02
Communication and Utilities	8,953,759.42	8,258,422.27
Repairs and Maintenance	5,624,618.04	5,028,834.93
Rentals and Leases	3,183,696.34	2,576,824.25
Printing and Reproduction	504,939.29	285,270.69
Federal Pass-Through Expenditures	16,837.84	0.00
Depreciation	19,207,098.24	18,823,600.63
Scholarships	24,536,336.51	33,675,827.27
Other Operating Expenses	7,887,160.15	6,081,752.85
	<u>\$ 242,962,200.97</u>	<u>\$ 255,853,495.43</u>

The following is a graphic presentation of the major operating expense categories for the fiscal years ended August 31, 2022 and 2021:

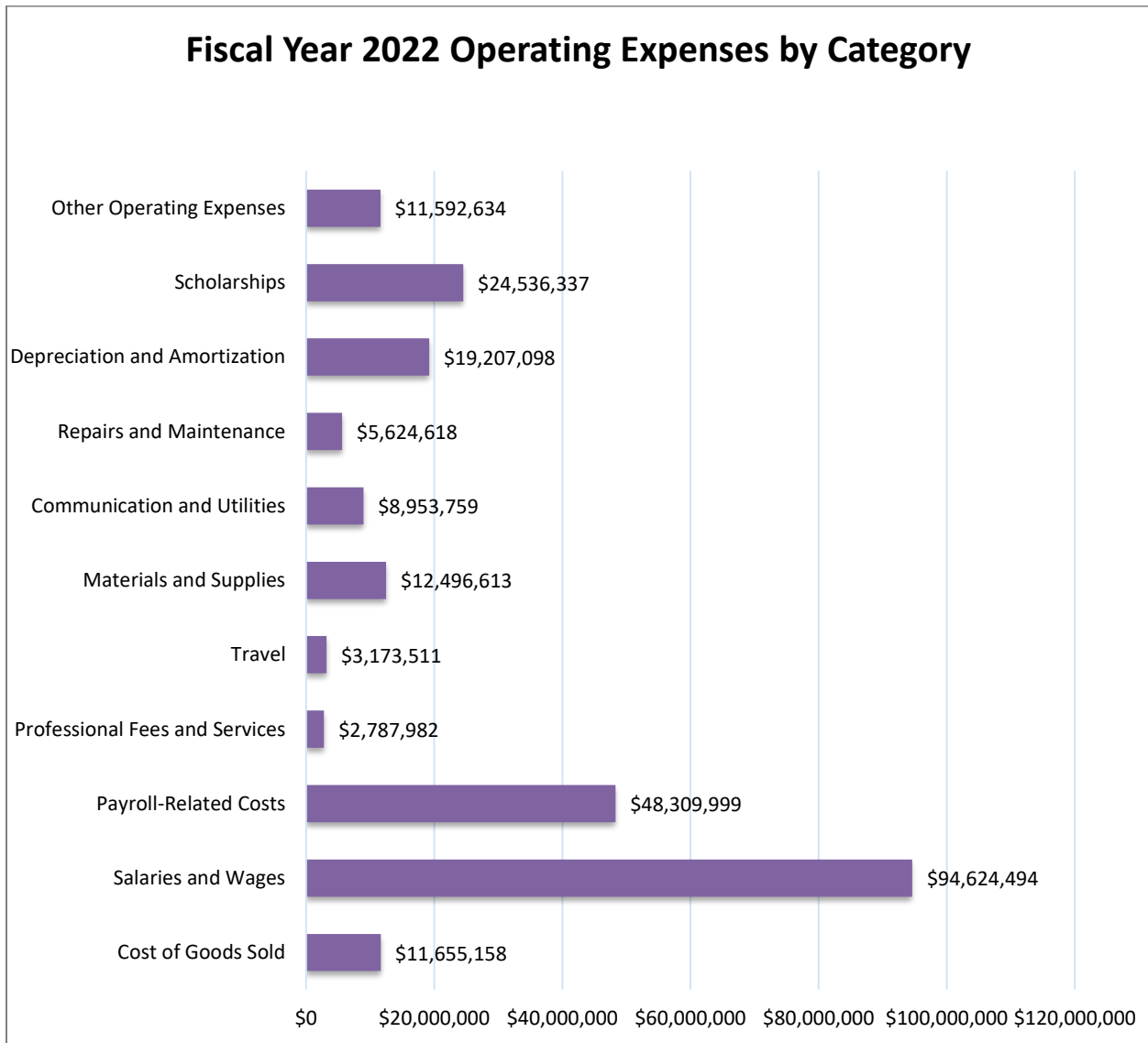


**Other Operating Expenses includes Cost of Goods Sold, Professional Fees and Services, Travel, Repairs and Maintenance, Rentals and Leases, Printing and Reproduction, Federal Pass-Through Expenditures, and Other Operating Expenses.*

Stephen F. Austin State University-755
 Management's Discussion and Analysis
 UNAUDITED
 For the Year Ended August 31, 2022

Fiscal year 2022 significant changes from the prior year for all other operating expenses include:

- Travel costs increased \$2.1 million due to lifting of travel restrictions after the pandemic.
- Cost of Goods Sold increased \$3.8 million related to increased meal plan participation and higher on-campus occupancy of residence halls.
- Scholarship expense decreased \$9.1 million as explained previously in this report.
- Salaries and wages decreased \$6.8 million due primarily to the FY 2021 \$3.5 million one-time payout for the Voluntary Separation Incentive Program (VSIP). Additionally, a lag in filling authorized key positions vacated by VSIP resulted in reduced FY 2022 salaries and wages.
- Payroll-related costs decreased \$9.0 million primarily due to calculations for VSIP and vacant positions, and a decrease in TRS pension liability.



****Other Operating Expenses includes Rentals and Leases, Federal Pass-Thru Expenditures, Printing and Reproduction costs, Bad Debt expense, and Other Operating Expenses.***

Stephen F. Austin State University-755
Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2022

Statement of Cash Flows

The purpose of a Statement of Cash Flows is to provide relevant information about the University's cash receipts and payments during the fiscal year. The Statement of Cash Flows, when used with related disclosures and information in the other financial statements, provides relevant information about the University, such as:

- Its ability to generate future net cash flows.
- Its ability to meet obligations when due.
- Its needs for external financing.
- The reason for differences between operating income and associated cash receipts and payments.
- The effects on the University's financial position of its cash and its non-cash investing, capital, and financing transactions.

The Statement of Cash Flows provides details about the University's major sources and uses of cash during the year. It presents detailed information about the cash activity and an indication of the University's liquidity and ability to meet cash obligations. There are four categories of cash flow activity:

1. Cash Flows from Operating Activities – cash flows from operating activities result from providing services and producing and delivering goods. They include all other transactions not defined as non-capital financing, capital and related financing, or investing activities.
2. Cash Flows from Non-Capital Financing Activities – cash flows from non-capital financing activities include borrowing money and repaying the principal and interest on amounts borrowed for purposes other than to acquire, construct, or improve capital assets.
3. Cash Flows from Capital and Related Financing Activities – cash flows from capital and related financing activities include acquiring and disposing of capital assets; borrowing money to acquire, construct, or improve capital assets; and repaying the principal and interest amounts.
4. Cash Flows from Investing Activities – cash flows from investing activities include making and collecting loans (except program loans) and the acquisition and disposition of debt or equity instruments.

The Statement of Cash Flows reports net cash provided or used in each of the four categories of classifying cash transactions. It also reports the net effect of these flows on cash and cash equivalents during the fiscal year in a manner that reconciles beginning and ending cash and cash equivalents for the year.

The final section of the Statement of Cash Flows reconciles the Net Cash Provided (Used) by Operating Activities to the Operating Income (Loss) reflected on the Statement of Revenues, Expenses, and Changes in Net Position. When transactions are part cash and part non-cash, only the cash portion is reported within the Statement of Cash Flows. Non-cash items include information about investing, capital, and financing activities that affect assets and liabilities but do not result in cash receipts or cash payments in the fiscal period. The non-cash portion is reported in the non-cash transaction section supplemental to the Statement of Cash Flows.

Stephen F. Austin State University-755
Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2022

A summarized comparison of the Statement of Cash Flows at August 31, 2022 and 2021 follows:

	2022	2021
Net Cash Provided (Used) by:		
Operating Activities	\$ (55,578,231.10)	\$ (61,067,759.22)
Non-Capital Financing Activities	55,764,359.07	98,854,795.74
Capital and Related Financing Activities	(37,701,802.62)	(40,129,096.68)
Investing Activities	11,648,514.30	31,099,641.35
Increase (Decrease) in Cash and Cash Equivalents	\$ (25,867,160.35)	\$ 28,757,581.19
Cash and Cash Equivalents, Beginning of Year	85,736,446.05	56,978,864.86
Restatements	-	-
Cash and Cash Equivalents, as Restated, Sept. 1, 2021	85,736,446.05	56,978,864.86
Increase (Decrease) in Cash and Cash Equivalents	(25,867,160.35)	28,757,581.19
Cash and Cash Equivalents, End of Year	\$ 59,869,285.70	\$ 85,736,446.05

Net cash provided (used) by operating activities should be viewed together with net cash provided (used) by non-capital financing activities because State appropriations are significant sources of recurring revenue in support of operating expenses but, under GASB Statement No. 35, they must be classified as non-capital financing activities instead of operating activities. Additionally, federal financial aid revenues, including Pell grants and Higher Education Emergency Relief Fund (HEERF) grants, are classified as a non-operating activity since these are considered non-exchange activities, but the offsetting expenditures are recognized as operating expenses. Overall, the University experienced a decrease of \$25.8 million in cash and cash equivalents due almost entirely to the use of federal HEERF funds for student aid and lost revenue caused by the pandemic.

Cash used by operating activities decreased by approximately \$5.5 million due largely to the decrease in operating expenses and reduction in student aid provided from the HEERF funding in 2021.

Net cash flows provided by non-capital financing activities in FY 2022 decreased \$43.1 million from the prior year. As mentioned before, the economic HEERF recovery funds provided in 2021 to the institution and to the students made up the decrease.

Net cash used for capital and related financing activities decreased \$2.4 million due mainly to the use of bond proceeds to complete the basketball training facility and the construction of the fine arts addition.

Net cash provided from investing activities decreased \$19.5 million due to changes in the investment of bond proceeds and the decrease in fair market value of operating long-term investments.

ECONOMIC OUTLOOK

The SFA Board of Regents approved an operating budget of \$273,720,925 for the 2022-23 fiscal year.

In FY 2022, the legislature approved a Capital Construction Assistance Project of \$44,922,833. In FY 2023, the University is in the planning stage of developing the interdisciplinary projects for these funds.

In September 2022, Fitch downgraded to A+ from AA- the bond rating on various Revenue Financing System (RFS) bonds issued by the SFA Board of Regents. The downgrade to A+ from AA- reflects the current trend of declining headcount; however, the rating outlook of stable reflects the expectation that the University will continue to benefit from solid state support and have sufficient financial flexibility at the 'A+' rating level to absorb current year enrollment pressures.

Enrolled headcount for Fall 2022 decreased by 5.2 percent when compared to Fall 2021, and semester credit hours decreased 5.7 percent.

At the July 2022 meeting of the SFA Board of Regents, the Board Chair appointed a subcommittee to evaluate potential affiliation with other Texas state university systems. A process was rolled out to address questions posed by campus constituents including students, faculty, staff, and alumni. The SFA Board of Regents is expected to make their decision regarding system affiliation at a special called meeting scheduled for November 29, 2022.

In 2016, the University began a capital fundraising campaign to coincide with the University's 100-year anniversary on September 18, 2023. At the end of calendar year 2022, it is expected that 100% of the campaign target will be achieved. To kick off the centennial celebration in 2023, the results of the capital fundraising campaign will be announced at the SFA Gala event which will be held in January.

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STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Net Position
For the Fiscal Year Ended August 31, 2022

ASSETS	2022	2021 Restated
	<hr/>	<hr/>
Current Assets		
Cash and Cash Equivalents:		
Cash on Hand	\$ 15,315.00	\$ 29,476.00
Cash in Bank	31,490,923.51	65,972,117.69
Cash in Transit/Reimburse from Treasury	350,875.64	1,071,841.18
Cash in State Treasury	813,773.46	882,360.90
Cash Equivalents	0.00	0.00
Short-Term Investments	0.00	0.00
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	27,198,398.09	17,780,650.28
Short-Term Investments		
Endowment	1,428,147.23	987,610.19
Proceeds from Bond Sales	60,187,258.46	86,177,928.36
Legislative Appropriations	17,889,345.01	13,553,366.89
Receivables:		
Intergovernmental Receivables		
Federal	1,570,369.26	2,057,482.06
State	12,311.60	18.00
Other Intergovernmental	253,134.31	634,799.95
Student Accounts Receivable	11,017,807.99	12,233,136.79
Allowance for Student Receivables	0.00	0.00
Accounts Receivable	4,496,897.48	2,571,653.53
Gifts/Pledges Receivables	330,000.00	2,500,000.00
Due From Other Agencies:		
Federal	232,116.73	307,402.04
State	72,995.67	59,767.92
Consumable Inventories	551,867.93	476,330.54
Merchandise Inventories	432,583.08	469,335.98
Prepaid Items	17,189,640.61	15,243,368.00
Student Loans Receivables	1,663,581.25	1,666,305.13
Allowance for Loans/Contracts	0.00	0.00
Total Current Assets	<hr/> 177,197,342.31	<hr/> 224,674,951.43

See accompanying Notes to the Financial Statements

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Net Position
For the Fiscal Year Ended August 31, 2022

	<u>2022</u>	<u>2021</u> <u>Restated</u>
Noncurrent Assets		
Restricted:		
Cash Equivalents	\$ 0.00	\$ 992,733.81
Investments		
Endowments	14,883,361.32	17,128,181.87
Proceeds from Bonds	0.00	0.00
Student Loans Receivables	4,301,419.77	4,148,126.38
Allowance for Doubtful Accounts	(1,757,761.27)	(896,969.74)
Unrestricted:		
Investments		
Operating	92,021,688.35	89,771,722.27
Quasi-Endowments	7,198,720.10	8,687,846.60
Student Accounts Receivables	12,591,491.05	12,942,390.73
Allowance for Doubtful Accounts	(11,281,340.39)	(11,082,214.69)
Capital Assets		
Land and Land Improvements	8,419,438.29	8,419,438.29
Construction in Progress	33,819,462.49	39,882,121.21
Other Capital Assets	831,858.23	831,858.23
Non-Depreciable or Non-Amortizable	<u>43,070,759.01</u>	<u>49,133,417.73</u>
Capital Assets, Depreciable:		
Buildings and Building Improvements	473,188,012.36	439,273,030.06
Less Accumulated Depreciation	(304,292,188.60)	(288,950,270.20)
Infrastructure	17,469,304.46	17,469,304.46
Less Accumulated Depreciation	(13,483,913.17)	(12,838,516.81)
Facilities and Other Improvements	37,381,456.30	36,034,506.30
Less Accumulated Depreciation	(24,506,806.15)	(23,208,111.14)
Furniture and Equipment	23,372,711.77	23,173,385.82
Less Accumulated Depreciation	(18,492,759.08)	(18,401,027.64)
Vehicles, Boats, and Aircraft	6,486,862.00	6,577,193.60
Less Accumulated Depreciation	(5,242,236.30)	(5,047,090.51)
Other Capital Assets	13,777,437.28	13,803,372.40
Less Accumulated Depreciation	(13,363,418.29)	(13,321,984.31)
Intangible Assets	4,475,809.57	4,502,623.77
Less Accumulated Amortization	(4,475,809.57)	(4,502,623.77)
Depreciable or Amortizable, Net	<u>192,294,462.58</u>	<u>174,563,792.03</u>
Total Noncurrent Assets	<u>353,322,800.52</u>	<u>345,389,026.99</u>
Total Assets	<u>530,520,142.83</u>	<u>570,063,978.42</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources (Note 28)	<u>69,213,394.00</u>	<u>98,671,719.00</u>

See accompanying Notes to the Financial Statements

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Net Position
For the Fiscal Year Ended August 31, 2022

	<u>2022</u>	<u>2021</u> <u>Restated</u>
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payable	\$ 9,336,343.50	\$ 7,677,340.55
Payroll Payable	4,463,050.33	6,596,596.64
Deposits	2,692,566.62	3,304,014.88
Benefits Payable	5,470,282.99	4,468,397.33
Interagency Payable	90.00	0.00
Due to Other Agencies	597,648.54	467,934.09
Unearned Revenues:		
Tuition and Fees	45,665,284.95	50,683,027.78
Sales and Services	20,574,216.82	15,960,945.21
Grants and Contracts	1,613,920.33	519,948.13
Employees' Compensable Leave	860,902.71	593,977.34
Capital Lease Obligations	0.00	26,473.21
Notes and Loans Payable	805,017.97	762,756.42
Revenue Bonds Payable	10,463,615.32	9,873,876.46
Tuition Revenue Bonds Payable	4,207,090.50	4,145,124.07
Accrued Bond Interest Payable	3,135,686.66	3,304,937.16
Funds Held for Others	5,870,959.65	9,320,445.24
Other Current Liabilities	4,386,648.00	5,143,127.00
Total Current Liabilities	<u>120,143,324.89</u>	<u>122,848,921.51</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	3,274,601.15	2,920,730.91
Notes and Loans Payable	6,433,519.97	7,238,537.94
Revenue Bonds Payable	143,673,215.34	154,741,871.36
Tuition Revenue Bonds Payable	45,854,096.28	50,061,186.78
ERS OPEB Liability	158,613,526.00	149,043,885.00
TRS Net Pension Liability	20,659,115.00	47,397,222.00
Total Noncurrent Liabilities	<u>378,508,073.74</u>	<u>411,403,433.99</u>
Total Liabilities	<u>498,651,398.63</u>	<u>534,252,355.50</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources (Note 28)	<u>60,045,841.00</u>	<u>55,831,468.00</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	81,292,960.67	81,340,280.21
Restricted for:		
Capital Projects	6,453,067.78	11,006,727.25
Endowment Funds		
Nonexpendable	6,348,033.52	6,107,043.66
Expendable	4,025,773.16	5,712,932.57
Other	26,507,792.25	25,765,760.60
Unrestricted	<u>(83,591,330.18)</u>	<u>(51,280,870.37)</u>
Total Net Position	<u>\$ 41,036,297.20</u>	<u>\$ 78,651,873.92</u>

See accompanying Notes to the Financial Statements

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended August 31, 2022

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Sales of Goods and Services		
Tuition and Fees - Pledged	\$ 115,572,126.15	\$ 124,442,914.99
Tuition and Fees - Non-Pledged	4,036,093.74	4,331,692.36
Discounts and Allowances	(33,796,430.10)	(47,773,232.08)
Auxiliary Enterprise - Pledged	32,631,194.03	29,480,475.10
Auxiliary Enterprise - Non-Pledged	3,027,433.92	2,122,908.61
Discounts and Allowances	(9,516,358.34)	(11,089,229.59)
Other Sales of Goods and Svcs - Pledged	4,982,370.36	4,218,198.59
Other Sales of Goods and Svcs - Non-Pledged	815,888.37	571,352.25
Federal Revenue	1,510,072.10	1,320,021.93
Federal Pass-Through Rev from Non-State Entities	67,199.89	245,454.69
Federal Pass-Through Revenue	944,524.76	2,632,795.31
State Grant Revenue	0.00	0.00
State Pass-Through Revenue	11,910,766.38	11,746,070.64
Local Contracts and Grants	620,543.92	1,129,224.27
Other Contracts and Grants	340,118.88	319,452.23
Other Operating Revenues - Pledged	334,074.73	209,967.10
Other Operating Revenues - Non-Pledged	3,345.00	4,139.28
Total Operating Revenues	<u>133,482,963.79</u>	<u>123,912,205.68</u>
Operating Expenses:		
Cost of Goods Sold	11,655,157.79	7,845,744.90
Salaries and Wages	94,624,493.68	101,376,210.74
Payroll-Related Costs	48,309,998.57	57,302,916.97
Professional Fees and Services	2,787,981.70	2,348,434.84
Travel	3,173,510.71	1,109,966.07
Materials and Supplies	12,496,612.69	11,139,689.02
Communication and Utilities	8,953,759.42	8,258,422.27
Repairs and Maintenance	5,624,618.04	5,028,834.93
Rentals and Leases	3,183,696.34	2,576,824.25
Printing and Reproduction	504,939.29	285,270.69
Federal Pass-Through Expenditure	0.00	0.00
Federal Pass-Through Expenditure to Non-State Entities	16,837.84	0.00
State Pass-Through Expenditure	0.00	0.00
Amortization	-	0.00
Depreciation	19,207,098.24	18,823,600.63
Bad Debt Expense	859,605.08	-
Interest Expense	575.82	124.54
Scholarships	24,536,336.51	33,675,827.27
Claims and Judgments	35,000.00	0.00
Other Operating Expenses	6,991,979.25	6,081,628.31
Total Operating Expenses	<u>242,962,200.97</u>	<u>255,853,495.43</u>
Operating Income (Loss)	<u>(109,479,237.18)</u>	<u>(131,941,289.75)</u>

See accompanying Notes to the Financial Statements

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended August 31, 2022

	<u>2022</u>	<u>2021</u>
Non-Operating Revenues (Expenses):		
Legislative Revenue	\$ 39,152,020.00	\$ 36,406,556.72
Additional Appropriations	9,972,909.04	10,743,445.23
Federal Revenue	23,108,073.51	70,292,372.06
State Pass Through Revenue	0.00	0.00
Gifts - Non-Pledged	7,398,660.78	6,734,994.56
Gifts - Pledged	237,674.49	1,000,000.00
Land Income	0.00	0.00
Other Rental Income	151,246.40	178,907.54
Investment Income - Pledged	207,536.91	3,498,009.77
Investment Income - Non-Pledged	75,573.66	1,572,555.14
Net Increase (Decrease) Fair Value - Pledged	(12,873,383.07)	7,862,028.18
Net Increase (Decrease) Fair Value - Non-Pledged	(1,991,950.11)	1,971,918.75
Investing Activities Expenses	(474,932.82)	(457,037.12)
Income on Loans Receivable	24,615.21	(168,136.33)
Interest Income on Capital Investments-Pledged	393,151.60	240,322.82
Net Increase (Decrease) Fair Value-Capital Investments-Pledged	0.00	0.00
Interest Expenses and Fiscal Charges	(6,244,379.50)	(7,243,290.68)
Gain (Loss) on Sale of Capital Assets	(28,235.11)	417,201.68
Settlement of Claims	310,669.20	293.52
Other Non-Operating Revenues (Expenses)	256,772.80	348,346.84
Total Non-Operating Revenues (Expenses)	<u>59,676,022.99</u>	<u>133,398,488.68</u>
Income (Loss) Before Other Revenues, Expenses, Gains/Losses, and Transfers	<u>(49,803,214.19)</u>	<u>1,457,198.93</u>
Other Revenues, Expenses, Gains/Losses, and Transfers		
Capital Contributions	149,608.00	4,183,278.05
Capital Appropriations (Higher Education Fund)	11,277,793.00	11,277,793.00
Additions to Permanent and Term Endowments	240,989.86	23,478.00
Lapsed Appropriations	(4,600.00)	(100.00)
Legislative Transfers In	381,499.00	403,398.00
Legislative Transfers Out	0.00	0.00
Transfers In	248,437.00	265,086.00
Transfers Out	(6,033.78)	1,751.48
Legislative Financing Uses	0.00	(0.00)
Total Other Revenue, Expenses, Gain/Losses, and Transfers	<u>12,287,693.08</u>	<u>16,154,684.53</u>
Change in Net Position	<u>(37,515,521.11)</u>	<u>17,611,883.46</u>
Net Position, Beginning of Year	78,651,873.92	61,007,067.24
Restatements	(100,055.61)	32,923.22
Net Position, Beginning of Year, as Restated	<u>78,551,818.31</u>	<u>61,039,990.46</u>
Net Position, August 31, 2022	<u>\$ 41,036,297.20</u>	<u>\$ 78,651,873.92</u>

See accompanying Notes to the Financial Statements

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Matrix of Operating Expenses by Function
 For the Fiscal Year Ended August 31, 2022

<u>Operating Expenses</u>	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>
Cost of Goods Sold	\$ 12,537.15	\$ 0.00	\$ 15,421.04	\$ 219,343.03	\$ 20,959.94
Salaries and Wages	47,971,026.84	1,794,799.38	506,405.19	9,179,570.99	11,358,670.43
Payroll Related Costs	12,583,580.52	350,842.65	85,982.04	2,358,057.36	2,969,344.87
Payroll Related Costs-TRS Pension	(1,508,859.94)	(40,986.65)	(12,837.72)	(329,944.86)	(414,915.04)
Payroll Related Costs-OPEB	6,446,987.19	292,239.69	62,710.75	1,609,740.25	2,453,024.78
Professional Fees and Services	140,992.95	117,727.85	159,488.38	84,615.06	930,580.83
Travel	246,886.28	149,067.17	14,851.73	265,411.02	2,442,709.67
Materials and Supplies	1,634,218.63	260,411.33	295,447.13	1,372,951.15	3,347,047.38
Communication and Utilities	232,965.22	43,691.53	2,890.99	1,531,894.75	398,784.41
Repairs and Maintenance	395,245.01	8,644.21	61,867.23	208,650.60	569,463.10
Rentals and Leases	377,904.31	78,685.39	92,684.81	293,064.47	1,138,830.38
Printing and Reproduction	48,631.74	1,156.65	42,635.41	84,732.35	152,704.42
Federal Pass-Through Expenditures	0.00	16,837.84	0.00	0.00	0.00
State Pass-Through Expenditures	0.00	0.00	0.00	0.00	0.00
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	859,605.08
Interest Expense	0.00	0.23	0.00	133.52	0.00
Scholarships	0.00	0.00	0.00	0.00	0.00
Claims and Judgments	0.00	0.00	0.00	0.00	0.00
Other Operating Expenses	333,979.23	85,135.45	(652,091.35)	510,273.10	1,100,601.94
Total Operating Expenses	<u>\$ 68,916,095.13</u>	<u>\$ 3,158,252.72</u>	<u>\$ 675,455.63</u>	<u>\$ 17,388,492.79</u>	<u>\$ 27,327,412.19</u>

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Matrix of Operating Expenses by Function
 For the Fiscal Year Ended August 31, 2022

Operating Expenses	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
Cost of Goods Sold	\$ 0.00	\$ 0.00	\$ 0.00	\$ 11,386,896.63	\$ 0.00	\$ 11,655,157.79
Salaries and Wages	12,466,069.29	4,388,319.58	0.00	6,959,631.98	0.00	94,624,493.68
Payroll Related Costs	8,876,037.61	1,560,173.26	0.00	3,771,031.26	0.00	32,555,049.57
Payroll Related Costs-TRS Pension	104,750.74	(256,169.63)	0.00	(338,043.90)	0.00	(2,797,007.00)
Payroll Related Costs-OPEB	3,070,150.00	1,673,050.27	0.00	2,944,053.07	0.00	18,551,956.00
Professional Fees and Services	409,772.43	764,903.76	0.00	179,900.44	0.00	2,787,981.70
Travel	85,734.90	(203,703.01)	0.00	172,552.95	0.00	3,173,510.71
Materials and Supplies	1,795,538.34	2,532,098.08	0.00	1,258,900.65	0.00	12,496,612.69
Communication and Utilities	819,888.27	3,018,939.99	0.00	2,904,704.26	0.00	8,953,759.42
Repairs and Maintenance	1,310,415.06	1,740,009.75	0.00	1,330,323.08	0.00	5,624,618.04
Rentals and Leases	258,716.90	767,750.24	0.00	176,059.84	0.00	3,183,696.34
Printing and Reproduction	106,735.01	100.14	0.00	68,243.57	0.00	504,939.29
Federal Pass-Through Expenditures	0.00	0.00	0.00	0.00	0.00	16,837.84
State Pass-Through Expenditures	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation and Amortization	0.00	0.00	0.00	0.00	19,207,098.24	19,207,098.24
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	859,605.08
Interest Expense	376.95	65.12	0.00	0.00	0.00	575.82
Scholarships	0.00	0.00	24,536,336.51	0.00	0.00	24,536,336.51
Claims and Judgments	35,000.00	0.00	0.00	0.00	0.00	35,000.00
Other Operating Expenses	2,966,088.47	2,064,969.20	0.00	583,023.21	0.00	6,991,979.25
Total Operating Expenses	\$ 32,305,273.97	\$ 18,050,506.75	\$ 24,536,336.51	\$ 31,397,277.04	\$ 19,207,098.24	\$ 242,962,200.97

STEPHEN F. AUSTIN STATE UNIVERSITY
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2022

	2022	2021
Cash Flows from Operating Activities		
Proceeds from Tuition and Fees	\$ 82,559,401.14	\$ 80,713,138.37
Proceeds from Auxiliary Services	30,755,541.22	19,953,760.39
Proceeds from Other Sales and Services	5,759,474.24	4,883,631.58
Proceeds from Grants and Contracts	17,535,544.98	16,574,773.05
Proceeds from Other Revenues	337,419.73	214,106.38
Proceeds from Loan Programs	710,222.02	99,039.64
Payments to Suppliers for Goods and Services	(55,655,334.07)	(40,146,373.70)
Payments to Employees for Salaries and Benefits	(107,001,381.57)	(108,242,521.19)
Payments to Students for Scholarships	(30,543,542.97)	(35,117,189.20)
Payments for Other Expenses	(35,575.82)	(124.54)
Net Cash Provided (Used) by Operating Activities	<u>(55,578,231.10)</u>	<u>(61,067,759.22)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	24,088,128.20	19,203,328.68
Proceeds from Non-Operating Grants and Contracts	23,108,073.51	70,292,372.06
Proceeds from Gifts	7,636,335.27	7,734,994.56
Proceeds(Payments) for Student Loan Funds	(834,989.87)	(168,136.33)
Proceeds of Transfers from Other Agencies	629,936.00	668,484.00
Proceeds from Claims and Settlements	310,669.20	293.52
Proceeds from Other Revenue (Expense)	256,772.80	348,346.84
Proceeds from Endowment Investments	569,433.96	775,112.41
Net Cash Provided (Used) by Noncapital Financing Activities	<u>55,764,359.07</u>	<u>98,854,795.74</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	7,794.40	401,732.82
Proceeds from Debt Issuance	-	-
Proceeds from State Appropriations-Higher Education Funds (HEF)	11,277,793.00	11,975,309.05
Proceeds from Capital Contributions	2,469,216.00	1,683,278.05
Payments from Other Financing Activities	992,733.81	(992,733.81)
Proceeds from Other Rental Income	151,246.40	178,907.54
Proceeds from Interest on Capital Investments	393,151.60	240,322.82
Payments for Additions to Capital Assets	(31,160,803.19)	(28,367,443.41)
Payments for Interfund Payables	-	(1,692,373.31)
Payments of Principal on Capital Debt	(15,386,797.65)	(16,040,893.51)
Payments for Capital Leases	(32,506.99)	(60,333.69)
Payments of Interest on Capital Debt	(6,413,630.00)	(7,454,869.23)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(37,701,802.62)</u>	<u>(40,129,096.68)</u>
Cash Flows from Investing Activities		
Proceeds for Investments	11,915,910.21	28,058,668.70
Payments from Interest Income from Investments	(267,395.91)	3,040,972.65
Proceeds from Bond Investments	-	-
Net Cash Provided (Used) by Investing Activities	<u>11,648,514.30</u>	<u>31,099,641.35</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ <u>(25,867,160.35)</u>	\$ <u>28,757,581.19</u>
Cash and Cash Equivalents, August 31, 2021	\$ 85,736,446.05	\$ 56,978,864.86
Restatements	-	-
Cash and Cash Equivalents, as Restated at Sept. 1, 2021	<u>85,736,446.05</u>	<u>56,978,864.86</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(25,867,160.35)</u>	<u>28,757,581.19</u>
Cash and Cash Equivalents, August 31, 2022	<u>\$ 59,869,285.70</u>	<u>\$ 85,736,446.05</u>

See accompanying Notes to the Financial Statements

STEPHEN F. AUSTIN STATE UNIVERSITY
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2022

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (109,479,237.18)	\$ (131,941,289.75)
Adjustments to Reconcile Operating Income (Loss) to Net Cash used by Operating Activities		
Amortization and Depreciation	19,207,098.24	18,823,600.63
Bad Debt Expense	859,605.08	-
Benefits Paid on Behalf of the University	-	-
Pension Expense	20,696,222.72	28,412,413.00
Operating Income (Loss) and Cash Flow Categories		
Changes in Current Assets and Liabilities		
(Increase) Decrease in Receivables	2,316,551.69	(714,744.93)
(Increase) Decrease in Inventories	(38,784.49)	94,080.74
(Increase) Decrease in Loans to Students	2,723.88	302,076.01
(Increase) Decrease in Prepaid Expenses	(1,946,272.61)	(1,702,252.93)
(Increase) Decrease in Due from Other Agencies	62,075.56	(58,518.62)
Increase (Decrease) in Payables	(474,543.36)	2,732,597.89
Increase (Decrease) in Deposits Payable	(611,448.26)	423,598.09
Increase (Decrease) in Due to Other Agencies	129,804.45	125,445.30
Increase (Decrease) in Unearned Revenue	689,500.98	(3,482,872.46)
Increase (Decrease) in Compensable Leave	266,925.47	174,648.51
Increase (Decrease) in Benefits Payable	1,001,885.66	790,896.16
Increase (Decrease) in Funds Held for Others	(3,449,485.59)	260,891.00
Increase (Decrease) in Other Current Liabilities	(756,479.00)	-
Changes in Non-Current Assets and Liabilities		
Increase (Decrease) in Compensable Leave	353,870.14	(1,226,747.84)
Increase (Decrease) in Deferred Inflows	4,214,373.00	(2,574,436.00)
Increase (Decrease) in Deferred Outflows	29,458,325.00	24,913,342.00
Increase (Decrease) in Liabilities to NPL	(17,168,466.00)	1,091,097.00
(Increase) Decrease in Student Receivables	550,025.38	191,453.35
(Increase) Decrease in Loans to Students	707,498.14	(203,036.37)
Cash Reported in Other Categories		
Increase (Decrease) of Gifts Receivable	(2,170,000.00)	2,500,000.00
Total Adjustments	<u>53,901,006.08</u>	<u>70,873,530.53</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (55,578,231.10)</u>	<u>\$ (61,067,759.22)</u>
Displayed as:		
Cash on Hand	\$ 15,315.00	\$ 29,476.00
Cash in Bank	31,490,923.51	65,972,117.69
Cash in Transit/Reimb. Due from Treasury	350,875.64	1,071,841.18
Cash in State Treasury	813,773.46	882,360.90
Cash in Bank, Restricted	27,198,398.09	17,780,650.28
Cash Equivalents, Restricted	-	-
	<u>\$ 59,869,285.70</u>	<u>\$ 85,736,446.05</u>
Non-Cash Transactions		
Other	\$ -	\$ -
Net Change in Fair Value of Investments	(14,865,333.18)	9,833,946.93
	<u>\$ (14,865,333.18)</u>	<u>\$ 9,833,946.93</u>

See accompanying Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

Entity

Stephen F. Austin State University (the University) is an agency of the State of Texas (the State). The University's financial records comply with State statutes and regulations including compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

The University serves the State as a public institution of higher education.

The University has three related entities. The University has determined no related entity is a reportable component unit of Stephen F. Austin State University.

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

The University follows the “business-type activities” reporting requirement of GASB Statement No. 34 that specifies all the financial statements required for enterprise funds.

Blended Component Units

No component unit has been identified which should be reported as a blended unit.

Discretely Presented Component Units

No component unit has been identified which should be discretely presented.

Fund Structure

Basis of Accounting – Proprietary Fund Accounting

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The financial statements of the University have been prepared on the full accrual basis of accounting. Accrual accounting attempts to record a transaction's financial effects in the period in which the transaction occurred, rather than when the funds were received or paid by the University. Revenues are recorded when they are earned or when the University has a right to receive the revenues. Expenses are recognized when incurred. The date related cash was received or paid is of no consequence.

Four essential elements of accrual accounting are:

- Recognition of expenditures when incurred and the subsequent amortization of the deferred outflows
- Recognition of revenues when they are earned
- Capitalization of certain expenses and the subsequent depreciation of the capitalized costs
- Accruals of revenues earned and expenses incurred

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

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The Statement of Revenues, Expenses, and Changes in Net Position is segregated into non-operating and operating sections.

Generally, operating activities are those that directly result from the provision of goods and services to customers or are directly related to the principal and usual activity of a fund. GASB Statement No. 34 indicates that a consideration for defining a proprietary fund's operating revenues and expenditures is how individual transactions would be classified for purposes of preparing a Statement of Cash Flows according to GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Transactions for which cash flows are reported as capital and related financing activities, or investing activities normally would not be reported as components of operating income. This includes most revenues considered to be non-exchange transactions.

Since certain grants are actually contracts for services, they are classified as operating activities. State appropriations and certain grants, such as the Pell grants, are reported as non-operating activities even though they are directly related to the principal and usual activity of the University. These are considered non-exchange transactions and are, therefore, considered non-operating revenues.

Budget and Budgetary Accounting

The University prepares an annual budget which represents anticipated sources of revenue and authorized uses. This budget is approved by the University's Board of Regents (the Board). Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated. Budget information is not included in the Annual Financial Report.

Assets, Liabilities, and Net Position

The statement of net position reports the following elements of financial statements:

- Assets
- Deferred Outflow of Resources
- Liabilities
- Deferred Inflow of Resources
- Net Position

Assets

Assets are reported separately as either current or noncurrent in the Statement of Net Position.

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of proprietary fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements.

Inventories

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued using the average cost method. The consumption method of accounting is used to account for inventories and prepaid items. The cost of these items is expensed when the items are sold or consumed.

Prepaid Items

Prepaid items include prepaid expenses attributable to a subsequent fiscal year, including scholarships for fiscal year 2023. The cost of these items is expensed when the items are used or consumed.

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Capital Assets

Equipment with an initial, individual cost of \$5,000.00 or more and an estimated useful life in excess of one year is capitalized. Other categories of capital assets have capitalization thresholds that are set by the State. These assets are capitalized and reported at cost or, if not purchased, at appraised fair value on the date of acquisition. Donated assets are reported at fair value on the acquisition date. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets, such as works of art and historical treasures, are not depreciated. Assets are depreciated over the estimated useful life of the asset using the straight-line method of depreciation.

Other Receivables – Current and Noncurrent

Current receivables are specified in the Statement of Net Position. They include amounts that are reasonably expected to be received in fiscal year 2023. Noncurrent receivables are those receivables that are not expected to be collected within one year. Included in this category are student accounts receivable and loan receivables that are not expected to be received during fiscal year 2023. The disaggregation of other receivables as reported in the financial statements is shown in Note 24, "Disaggregation of Receivable and Payable Balances."

Liabilities

Liabilities are reported separately as either current or noncurrent in the Statement of Net Position.

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Other Payables – Current and Noncurrent

The disaggregation of other payables as reported in the financial statements is shown in Note 24, "Disaggregation of Receivable and Payable Balances."

Employees' Compensable Leave

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

Capital Lease Obligations

Capital Lease Obligations represent the liability for future lease payments under capital lease contracts. Liabilities are reported separately in the Statement of Net Position as either current, for the amounts due within one year, or noncurrent, for the amounts due thereafter.

Bonds Payable – Revenue Bonds

The principal of revenue bonds is reported separately in the Statement of Net Position as either current, for the amounts due within one year, or noncurrent, for the amounts due thereafter. Bonds payable are recorded at par value, net of unamortized premiums, discounts, issuance costs, and gains/(losses) on bond refunding activities. Interest expense is reported on the accrual basis.

Bonds Payable – Tuition Revenue Bonds

The principal of tuition revenue bonds is reported separately in the Statement of Net Position as either current, for the amounts due within one year, or noncurrent, for the amounts due thereafter. Bonds payable are recorded at par value, net of unamortized premiums, discounts, issuance costs, and gains/(losses) on bond refunding activities. Interest expense is reported on the accrual basis.

Bonds Payable – General Obligation Bonds

The principal of general obligation bonds is reported separately in the Statement of Net Position as either current, for the amounts due within one year, or noncurrent, for the amounts due thereafter. Bonds payable are recorded at par value, net of unamortized premiums, discounts, issuance costs, and gains/(losses) on bond refunding activities. Interest expense is reported on the accrual basis.

Deferred Outflows of Resources

Deferred Outflows of Resources represent the University's net position consumption that is applicable to a future fiscal year.

Deferred Inflows of Resources

Deferred Inflows of Resources represent the University's net position acquisition that is applicable to a future fiscal year.

Net Pension and OPEB Liability

As required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the University reports a reserve for the University's share of the State's overall pension liability as it relates to its own ex-employees. When the total pension liability is greater than the pension plan's assets there is a net pension liability. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, provides the same guidance and requirements for Other Postemployment Benefits (OPEB). Both liabilities are determined by the actuarial consultants employed by the State.

Net Position

The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is "Net Position" on the Statement of Net Position.

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Position

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors, and the like or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

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

The amortized balance of accretion on capital appreciation bonds is included as part of unrestricted net position unless a sinking fund was established, in which case the balance is reported as part of the restricted net position balance.

Interagency Activities and Transactions

The University has the following types of transactions among State appropriated funds and other State agencies:

- **Transfers** – Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund or State agency and as "Transfers Out" by the disbursing fund or State agency.
- **Reimbursements** – Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one State agency for another are recorded as expenditures by the reimbursing State agency and as a reduction of expenditures by the reimbursed State agency. Reimbursements are not displayed in the financial statements.
- **Interagency Receivables and Payables** – Most receivables and payables from or to other State agencies are recorded as "Due from Other Agencies" or "Due to Other Agencies" on the Statement of Net Position.

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Notes to the Financial Statements
August 31, 2022

NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2022, is presented below:

	Balance 9/1/2021	Adjustments	Reclassifications Completed CIP	Additions	Deletions	Balance 8/31/2022
BUSINESS-TYPE ACTIVITIES						
Non-depreciable or Non-amortizable Assets						
Land and Land Improvements	\$ 8,419,438.29	\$ -	\$ -	\$ -	\$ -	\$ 8,419,438.29
Construction in Progress	39,882,121.21	(100,055.61)	(34,994,575.03)	29,031,971.92	-	33,819,462.49
Other Tangible Capital Assets	831,858.23	-	-	-	-	831,858.23
Total Non-depreciable or Non-amortizable Assets	49,133,417.73	(100,055.61)	(34,994,575.03)	29,031,971.92	-	43,070,759.01
Depreciable Assets						
Buildings and Building Improvements	439,273,030.06	-	33,647,625.03	267,357.27	-	473,188,012.36
Infrastructure	17,469,304.46	-	-	-	-	17,469,304.46
Facilities and Other Improvements	36,034,506.30	-	1,346,950.00	-	-	37,381,456.30
Furniture and Equipment	23,173,382.82	-	-	1,581,842.90	(1,382,516.95)	23,372,711.77
Vehicle, Boats, and Aircraft	6,557,193.60	-	-	94,878.65	(185,210.25)	6,486,862.00
Other Capital Assets	13,803,372.40	-	-	35,800.05	(61,735.17)	13,777,437.28
Total Depreciable Assets	536,330,792.64	-	34,994,575.03	1,979,878.87	(1,629,462.37)	571,675,784.17
Less Accumulated Depreciation for:						
Buildings and Building Improvements	(288,950,270.20)	-	-	(15,341,918.40)	-	(304,292,188.60)
Infrastructure	(12,838,516.81)	-	-	(645,396.66)	-	(13,483,913.17)
Facilities and Other Improvements	(23,208,111.14)	-	-	(1,298,695.01)	-	(24,506,806.15)
Furniture and Equipment	(18,401,027.64)	-	-	(1,439,825.36)	1,348,093.92	(18,492,759.08)
Vehicle, Boats, and Aircraft	(5,047,090.51)	-	-	(380,356.04)	185,210.25	(5,242,236.30)
Other Capital Assets	(13,321,984.31)	-	-	(100,907.07)	59,473.09	(13,363,418.29)
Total Accumulated Depreciation	(361,767,000.61)	-	-	(19,207,098.24)	1,592,777.26	(379,381,321.59)
Depreciable Assets, Net	174,563,792.03	-	34,994,575.03	(17,227,219.37)	(36,685.11)	192,294,462.58
Amortizable Assets - Intangible						
Computer Software	4,492,998.57	-	-	-	(17,189.00)	4,475,809.57
Total Amortizable Assets - Intangible	4,492,998.57	-	-	-	(17,189.00)	4,475,809.57
Less Accumulated Amortization for:						
Computer Software	(4,492,998.57)	-	-	-	17,189.00	(4,475,809.57)
Total Accumulated Amortization	(4,492,998.57)	-	-	-	17,189.00	(4,475,809.57)
Amortizable Assets - Intangible, Net	-	-	-	-	-	-
Capital Assets, Net	\$ 223,697,209.76	\$ (100,055.61)	\$ -	\$ 11,804,752.55	\$ (36,685.11)	\$ 235,365,221.59

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Notes to the Financial Statements
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NOTE 3: Deposits, Investments and Repurchase Agreements

The University is authorized by statute to make investments following the “prudent person rule.” There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2022, the carrying amount of deposits was \$58,689,321.60 as presented below:

CASH IN BANK – CARRYING AMOUNT	\$ 58,689,321.60
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalents	-
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	-
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	-
Total Cash in Bank per AFR	\$ 58,689,321.60

Proprietary Funds Current Assets Cash in Bank	\$ 31,490,923.51
Proprietary Funds Current Assets Restricted Cash in Bank	27,198,398.09
Proprietary Funds Noncurrent Restricted Cash in Bank	-
Cash in Bank per AFR	\$ 58,689,321.60

These amounts consist of all cash in local banks. These amounts are included on the Statement of Net Position as part of the “Cash and Cash Equivalents” accounts, except for certificates of deposit, which are recorded as Cash Equivalents, Short-Term or Long-Term Investments, based on their maturity date and management’s intent. Certificates of deposits with maturity dates of three months or less are recorded as cash equivalents.

As of August 31, 2022, the total bank balance was as follows:

Business-Type Activities	\$ 60,853,220.53	Fiduciary Funds	-
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Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Board Policy 3.21, *Investments*, states that all deposits shall be secured by a pledge of collateral with a market value equal to no less than 100% of the deposits plus accrued interest less any amount insured by the FDIC. Pledged collateral must conform to Chapter 2257 of the Texas Government Code, *Collateral for Public Funds*.

At August 31, 2022, amounts insured by the FDIC were \$1,000,000.00. The bank balances at August 31, 2022, that were exposed to custodial credit risks were as follows:

Fund Type	Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent but not in the University’s name
05	\$ -	\$ 59,853,220.53	\$ -

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Investments

As of August 31, 2022, the fair value of investments was:

	Fair Value Hierarchy					Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	
U.S. Treasury Securities	5,265,982.61	-	-	-	-	\$ 5,265,982.61
U.S. Treasury TIPS	-	-	-	-	-	-
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, etc.)	-	4,478,421.81	-	-	-	4,478,421.81
Corporate Obligations	-	7,117,160.91	294,588.49	-	-	7,411,749.40
Corporate Asset and Mortgage Backed Securities	-	2,959,088.55	-	-	-	2,959,088.55
Equity (Domestic)	13,313,480.93	-	-	-	-	13,313,480.93
International Obligations (Govt and Corp)	-	3,443,558.56	302,805.48	-	-	3,746,364.04
International Equity	5,891,533.22	-	-	-	-	5,891,533.22
Fixed Income Money Market and Bond Mutual Funds	1,274,183.69	-	-	-	-	1,274,183.69
International Other Commingled Funds - Equity	4,757,157.87	-	3,464,819.37	-	3,352,185.27	11,574,162.51
Other Commingled Funds	772,282.78	-	329,869.72	-	51,654,165.26	52,756,317.76
Other Commingled Funds – TexPool	-	-	-	-	44,529,113.18	44,529,113.18
Derivatives - Currency Forwards	-	2,445.14	-	-	-	2,445.14
Alternative Investments	-	-	-	-	22,392,272.09	22,392,272.09
Miscellaneous	-	124,060.53	-	-	-	124,060.53
TOTAL INVESTMENTS						\$ 175,719,175.46

Reconciliation of Investments per Exhibit – Business-Type Activities

Proprietary Funds Current Assets Restricted Short-Term	\$ 61,615,405.69
Proprietary Funds Current Assets Unrestricted Short-Term	34,567,872.75
Proprietary Funds Current Assets Restricted	14,883,361.32
Proprietary Funds Current Assets Unrestricted	64,652,535.70
Investments per Exhibit	\$ 175,719,175.46

Displayed on Statement of Net Position as:

Current Assets:	
Restricted:	
Short-Term Investments – Proceeds from Bond Sales	\$ 60,187,258.46
Short-Term Investments – Endowments	1,428,147.23
Noncurrent Assets:	
Restricted:	
Investments: Endowments	\$ 14,883,361.32
Unrestricted:	
Investments: Operating	92,021,688.35
Investments: Quasi-Endowments	7,198,720.10
Grand Total	\$ 175,719,175.46

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Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. In order to mitigate this risk, Board Policy 3.20, *Investments-Endowment Funds*, limits foreign equity investments to a maximum of 30% of the equity portfolio. The exposure to foreign currency risk as of August 31, 2022, was:

Fund Type	GAAP Fund	Foreign Currency	International Obligation (Govt and Corp and MF)	International Equity	Equity Mutual Funds - International	Equity Commingled Funds - International	Alternative Investments			
							International Hedge Funds	International Other Private Equity	International Energy, Natural Resources	International Other Real Estate Funds
05	9999	U.S. DOLLAR DENOMINATED FOREIGN SECURITIES	\$3,497,764.61	\$2,546,195.74	\$ -	\$11,574,162.51	\$6,947,706.36	\$1,199,599.05	\$269,707.08	\$174,802.57
05	9999	ARGENTINA PESO	-	-	-	-	-	-	-	-
05	9999	AUSTRALIAN DOLLAR	-	-	-	-	-	-	-	-
05	9999	BRAZILIAN REAL	-	-	-	-	-	-	-	-
05	9999	BRITISH POUND STERLING	-	309,102.99	-	-	-	-	-	-
05	9999	CANADIAN DOLLAR	50,009.18	29,596.86	-	-	-	-	-	-
05	9999	CHINESE R YUAN HK	8,824.74	-	-	-	-	-	-	-
05	9999	DANISH KRONE	-	-	-	-	-	-	-	-
05	9999	EURO CURRENCY UNIT	-	1,425,523.33	-	-	-	70,983.41	-	-
05	9999	HONG KONG DOLLAR	-	159,098.70	-	-	-	-	-	-
05	9999	INDONESIAN RUPIAH	5,618.21	-	-	-	-	-	-	-
05	9999	JAPANESE YEN	-	681,295.05	-	-	-	-	-	-
05	9999	MEXICAN PESO	134,147.30	-	-	-	-	-	-	-
05	9999	NEW TAIWAN DOLLAR	-	-	-	-	-	-	-	-
05	9999	NEW ZEALAND	-	-	-	-	-	-	-	-
05	9999	NORWEGIAN KRONE	-	-	-	-	-	-	-	-
05	9999	SINGAPORE DOLLAR	-	71,262.21	-	-	-	-	-	-
05	9999	S AFRICAN COMM RAND	-	-	-	-	-	-	-	-
05	9999	SOUTH KOREAN WON	-	128,443.14	-	-	-	-	-	-
05	9999	SWEDISH KRONA	-	50,073.76	-	-	-	-	-	-
05	9999	SWISS FRANC	-	490,941.44	-	-	-	-	-	-
05	9999	THAILAND BAHT	-	-	-	-	-	-	-	-
05	9999	NEW TURKISH LIRA	-	-	-	-	-	-	-	-
		TOTAL	\$3,746,364.04	\$5,891,533.22	\$ -	\$11,574,162.51	\$6,947,706.36	\$1,270,582.46	\$269,707.08	\$174,802.57

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To limit credit risk, Board Policy 3.21, *Investments*, limits investments in corporate bonds, debentures, or similar debt obligations to the two highest long-term rating categories.

As of August 31, 2022, the Standard & Poor's credit quality ratings of the University's investments by type of securities with credit risk exposure were as follows:

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Investment Types	AAA	AA	A	BBB	BB	B	CCC	D	A-1	NR
U.S. Government Agency Obligations	6,165.04	4,278,431.11	9,321.69	77,579.61	37,522.28	1,998.34	-	-	-	67,403.74
Corporate Obligations	53,143.09	328,392.00	1,313,904.59	3,958,992.70	1,087,086.12	523,400.34	-	-	-	146,830.56
Corporate Asset and Mortgage Backed Securities	747,509.90	498,159.34	312,439.03	166,030.22	-	12,615.89	14,560.28	-	-	1,207,773.89
International Obligations	188,245.05	20,873.85	459,739.26	1,275,528.66	778,367.91	304,100.38	7,069.84	-	-	712,439.09
Repurchase Agreements	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements (Texas Treasury Safekeeping Trust Co.)	-	-	-	-	-	-	-	-	-	-
Fixed Income Money Market and Bond Mutual Fund	1,274,183.69	--	-	-	-	-	-	-	-	-
Other Commingled Funds - Fixed Income	-	-	-	-	-	-	-	-	-	1,102,152.50
Miscellaneous (municipals and CDs)	-	59,585.81	34,471.57	24,193.41	-	-	-	-	-	5,809.74

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements. Matching maturity and cash flow requirements will minimize occasions for sale of securities prior to maturity, thereby reducing market risk. However, no provision of Board Policy 3.21 shall be interpreted as prohibiting the sale of any security prior to maturity, provided that it is in the University's financial interest to sell the security.

The maximum stated maturity date of any security may not exceed ten years, and the dollar-weighted average maturity of the portfolio shall not exceed five years without approval by the vice president for finance and administration and ratification by the Board. No officer or designee may engage in an investment transaction except as provided under terms of Board Policy 3.21.

Investment Types	Effective Duration (years)	Fair Value
U.S. Treasury Securities	8.012	\$5,265,982.61
U.S. Government Agency Obligations	5.595	4,478,421.81
Corporate Obligations	5.644	7,411,749.40
Corporate Asset and Mortgage Backed Securities	2.187	2,959,088.55
International Obligations	4.004	3,746,364.04
Other Commingled Funds - Fixed Income	1.923	1,102,152.50
Miscellaneous (Political subdivision 7 CDs)	7.044	124,060.53
Total Fair Value		\$25,087,819.44

The University invests funds in The Texas A&M University System's (A&M System) investment pools. The A&M System entered into forward currency contracts for the purpose of hedging international currency risk on its non-U.S. dollar denominated investment securities. When entering into a forward currency contract, the A&M System agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on a certain future date. These contracts are valued daily and the A&M System's net equity in the contracts, representing unrealized gain or loss on the contracts, as measured by the differences between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date is recognized on the Statement of Revenues, Expenses, and Changes in Net Position as investment income or loss. The unrealized gain on open foreign currency exchange contracts is reported as an investment derivative and the unrealized loss is included with trade payables. The foreign currency forwards are traded over-the-counter and categorized as Level 2 of the fair value hierarchy.

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These investments involve market and/or credit risk in excess of the amount recognized in the Statement of Net Position. Risks arise from the possibility that counterparties will be unable to meet the terms of their contracts and from movement in currency, securities values, and interest rates. The tables below summarize the University's pro-rata share of the pending foreign exchange contracts as of August 31, 2022.

Foreign Exchange Contracts as of August 31, 2022				
			Unrealized Gain on	Unrealized Loss on
Currency	Net Sell	Net Buy	Foreign Exchange Contract	Foreign Exchange Contract
Brazilian Real	\$ -	\$ -	\$ -	\$ -
Chinese R Yuan HK	4,340.33	4,305.37	122.20	87.24
Indonesian Rupiah	51,701.50	51,733.77	762.08	794.35
Japanese Yen	-	-	-	-
Mexican Peso	63,842.71	64,307.06	1,560.86	2,025.21
Total	\$ 119,884.54	\$ 120,346.20	\$ 2,445.14	\$ 2,906.80

The University's pro-rata share of the gross counterparty exposure for the A&M System, as of August 31, 2022, is presented in the table below. The A&M System's policy does not address master netting arrangements and the A&M System is not party to any such an arrangement. The A&M System policy does not address collateral or other security for currency forward contracts. The following table shows the University's pro-rata counterparty exposure.

Foreign Exchange Contract Exposure to Counterparty Risk as of August 31, 2022				
<u>Notional Value</u>		<u>Fair Value</u>		S&P Counterparty Rating
Assets	Liabilities	Assets	Liabilities	
\$119,884.54	\$120,346.20	\$2,445.14	\$2,906.80	A+

The A&M System has also invested in Treasury futures. The instruments are used only for the purpose of managing interest rate risk in the fixed income portfolios. As of August 31, 2022, the weighted average effective duration for short futures contracts was 6.30 and for long futures contracts was 4.15. Futures contracts expose the A&M System to minimal counterparty risk since they are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default, therefore, they are not presented in the tables above. Futures contracts are marked to market daily; meaning they are valued at the close of business each day and a gain or loss is recorded between the value of the contracts that day and on the previous day. The daily gain or loss difference is referred to as the daily variation margin, which is settled in cash with the broker each morning for the amount of the previous day's mark to market. The amount that is settled in cash with the broker each morning is the fair value of the futures contracts. The gains are reported as trade receivables and the losses are reported as trade payables in the Statement of Net Position. Exchange-traded futures contracts are categorized as Level 1 on the fair value hierarchy.

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The table below summarizes the University’s pro-rata notional value and fair values of the futures as of August 31, 2022.

Open Futures Contracts as of August 31, 2022				
	<u>Notional Value</u>		<u>Fair Value</u>	
	Long	Short	Assets	Liabilities
			Other Receivable	Other Payable
Treasury Futures	\$ 2,039,392.63	\$ 1,210,885.80	\$ 10,595.14	\$ 10,400.36
	\$ 2,039,392.63	\$ 1,210,885.80	\$ 10,595.14	\$ 10,400.36

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2022, the University’s concentration of credit risk is immaterial to any single issuer.

Reverse Repurchase Agreements

The University, by statute, is authorized to enter into reverse repurchase agreements. A reverse repurchase agreement is a transaction in which a broker-dealer or financial institution transfers cash to the University and the University transfers securities to the broker-dealer and promises to repay the cash plus interest in exchange for the same or similar securities. Credit risk exposure for the University arises when a broker-dealer does not return the securities or their value at the conclusion of the reverse repurchase agreement. As of August 31, 2022, the University was not participating in reverse repurchase agreements.

Securities Lending

In securities lending transactions, the University transfers its securities to broker-dealers and other entities for collateral – which may be cash or securities – and simultaneously agrees to return the collateral for cash or the same securities in the future. The University invests the cash received as collateral and, if the returns on those investments exceed the “rebate” paid to the borrowers of the securities, the securities lending transactions generate income for the University. The University did not participate in securities lending transactions during fiscal year 2022.

NOTE 4: Short-Term Debt

There was no reportable activity for short-term debt during the year ended August 31, 2022.

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NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2022, the following changes occurred in long-term liabilities:

Business-Type Activities	Balance 09/01/21	Additions	Reductions	Restatement/ Adjustment	Balance 08/31/22	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable	\$193,727,058.67	-	\$7,620,000.00	(\$2,184,041.23)	\$183,923,017.44	\$9,750,705.82	\$174,172,311.62
Revenue Bonds – Direct Placements	25,095,000.00	-	4,820,000.00	-	20,275,000.00	4,920,000.00	15,355,000.00
Capital Lease Obligations	26,473.21	-	26,473.21	-	-	-	-
Employees’ Compensable Leave	3,514,708.25	1,997,716.75	1,376,921.14	-	4,135,503.86	860,902.71	3,274,601.15
Notes & Loans – Direct Placements	8,001,294.36	-	762,756.42	-	7,238,537.94	805,017.97	6,433,519.97
Total Business-Type Activities	\$230,364,534.49	\$1,997,716.75	\$14,606,150.77	(\$2,184,041.23)	\$215,572,059.24	\$16,336,626.50	\$199,235,432.74

Notes payable consists of amounts used to finance energy conservation projects and modernization of the University’s sports-related scoreboards and video displays. The debt service requirements for notes and loans payable are as follows:

Note Payments for Fiscal Year Ended August 31,	Principal	Interest	Total
2023	\$ 805,017.97	\$ 194,716.67	\$ 999,734.64
2024	848,917.25	173,061.69	1,021,978.94
2025	894,509.32	150,225.81	1,044,735.13
2026	941,853.34	126,163.51	1,068,016.85
2027	991,006.06	100,827.66	1,091,833.72
2028-2031	2,757,234.00	136,992.11	2,894,226.11
Total Payments	\$ 7,238,537.94	\$ 881,987.45	\$ 8,120,525.39

Claims and Judgments

The University had no unpaid settlements or judgments as of August 31, 2022.

Employees' Compensable Leave

Annual Leave

Full-time employees earn eight to twenty-one hours per month vacation leave (annual leave) depending on years of State employment. The State’s policy is that employees may carry accrued vacation leave forward from one fiscal year to the next up to a maximum number of hours allowed based on their years of service. Employees with at least six months of State service who terminate employment are entitled to payment for all accumulated annual leave. The University accrues the dollar value of annual leave benefits which are payable upon retirement, termination, or death of its employees. The amounts of these liabilities are reported in the Statement of Net Position. The estimated liability, \$4,135,503.86 as of August 31, 2022, is based on outstanding balances reported in the leave reporting system multiplied by the employee’s respective salary rate. The University made lump sum payments of \$1,376,921.14 for accrued leave to employees who separated from State service during the fiscal year ended August 31, 2022; the amount included accrued leave for employees who participated in the VSIP.

Sick Leave

Sick leave is earned at the rate of eight hours per month and is paid only when an employee is absent due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave payment to an employee's estate is the lesser of one-half of the employee's accumulated entitlement or 336 hours. Sick leave accumulation from one fiscal year to the next is not limited. The University recognizes the cost of sick leave when paid. The liability is not shown in the financial statements since historical payouts of sick leave have been minimal.

Overtime and Compensatory Leave for FLSA Non-Exempt and Exempt Employees

Under the federal Fair Labor Standards Act and State (FLSA), overtime can be accumulated in lieu of immediate payment as compensatory leave for non-exempt employees up to a maximum of 240 hours. For employees engaged in a public safety activity (e.g., University police officers), overtime can be accumulated up to a maximum of 480 hours. Overtime is calculated at a rate of 1.5 times an employee's regular rate of pay. Non-exempt employees may earn compensatory leave when they work hours in excess of 40 hours in a workweek. Compensatory time is calculated at the rate of 1.5 hours for each hour of overtime. When a non-exempt employee does not work more than 40 hours in a workweek but the number of hours worked plus the number of hours of holiday or other paid leave taken during the workweek exceeds 40 hours, the employee is entitled to compensatory time at the rate of one hour for each excess hour. Unpaid overtime and compensatory time for non-exempt employees is included in the calculation of current and long-term liabilities because these employees are eligible to be paid for these accruals upon death or termination. Compensatory leave is allowed for exempt employees who are not eligible for overtime pay. This leave is accumulated on an hour-for-hour basis and must be taken within one year from date earned or it lapses, up to a maximum of 80 hours in a fiscal year. There is no death or termination benefit for compensatory leave for exempt employees and it is non-transferable. For these reasons, no liability is reported in the financial statements for compensatory leave earned by exempt employees.

Direct Borrowings and Direct Placements

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires the disclosure of direct borrowings and direct placements for reporting periods beginning after June 15, 2018.

Direct borrowings occur when the borrower goes directly to the lending source to avoid the high-interest rates associated with indirect lending, such as a public offering where the borrower has no relationship with the lender/investor. The University had no direct borrowings as of August 31, 2022.

Direct placements occur when the sale of an issue of debt securities is made to a single buyer or a limited number of buyers without a public offering. The University had direct placements related to business-type activities at August 31, 2022, totaling \$27,513,537.94. This amount is comprised of \$20,275,000.00 of Bonds Payable, related to the Series 2015 Revenue Bonds, and \$7,238,537.94 of Notes Payable.

There were no unused lines of credit associated with the direct placements. No assets were pledged as collateral in association with the direct placements. In the event of default, the Series 2015 Revenue Bonds shall bear interest at a rate of 8%.

NOTE 6: Bonded Indebtedness

Bonds Payable

Detailed supplemental bond information is disclosed in:

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

General information related to bonds is summarized below:

Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds – Series 2013 (Tuition Revenue Bonds and Revenue Bonds)

- To refund outstanding Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2002 and Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2004.
- Issued 9-11-13.
- \$22,255,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Student Tuition; Pledged Student Center Fees; and Other Pledged Revenues.
- Changes in Debt: Principal paid during fiscal year \$2,470,000.00; Outstanding at year end \$5,060,000.00.

Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds – Series 2015 (Revenue Bonds)

- To refund outstanding Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2005 and Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2005(A).
- Issued 5-01-15. This was a direct placement.
- \$48,410,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$4,820,000.00; Outstanding at year end \$20,275,000.00.

Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds – Series 2016 (Tuition Revenue Bonds)

- To refund outstanding Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2008 and Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2009, and provide funds to construct a new STEM building to house the University's Science, Technology, Engineering and Mathematics departments.
- Issued 9-07-16.
- \$61,205,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Student Tuition; Pledged Student Center Fees; and Other Pledged Revenues.
- Changes in Debt: Principal paid during fiscal year \$3,165,000.00; Outstanding at year end \$44,995,000.00.

Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Bonds – Series 2019A (Revenue Bonds)

- To provide funds to construct a new basketball practice facility; to construct a new welcome and student support center; to expand buildings utilized by the College of Fine Arts; to construct a new student residential facility, and to pay the costs related to the issuance of the bonds.
- Issued 02-01-19.
- \$94,290,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$1,215,000.00; Outstanding at year end \$91,415,000.00.

Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Bonds – Series 2019B (Revenue Bonds)

- To provide funds to construct a new dining facility and to pay the costs related to the issuance of the bonds.
- Issued 02-01-19.
- \$15,925,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$770,000.00; Outstanding at year end \$13,985,000.00.

Board of Regents of Stephen F. Austin State University Revenue Financing System Refunding Bonds – Series 2020

- To provide funds to refund the Series 2010 Revenue Bonds and to pay the costs related to the issuance of the bonds.
- Issued 10-28-20.
- \$15,935,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$0.00; Outstanding at year end \$15,935,000.00.

NOTE 7: Derivative Instruments

The University invests funds in the A&M System investment pools. The A&M System Investment Policy allows investment in certain derivative securities. A derivative security is a financial instrument which derives its value from another security, currency, commodity, or index. Investment derivatives are used to manage transaction, interest rate, or currency exchange risk in purchasing, selling, or holding investments.

The following disclosure summarizes the University's pro-rata derivative activity as reported in the financial statements. The foreign currency forwards are traded over-the-counter and categorized as Level 2 of the fair value hierarchy. Exchange traded futures contracts are categorized as Level 1 of the fair value hierarchy.

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Investment Derivatives	Changes in Fair Value		Fair Value as of 8/31/2022		Notional Amount
	Classification	Amount	Classification	Amount	
		Investment Revenue	\$ 2,445.14	Investment	\$ 2,445.14
FX Contracts	Investment Revenue	(2,906.80)	Other Payable	(2,906.80)	111,238.84
FX Contracts	Investment Revenue	(10,400.36)	Other Payable	(10,400.36)	2,062,218.79
Treasury Futures - Long	Investment Revenue	237.29	Other Receivable	237.29	(22,826.16)
Treasury Futures - Short	Investment Revenue	10,357.85	Other Receivable	10,357.85	(1,210,885.80)

Investment Derivatives

Investment derivatives expose the A&M System to certain investment related risks. More detail about investment derivatives is disclosed in Note 3.

Hedging Derivatives

The A&M System did not enter into hedging derivatives in fiscal year 2022.

NOTE 8: Leases

Operating Leases

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating lease obligations:

<u>Fund Type</u>	<u>Amount</u>
Proprietary Fund	\$389,523.17

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

Future Minimum Operating Lease Payments Year Ending August 31,	
2023	\$ 274,888.62
2024	191,887.90
2025	111,933.54
2026	53,575.99
2027	15,446.47
Total Future Minimum Lease Rental Payments	\$ 647,730.52

The University has also leased building roof space to a cellular phone service provider. Operating lease income in the amount of \$55,000.00 has been recorded for the year ended August 31, 2022. There are no contingent rentals in this amount.

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Future minimum lease rentals under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2022, are presented below.

Operating Lease Rentals Year Ending August 31,	
2023	\$ 66,000.00
Total Future Minimum Lease Rentals	\$ 66,000.00

Capital Leases

The University has entered into long-term leases for financing the purchase of certain capital assets. Such leases are classified as capital leases for accounting purposes and, therefore, are recorded at the present value of the future minimum lease payments at the inception of the lease. Following is a summary of original capitalized costs of all such property under lease as well as the accumulated depreciation as of August 31, 2022:

Assets Under Capital Leases Year Ended August 31, 2022	Business-Type Activities
Furniture and Equipment	\$ 423,552.44
Less: Accumulated Depreciation	398,340.91
Total	\$ 25,211.53

There are no future minimum lease payments under these capital leases.

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

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 Board. 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.

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GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, paragraph 27(d) requires universities that administer the ORP to disclose the amounts contributed by members and by the employer for that plan. Following are the ORP contributions made for the 2022 fiscal year:

Contributions	Year Ended Aug. 31, 2022
Member Contributions	\$ 1,675,103.51
Employer Contributions	1,731,722.51
Total	\$ 3,406,826.02

NOTE 10: Deferred Compensation

University employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., Chapter 609. Two plans are available for employees: the 403(b) Tax Sheltered Annuity (TSA) plan and the TexaSaver 457(b) plan. The TSA is administered by the University. The 457(b) plan is administered by Employees Retirement System of Texas (ERS). The assets of these plans do not belong to the University or to the State, and thus they have no liability related to the plans.

NOTE 11: Postemployment Benefits Other Than Pensions – Not Applicable

NOTE 12: Interfund Activity and Transactions

The University experienced routine transfers with other State agencies that were consistent with the activities of the fund making the transfer. The following are individual balances and activity reported as Legislative transfers from Hazelwood assistance and license plate funds Due From and Due To Other State Agencies as of August 31, 2022:

	Legislative Financing Sources	Legislative Financing Uses
ENTERPRISE FUND (05)	Transfer In	Transfer Out
Appd Fund 0802, D23 Fund 0802		
Agency 608, D23 Fund 0802		\$ 6,033.78
Appd Fund 0210, D23 Fund 0210		
Agency 902, D23 Fund 0210	\$ 248,437.00	

Repayment of amounts reported as Due To or Due From Other State Agencies will normally occur within one year from the date of the financial statement.

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The following are individual balances reported as Due From and Due To Other Agencies as of August 31, 2022:

	Due From Other Agencies	Due To Other Agencies	Source
ENTERPRISE FUND (05)			
Appd Fund 0001, D23 Fund 0001			
Agency 781, D23 Fund 0001		\$525,924.13	State Pass Through
Agency 781, D23 Fund 7999		35,440.05	State Pass Through
Agency 802, D23 Fund 0645	\$38,427.85		State Pass Through
Agency 802, D23 Fund 4675	12,309.34		State Pass Through
Agency 802, D23 Fund 5062	14,260.08		State Pass Through
Agency 720, D23 Fund 7999		1,691.64	State Pass Through
Agency 752, D23 Fund 7999	7,998.40		State Pass Through
Total Due From/To Other Agencies - State	\$ 72,995.67	\$563,055.82	
Agency 320, D23 Fund 0001	\$ 58,413.77		Federal Pass Through
Agency 556, D23 Fund 7999	3,381.48		Federal Pass Through
Agency 701, D23 Fund 0148	2,166.48		Federal Pass Through
Agency 701, D23 Fund 0325	104.65		Federal Pass Through
Agency 753, D23 Fund 7999	20,150.50		Federal Pass Through
Agency 771, D23 Fund 0001	147,899.85		Federal Pass Through
Agency 781, D23 Fund 0325		\$29,577.17	Federal Pass Through
Agency 781, D23 Fund 0325		5,015.55	Federal Pass Through
Total Due From/To Other Agencies - Federal	\$232,116.73	\$34,592.72	
Total Interagency Balances	\$305,112.40	\$597,648.54	

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

NOTE 13: Continuance Subject to Review - Not Applicable
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NOTE 14: Adjustments to Fund Balances and Net Position

During fiscal year 2022, certain accounting changes and adjustments were made that required the restatement of net position. A restatement of \$100,055.61 was necessary to reflect the amount of a deleted addition to Depreciable Capital Assets in the prior year. The restatement is presented in the following table:

	Restatement	Prior Period Adjustments	Total
Net Position August 31, 2021			\$78,651,873.92
Restatement: Property, Plant and Equipment adjustments		(100,055.61)	(100,055.61)
Net Position September 1, 2021 as Restated			\$78,551,818. 31

NOTE 15: Contingencies and Commitments

Unpaid Claims and Lawsuits

As of August 31, 2022, certain lawsuits were pending against the University and/or its officers. The lawsuits, which may present contingent liabilities, are displayed in the following summary:

Claimant/ Plaintiff	Defendant Name	Type of Litigation	Damages Sought	Probability of Liability	Possible Loss
Christin Evans	SFASU, Board of Regents, Various employees	Constitutional violations (4 th and 14 th Amendment), Negligence, Gross Negligence	Economic damages; pain/suffering; punitive damages; attorney’s fees; court costs	Reasonably Possible*	Unknown

Description of the Case

The plaintiff alleges the University and/or its employees acted negligently and violated Plaintiff’s constitutional rights in response to a “swatting” incident.

Claimant/ Plaintiff	Defendant Name	Type of Litigation	Damages Sought	Probability of Liability	Possible Loss
Ann Wilder, Ph.D.	SFASU	Sex Discrimination and Retaliation (Title VII), Equal Pay Act	Compensatory damages; liquidated damages; back pay/front pay; attorney’s fees; court costs	Reasonably Possible*	Unknown

Description of the Case

The plaintiff alleges the University discriminated against Dr. Wilder based on sex and retaliated against her when it issued its notice of non-renewal of employment; further alleges University violated the Equal Pay Act with respect to her salary as compared to others in the department.

*Reasonably Possible indicates the event is more than remote, but less than likely.

*Probable indicates the event is likely to occur.

NOTE 16: 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 scheduled a special called meeting for November 29, 2022, to make a decision regarding affiliation with a Texas state university system.

NOTE 17: Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; losses resulting from providing health and other medical benefits to employees; and natural disasters. It is the University's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The methods the University uses to handle each of these risks are summarized below.

Injuries to Employees: Employees of the University are covered by a workers' compensation insurance policy provided by the State Office of Risk Management (SORM). An Interagency Contract with SORM is executed on behalf of the University for workers' compensation insurance every two years. SORM assesses the University an amount for the insurance coverage in accordance with 28 T.A.C. 251.507. The initial estimated assessment for fiscal year 2022 was \$225,133.66 to be paid in two installments. The first payment of \$168,850.24 was made in September. The assessment was adjusted during the year and the remaining payment of \$21,087.75 was made in May, bringing the actual assessment total to \$189,937.99.

Provision for Health and Other Medical Benefits: Employees of the University are eligible for health insurance and optional coverage(s) if they are employed at least 50% time. The coverage is provided through the State, under the Texas Employees Group Benefits Program (GBP), which is administered by HealthSelect. Eligible employees may select health, dental, vision, life, TexFlex, accidental death and dismemberment, dependent life, and long and short-term disability coverage. All risks associated with these benefits are passed to the GBP. The costs of health insurance coverage are jointly paid by the State and the University as follows: 100% for full-time employees and 50% for their dependents; 50% for part-time employees and 25% for their dependents. Employees hired on or after September 1, 2014, have a 60-day waiting period to participate in health insurance coverage. Contributions made by the State on behalf of the University for health and other medical benefits were \$6,233,203.00 for the year ended August 31, 2022.

Damage to Property: The University is required by certain bond covenants to carry fire and extended coverage and boiler/heavy equipment insurance on buildings financed through the issuance of bonds. The insurance protects the bondholders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments.

The fiscal year 2021 catastrophic winter storm/ice freeze caused property damage to numerous buildings. The full replacement cost of repair was \$411,272.27. After the deductible of \$41,666.67, the University expects to recover approximately \$369,605.60 from the insurance claim. The University received its first insurance proceeds of \$110,881.68 in April and is awaiting the remaining claim payments. Because this claim was combined with several others from six Texas universities, it has taken longer than normal to settle.

In June, the Lumberjack Village Community Center was flooded due to a burst sprinkler pipe. The insurance adjuster was asked to assess the facility and a recovery service dried and restored the affected areas. The estimated loss is \$300,000.00. The University filed a property insurance claim and is working with the adjuster.

The Texas Motor Vehicle Safety Responsibility Act requires that every nongovernmental vehicle operated on a State highway be insured for minimum limits of liability in the amount of \$30,000 per injured person, up to a total of \$60,000 for everyone injured in an accident and \$25,000 for property damage. However, through the SORM's Automobile Insurance Program the University has chosen to carry liability insurance on its licensed vehicles in the amount of \$250,000/\$500,000/\$100,000. For fiscal year 2022, the auto insurance program covered liability for motorized utility vehicles and physical damage for all vehicles 11 years and newer. The annual premium was \$116,688.00. Athletic courtesy vehicles are not covered by the University's automobile policy.

Torts and Other Risks: The University is exposed to a variety of civil claims resulting from the performance of its duties and has purchased commercial insurance to mitigate this risk. The annual premium for general and excess liability was \$132,689.00.

Stephen F. Austin State University-755
 UNAUDITED
 Notes to the Financial Statements
 August 31, 2022

Claims and Judgments: Changes in the balances of the University’s claims liabilities for 2022 are noted in the table below:

		Beginning Balance	Increases	Decreases	Ending Balance
2022	Claims & Judgments	\$ -	\$ 35,000.00	\$ 35,000.00	\$ -

NOTE 18: Management’s Discussion and Analysis (MD&A)

See *Management’s Discussion and Analysis* at the beginning of this financial report.

NOTE 19: The Financial Reporting Entity

The University is an agency of the State of Texas. The ten members of its Board of Regents are appointed by the Governor and include one non-voting student Regent. The University has no component units or joint ventures.

NOTE 20: Stewardship, Compliance and Accountability

Note 1, *Summary of Significant Accounting Policies*, discusses the generally accepted accounting principles upon which the financial statements are based and addresses any changes in accounting principles. The University had no material violations of finance-related legal or contractual provisions. Per the laws of the State of Texas, the University cannot spend amounts in excess of appropriations granted by the Texas Legislature.

Effect of Coronavirus (COVID-19) Response on the University Financial Statements

In fiscal year 2022, the University drew the remaining available funds provided by the federal government to replace lost program funding related to COVID-19. Funds in the amount of \$2,268,962.37 were provided by the American Recover Program (ARP) were received to replace lost revenue in fiscal year 2021.

NOTE 21: Not Applicable

NOTE 22: Donor Restricted Endowments

The University endowments are invested to maximize returns yet preserve principal. The long-term objective of maintaining the purchasing power of the endowments coupled with the goal of providing a reasonable, predictable, stable, and sustainable level of income to support current needs guide the management of these funds. Distributions from the earnings and cumulative net appreciation are made annually to fund scholarships, professorships, and for other uses as stipulated by the donors. The Vice President for Finance and Administration reviews the total return on current year investing activities for endowment accounts and recommends an annual distribution. The distribution to spending accounts was 3.92% for 2022.

Stephen F. Austin State University-755
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 Notes to the Financial Statements
 August 31, 2022

The following tables present the amount of net appreciation for donor restricted true endowments for fiscal year 2022 and the changes from the prior year amounts for expendable and non-expendable balances:

Donor Restricted Endowments	Amounts of Cumulative Net Appreciation	Reported in Net Position
True Endowments	\$ 4,017,075.23	Restricted for Expendable
Term Endowments	8,697.93	Restricted for Expendable
Total	\$ 4,025,773.16	Restricted for Expendable

Endowment Funds	Increase/(Decrease)	Reason for Change
Expendable Balances		
True Endowments	\$ (1,681,826.12)	Fair value decrease in portfolio
Term Endowments	(5,333.29)	Fair value decrease in portfolio
Non-Expendable Balances		
True Endowments	\$ 240,989.86	Donor gifts and bequests
Term Endowments	-	

NOTE 23: Extraordinary and Special Items - Not Applicable

NOTE 24: Disaggregation of Receivable and Payable Balances

Accounts Receivables

The components of Current Accounts Receivable, as reported in the Statement of Net Position, are as follows:

Accounts Receivable Category	Current Amount
3 rd Party Contracts for Student Payments	\$ 2,478,626.79
Travel Advances	14,549.79
Departmental Receivables	645,532.61
Receivable from Endowments	564,261.42
Pledged Gifts Receivable	330,000.00
Food Services	422,967.13
Receivables from State Comptroller	347,658.61
Other Receivables	23,301.13
Total	\$ 4,826,897.48

Of these amounts, none are considered significant and the University expects to collect all within one year.

Accounts Payables

The components of Current Accounts Payable, as reported in the Statement of Net Position, are as follows:

Accounts Payable Category	Current Amount
Construction Payables	\$ 3,242,704.64
Procurement Card Payables	706,797.55
Food Service	1,204,667.59
Restricted Payables	1,067,031.07
Payables for Supplies	2,828,937.99
Payables for Services	284,501.04
Miscellaneous	1,703.62
Total	\$ 9,336,343.50

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Notes to the Financial Statements
August 31, 2022

NOTE 25: Termination Benefits – Not Applicable

NOTE 26: Segment Information – Not Applicable

NOTE 27: Service Concession Arrangements – Not Applicable

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

In accordance with GASB Statement Nos. 68 and 75, all public entities, including State universities are required to report its proportionate share of the net pension liability and the OPEB liability in the financial statements, along with associated deferred inflows, deferred outflows, and pension and OPEB expense or revenue.

Business-Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
TRS Pension	\$ 16,271,106.00	\$ 32,133,858.00
ERS OPEB	52,942,288.00	27,911,983.00
Total	\$ 69,213,394.00	\$ 60,045,841.00

NOTE 29: Troubled Debt Restructuring – Not Applicable

NOTE 30: Non-Exchange Financial Guarantees – Not Applicable

NOTE 31: Tax Abatements – Not Applicable

NOTE 32: Governmental Fund Balances – Not Applicable

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Stephen F. Austin State University
 Agency 755
 Schedule 1A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Pass-through From		
			Agy/ Univ No.	Agencies or Universities Amount	Non-State Entities Amount
Corporation for National and Community Service					
<u>Direct Programs:</u>					
Martin Luther King Jr Day of Service Grants	94.014				
Totals - Corporation for National and Community Service				0.00	0.00
Institute of Museum and Library Services					
<u>Pass-Through From:</u>					
Grants to States	45.310				
<u>Pass-Through From:</u> Texas State Library and Archives Commission			306	1,281.15	
Totals - Institute of Museum and Library Services				1,281.15	0.00
National Endowment For The Humanities					
COVID-19 - Promotion of the Humanities Federal/State Partnership	45.129	Humanities Texas/2021-6447			5,908.66
		Humanities Texas/2021-6449			7,475.83
Totals - National Endowment For The Humanities				0.00	13,384.49
U.S. Department of Agriculture					
<u>Pass-Through From:</u>					
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326				
<u>Pass-Through From:</u> Sam Houston State University			753	20,150.50	
Totals - U.S. Department of Agriculture				20,150.50	0.00
U.S. Department of Education					
<u>Direct Programs</u>					
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E				
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F				
<u>Pass-Through From:</u>					
<u>Governors Emergency Education Relief (GEER) Fund</u>	84.425C				
<u>Pass-Through From:</u> Texas Higher Education Coordinating Board			781	137,422.83	
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U				
<u>Pass-Through From:</u> Texas Education Agency			781	11,215.02	
Totals - U.S. Department of Education				148,637.85	0.00
U.S. Department of Health and Human Services					
<u>Pass-Through From:</u>					
Temporary Assistance for Needy Families	93.558				
<u>Pass-Through From:</u> Texas Workforce Commission			320	89,326.37	
Totals - U.S. Department of Health & Human Services				89,326.37	0.00
U.S. Department of Homeland Security					
<u>Direct Programs:</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036				
Totals - U.S. Department of Homeland Security				0.00	0.00
U.S. Department of Homeland Security					
<u>Direct Programs:</u>					
Public Safety Partnership and Community Policing Grants	16.710				
Totals - U.S. Department of Justice				0.00	0.00

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Direct Program Amount	Total PT From & Direct Program Amount	Pass-through To			Expenditures Amount	Total PT To & Expenditures Amount
		Agy/ Univ No.	Agencies or Universities Amount	Non-State Entities Amount		
5,443.79	5,443.79			5,443.79	5,443.79	
<u>5,443.79</u>	<u>5,443.79</u>	<u>0.00</u>	<u>0.00</u>	<u>5,443.79</u>	<u>5,443.79</u>	
	1,281.15			1,281.15	1,281.15	
<u>0.00</u>	<u>1,281.15</u>	<u>0.00</u>	<u>0.00</u>	<u>1,281.15</u>	<u>1,281.15</u>	
	5,908.66			5,908.66	5,908.66	
	7,475.83			7,475.83	7,475.83	
<u>0.00</u>	<u>13,384.49</u>	<u>0.00</u>	<u>0.00</u>	<u>13,384.49</u>	<u>13,384.49</u>	
	20,150.50			20,150.50	20,150.50	
<u>0.00</u>	<u>20,150.50</u>	<u>0.00</u>	<u>0.00</u>	<u>20,150.50</u>	<u>20,150.50</u>	
134,575.00	134,575.00			134,575.00	134,575.00	
2,295,159.51	2,295,159.51			2,295,159.51	2,295,159.51	
	137,422.83			137,422.83	137,422.83	
	11,215.02			11,215.02	11,215.02	
<u>2,429,734.51</u>	<u>2,578,372.36</u>	<u>0.00</u>	<u>0.00</u>	<u>2,578,372.36</u>	<u>2,578,372.36</u>	
	89,326.37			89,326.37	89,326.37	
<u>0.00</u>	<u>89,326.37</u>	<u>0.00</u>	<u>0.00</u>	<u>89,326.37</u>	<u>89,326.37</u>	
195,414.12	195,414.12			195,414.12	195,414.12	
<u>195,414.12</u>	<u>195,414.12</u>	<u>0.00</u>	<u>0.00</u>	<u>195,414.12</u>	<u>195,414.12</u>	
6,284.03	6,284.03			6,284.03	6,284.03	
<u>6,284.03</u>	<u>6,284.03</u>	<u>0.00</u>	<u>0.00</u>	<u>6,284.03</u>	<u>6,284.03</u>	

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Stephen F. Austin State University
 Agency 755
 Schedule 1A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Pass-through From		
			Agy/ Univ No.	Agencies or Universities Amount	Non-State Entities Amount
Research & Development Cluster					
Environmental Protection Agency					
<u>Pass-Through From:</u>					
Nonpoint Source Implementation Grants	66.460				
<u>Pass-Through From:</u>					
Texas A&M AgriLife Extension Service			555	15,640.00	
Nonpoint Source Implementation Grants	66.460				
<u>Pass-Through From:</u>					
Texas A&M AgriLife Research			556	22,931.50	
Totals - Environmental Protection Agency				<u>38,571.50</u>	<u>0.00</u>
National Science Foundation					
<u>Direct Programs:</u>					
Mathematical and Physical Sciences	47.049				
Education and Human Resources	47.076				
Totals - National Science Foundation				<u>0.00</u>	<u>0.00</u>
U.S. Department of the Interior					
NFWF-USFWS Conservation Partnership	15.663	National Fish and Wildlife Foundation/ 1907 20 067912			32,405.09
<u>Pass-Through From:</u>					
State Wildlife Grants	15.634				
<u>Pass-Through From:</u>					
Parks and Wildlife Department			802	47,467.62	
Totals - U.S. Department of the Interior				<u>47,467.62</u>	<u>32,405.09</u>
U.S. Department of Agriculture					
Specialty Crop Block Grant Program - Farm Bill	10.170	Nacogdoches Economic Development Corporation/SC-1920-52			1,181.24
Cooperative Forestry Assistance	10.664	United State Endowment For Forestry and Communities, Inc./207111			658.75
<u>Direct Programs:</u>					
Cooperative Forestry Research	10.202				
Forestry Research	10.652				
Environmental Quality Incentives Program	10.912				
Totals - U. S. Department of Agriculture				<u>0.00</u>	<u>1,839.99</u>
U.S. Department of Health and Human Services					
Telehealth Programs	93.211	Texas Health Institute/ G25RH40062			19,570.32
Totals - U.S. Department of Health and Human Services				<u>0.00</u>	<u>19,570.32</u>
SPECIAL EDUCATION (IDEA) Cluster					
U.S. Department of Education					
<u>Pass-Through From:</u>					
Special Education Grants to States	84.027A				
<u>Pass-Through From:</u>					
Texas Education Agency			701	30,706.55	
Special Education Grants to States	84.027A				
<u>Pass-Through From:</u>					
Texas School for the Blind & Visually Impaired			771	568,383.22	
Totals - U.S. Department of Education				<u>599,089.77</u>	<u>0.00</u>
Student Financial Assistance Cluster					
U.S. Department of Education					
<u>Direct Programs:</u>					
Federal Supplemental Educational Opportunity Grants	84.007				
Federal Work-Study Program	84.033				
Federal Pell Grant Program	84.063				
Federal Direct Student Loans	84.268				
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379T				
Totals - U.S. Department of Education				<u>0.00</u>	<u>0.00</u>
Total Expenditures of Federal Awards				<u>\$ 944,524.76</u>	<u>\$ 67,199.89</u>

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Direct Program Amount	Total PT From & Direct Program Amount	Pass-through To			Expenditures Amount	Total PT To & Expenditures Amount
		Agy/ Univ No.	Agencies or Universities Amount	Non-State Entities Amount		
	15,640.00				15,640.00	15,640.00
	22,931.50				22,931.50	22,931.50
<u>0.00</u>	<u>38,571.50</u>	<u>0.00</u>	<u>0.00</u>	<u>38,571.50</u>	<u>38,571.50</u>	
54,682.67	54,682.67			16,837.84	37,844.83	54,682.67
179,572.37	179,572.37				179,572.37	179,572.37
<u>234,255.04</u>	<u>234,255.04</u>	<u>0.00</u>	<u>16,837.84</u>	<u>217,417.20</u>	<u>234,255.04</u>	
	32,405.09				32,405.09	32,405.09
	47,467.62				47,467.62	47,467.62
<u>0.00</u>	<u>79,872.71</u>	<u>0.00</u>	<u>0.00</u>	<u>79,872.71</u>	<u>79,872.71</u>	
	1,181.24				1,181.24	1,181.24
	658.75				658.75	658.75
481,097.50	481,097.50				481,097.50	481,097.50
11,010.40	11,010.40				11,010.40	11,010.40
12,383.77	12,383.77				12,383.77	12,383.77
<u>504,491.67</u>	<u>506,331.66</u>	<u>0.00</u>	<u>0.00</u>	<u>506,331.66</u>	<u>506,331.66</u>	
	19,570.32				19,570.32	19,570.32
<u>0.00</u>	<u>19,570.32</u>	<u>0.00</u>	<u>0.00</u>	<u>19,570.32</u>	<u>19,570.32</u>	
	30,706.55				30,706.55	30,706.55
	568,383.22				568,383.22	568,383.22
<u>0.00</u>	<u>599,089.77</u>	<u>0.00</u>	<u>0.00</u>	<u>599,089.77</u>	<u>599,089.77</u>	
334,159.00	334,159.00				334,159.00	334,159.00
564,183.45	564,183.45				564,183.45	564,183.45
20,142,884.00	20,142,884.00				20,142,884.00	20,142,884.00
48,294,795.00	48,294,795.00				48,294,795.00	48,294,795.00
201,296.00	201,296.00				201,296.00	201,296.00
<u>69,537,317.45</u>	<u>69,537,317.45</u>	<u>0.00</u>	<u>0.00</u>	<u>69,537,317.45</u>	<u>69,537,317.45</u>	
<u>\$ 72,912,940.61</u>	<u>\$ 73,924,665.26</u>	<u>\$ 0.00</u>	<u>\$ 16,837.84</u>	<u>\$ 73,907,827.42</u>	<u>\$ 73,924,665.26</u>	

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STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 1A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2022

Note 1: Non-Monetary Assistance - N/A

Note 2: Reconciliation

Below is a reconciliation of the total of federal pass through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Per Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds; and Combined Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds; and Combined Statement of Changes in Fiduciary Net Assets:

Federal Revenue		
Operating	\$1,577,271.99	
Non-Operating	23,108,073.51	
Total Federal Revenue	<u>24,685,345.50</u>	\$24,685,345.50
Federal Pass-Through Revenue		
Operating	944,524.76	
Total Federal Pass-Through Revenue	<u>944,524.76</u>	944,524.76
Total Federal Revenue and Federal Pass-Through Revenue		25,629,870.26
Reconciliation Items:		
Non-monetary Items:		
--		
Total Non-monetary Items		\$0.00
New Loans Processed: (Amounts are from Note 3a)		
Federal Direct Student Loans (Direct Loans)	84.268 <u>\$48,294,795.00</u>	
Total New Loans Processed	\$48,294,795.00	
Total reconciliation Items:		\$48,294,795.00
Total per Note 2:		\$73,924,665.26
Total Pass-Through and Expenditures per Federal Schedule:		\$73,924,665.26
Difference:		\$0.00

Note 3a: Student Loans Processed and Administrative Cost Recovered FY2022

Program Name / CFDA Number	Beginning Balance of Outstanding Loans as of 8/31/20	New Loans Processed, does not include Admin Cost Recovered	*CY Admin Cost Recovered, PY's only if applicable	Total Loans Processed and Admin Cost Recovered	Repayment/ Adjustment (PY+CY)	**Outstanding Balance of Loans as of 8/31/2021 Includes all FYs
Department of Education 84.038 Federal Perkins Loans	\$ 2,338,977.60	\$ -	\$ -	\$ -	\$ -	\$ 2,338,977.60
Department of Education 84.268 Federal Direct Student Loans (Direct Loans)		48,294,795.00		\$48,294,795.00	48,294,795.00	-
Total Department of Education	\$ 2,338,977.60	\$ 48,294,795.00	\$ -	\$48,294,795.00	\$ 48,294,795.00	\$ 2,338,977.60

* Administrative Cost Recovered includes administration cost and any interest subsidy related to student loans processed.
 ** Confirmed on Servicer Report

Note 3b: Federally Funded Loans Processed and Administrative Cost Recovered FY2022 - N/A

Note 4: Depository Libraries for Government Publications - Agencies are no longer required to submit.

Note 5: Unemployment Insurance Funds - N/A

Note 6: Rebates for the Special Supplemental Food Program for Women, Infants and Children (WIC) - N/A

Note 7: Federal Deferred Revenue - Universities are exempt from Note 7

Note 8: Disaster Grants - Public Assistance, FY 2022, ALN 97.036

Project Name	FY Project Worksheet Approved in FY2022 (CY Only)	FEMA Disaster Declaration Declared Year - Disaster Title	Expenditure Amount Incurred Prior Fiscal Year	Amount De-obligated	Comments
B - Emergency Protective Measurers	2022	2021 - Texas Severe Winter Storms (DR-4586-TX)	\$26,240.85	\$2,624.08	Exp incurred in 2021 but PW not approved until FY22
A - Debris Removal	2022	2021 - Texas Severe Winter Storms (DR-4586-TX)	\$169,173.27	\$16,917.33	Exp incurred in 2021 but PW not approved until FY22

Note 9: Economic Adjustment Assistance (CFDA 11.307) - Not applicable. Our agency does not have any Revolving Loan Funds related to the Economic Adjustment Assistance program.

Note 10: 10% de Minimis Indirect Cost Rate - Our agency does not elect to use the 10 percent de minimis indirect cost rate.

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY (755)
 Schedule 1B
 Schedule of State Grant Pass-Throughs From/To State Agencies
 For The Year Ended August 31, 2022

Pass Through From:	Grant ID	Agency Number	Amount
Fifth Year Accounting Student Scholarship Program	457.0001		\$ 5,000.00
Texas State Board of Pubic Accountancy		457	<u>5,000.00</u>
Available School Fund - Per Capita	701.0007		128,102.00
Texas Education Agency		701	<u>128,102.00</u>
Foundation School Program (FSP)-Formula	701.0015		2,124,969.00
Texas Education Agency		701	<u>2,124,969.00</u>
Instructional Materials Allotment	701.0048		1,840.00
Texas Education Agency		701	<u>1,840.00</u>
Joint Admission Medical Program (JAMP)	720.0002		31,134.36
University of Texas System		720	<u>31,134.36</u>
University of NorthTexas	752.0009		7,998.40
		720	<u>7,998.40</u>
TEXAS Grant Program	781.0008		9,056,082.00
Texas Higher Education Coordinating Board		781	<u>9,056,082.00</u>
Professional Nursing Shortage Reduction Program	781.0013		15,987.32
Texas Higher Education Coordinating Board		781	<u>15,987.32</u>
College Work Study Program	781.0023		43,153.95
Texas Higher Education Coordinating Board		781	<u>43,153.95</u>
Work Study Mentorship Program	781.0029		29,828.95
Texas Higher Education Coordinating Board		781	<u>29,828.95</u>
Developmental Education Program	781.0040		8,576.22
Texas Higher Education Coordinating Board		781	<u>8,576.22</u>
Texas Grants B.1.10	781.0083		316,649.00
Texas Higher Education Coordinating Board		781	<u>316,649.00</u>
531442 Assessing pathways of introduction of non-native fishes (Sheepshead minnow & Gulf Killifish) in Texas streams	802.0178		(57.36)
Parks and Wildlife Department		802	<u>(57.36)</u>
531961 Assessing the population status of Brazos river Watersnakes	802.0179		1,166.64
Parks and Wildlife Department		802	<u>1,166.64</u>
CA-0001069 Repratriation of Illegally Collected Alligator Snapping Turtles (AST) Bank Into Texas Waters	802.0188		19,772.02
Parks and Wildlife Department		813	<u>19,772.02</u>
CA-0001060 Texas State Parks Visitor Market Analysis	802.0197		95,942.94
Parks and Wildlife Department		813	<u>95,942.94</u>
CA-0002932 East Texas Adventurers Girls Environmental Science Academy	802.0211		24,620.94
Parks and Wildlife Department		813	<u>24,620.94</u>
Total Operating Pass-Through From Other Agencies			<u><u>\$ 11,910,766.38</u></u>
Pass Through To	Grant ID	Agency Number	Amount
Total Pass-Through to Other Agencies			<u><u>\$ -</u></u>

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Agency No. 755
 Schedule 2A - Miscellaneous Bond Information
 For the Fiscal Year Ended August 31, 2022

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities		First Call Date	Final Maturity
				First Year	Last Year		
Business-Type Activities							
Revenue Bonds - Self Supporting							
Rev Fin Sys Bonds Ser '13	15,610,000.00	1.000	5.000	2014	2024	n/a	10/15/2024
Rev Fin Sys Bonds Ser '16	61,205,000.00	4.000	5.000	2017	2036	10/15/2026	10/15/2036
Rev Fin Sys Bonds Ser '19A	94,290,000.00	4.000	5.000	2019	2048	10/15/2028	10/15/2048
Rev Fin Sys Bonds Ser '19B	15,925,000.00	2.873	4.192	2019	2048	n/a	10/15/2035
Rev Fin Sys Bonds Ser '20	15,935,000.00	5.000	5.000	2022	2029	n/a	10/15/2029
	<u>202,965,000.00</u>						
Revenue Bonds - Direct Placement							
Rev Fin Sys Bonds Ser '15	48,410,000.00	2.010	2.010	2015	2025	n/a	10/15/2025
	<u>48,410,000.00</u>						
Total Revenue Bonds	<u>251,375,000.00</u>						
Grand Total of Bonds	<u>\$ 251,375,000.00</u>						

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2B-Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2022

Description of Issue	Bonds Outstanding 9/1/21	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/22
For the Fiscal Year Ended August 31, 2022					
Revenue Bonds - Self Supporting					
Rev Fin Sys Bonds Ser '13	\$ 7,530,000.00	\$ -	\$ 2,470,000.00	\$ -	\$ 5,060,000.00
Rev Fin Sys Bonds Ser '16	48,160,000.00	-	3,165,000.00	-	44,995,000.00
Rev Fin Sys Bonds Ser '19A	92,630,000.00	-	1,215,000.00	-	91,415,000.00
Rev Fin Sys Bonds Ser '19B	14,755,000.00	-	770,000.00	-	13,985,000.00
Rev Fin Sys Bonds Ser '20	15,935,000.00	-	-	-	15,935,000.00
	<u>179,010,000.00</u>	<u>-</u>	<u>7,620,000.00</u>	<u>-</u>	<u>171,390,000.00</u>
Revenue Bonds - Direct Placement					
Rev Fin Sys Bonds Ser '15	25,095,000.00	-	4,820,000.00	-	20,275,000.00
	<u>25,095,000.00</u>	<u>-</u>	<u>4,820,000.00</u>	<u>-</u>	<u>20,275,000.00</u>
Total Revenue Bonds	<u>204,105,000.00</u>	<u>-</u>	<u>12,440,000.00</u>	<u>-</u>	<u>191,665,000.00</u>
Grand Total	<u>\$ 204,105,000.00</u>	<u>\$ -</u>	<u>\$ 12,440,000.00</u>	<u>\$ -</u>	<u>\$ 191,665,000.00</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2B-Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2022

Description of Issue	Unamortized Premium	Unamortized Discount	Other Adjustments	Net Bonds Outstanding 8/31/22	Amounts Due Within One Year
For the Fiscal Year Ended August 31, 2022					
Revenue Bonds - Self Supporting					
Rev Fin Sys Bonds Ser '13	\$ 286,907.04	\$ -		\$ 5,346,907.04	\$ 1,719,762.81
Rev Fin Sys Bonds Ser '16	5,066,186.78	-	-	50,061,186.78	4,207,090.50
Rev Fin Sys Bonds Ser '19A	4,680,982.31	(171,425.55)	-	95,924,556.76	1,734,060.92
Rev Fin Sys Bonds Ser '19B	-	-	-	13,985,000.00	790,000.00
Rev Fin Sys Bonds Ser '20	2,670,366.86	-	-	18,605,366.86	1,299,791.59
	12,704,442.99	(171,425.55)	-	183,923,017.44	9,750,705.82
Revenue Bonds - Direct Placement					
Rev Fin Sys Bonds Ser '15	-	-	-	20,275,000.00	4,920,000.00
	-	-	-	20,275,000.00	4,920,000.00
Total Revenue Bonds	12,704,442.99	(171,425.55)	-	204,198,017.44	14,670,705.82
Grand Total	\$ 12,704,442.99	\$ (171,425.55)	\$ -	\$ 204,198,017.44	\$ 14,670,705.82

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2022

Description of Issue	FY	Principal	Interest	Total
Business-Type Activities				
Revenue Bonds - Self Supporting				
Rev Fin Sys Bonds Ser '20	2023	705,000.00	779,125.00	\$ 1,484,125.00
Rev Fin Sys Bonds Ser '20	2024	1,865,000.00	714,875.00	2,579,875.00
Rev Fin Sys Bonds Ser '20	2025	1,960,000.00	619,250.00	2,579,250.00
Rev Fin Sys Bonds Ser '20	2026	2,060,000.00	518,750.00	2,578,750.00
Rev Fin Sys Bonds Ser '20	2027	2,165,000.00	413,125.00	2,578,125.00
Rev Fin Sys Bonds Ser '20	2028-2030	7,180,000.00	550,500.00	7,730,500.00
		<u>15,935,000.00</u>	<u>3,595,625.00</u>	<u>19,530,625.00</u>
Rev Fin Sys Bonds Ser '13	2023	1,605,000.00	190,812.50	1,795,812.50
Rev Fin Sys Bonds Ser '13	2024	1,690,000.00	108,437.50	1,798,437.50
Rev Fin Sys Bonds Ser '13	2025	1,765,000.00	33,093.75	1,798,093.75
		<u>5,060,000.00</u>	<u>332,343.75</u>	<u>5,392,343.75</u>
Rev Fin Sys Bonds Ser '16	2023	3,310,000.00	2,072,750.00	5,382,750.00
Rev Fin Sys Bonds Ser '16	2024	3,480,000.00	1,903,000.00	5,383,000.00
Rev Fin Sys Bonds Ser '16	2025	3,665,000.00	1,724,375.00	5,389,375.00
Rev Fin Sys Bonds Ser '16	2026	3,850,000.00	1,536,500.00	5,386,500.00
Rev Fin Sys Bonds Ser '16	2027	4,055,000.00	1,338,875.00	5,393,875.00
Rev Fin Sys Bonds Ser '16	2028-2032	13,940,000.00	4,222,925.00	18,162,925.00
Rev Fin Sys Bonds Ser '16	2033-2037	12,695,000.00	1,510,525.00	14,205,525.00
		<u>44,995,000.00</u>	<u>14,308,950.00</u>	<u>59,303,950.00</u>
Rev Fin Sys Bonds Ser '19A	2023	1,275,000.00	4,017,975.00	5,292,975.00
Rev Fin Sys Bonds Ser '19A	2024	1,345,000.00	3,952,475.00	5,297,475.00
Rev Fin Sys Bonds Ser '19A	2025	1,410,000.00	3,883,600.00	5,293,600.00
Rev Fin Sys Bonds Ser '19A	2026	1,490,000.00	3,811,100.00	5,301,100.00
Rev Fin Sys Bonds Ser '19A	2027	1,560,000.00	3,734,850.00	5,294,850.00
Rev Fin Sys Bonds Ser '19A	2028-2032	9,090,000.00	17,388,500.00	26,478,500.00
Rev Fin Sys Bonds Ser '19A	2033-2037	13,025,000.00	14,884,025.00	27,909,025.00
Rev Fin Sys Bonds Ser '19A	2038-2042	21,940,000.00	11,071,425.00	33,011,425.00
Rev Fin Sys Bonds Ser '19A	2043-2047	27,585,000.00	5,412,825.00	32,997,825.00
Rev Fin Sys Bonds Ser '19A	2048-2049	12,695,000.00	512,900.00	13,207,900.00
		<u>91,415,000.00</u>	<u>68,669,675.00</u>	<u>160,084,675.00</u>
Rev Fin Sys Bonds Ser '19B	2023	790,000.00	514,537.35	1,304,537.35
Rev Fin Sys Bonds Ser '19B	2024	815,000.00	489,558.75	1,304,558.75
Rev Fin Sys Bonds Ser '19B	2025	845,000.00	462,936.90	1,307,936.90
Rev Fin Sys Bonds Ser '19B	2026	870,000.00	434,382.95	1,304,382.95
Rev Fin Sys Bonds Ser '19B	2027	900,000.00	403,621.70	1,303,621.70
Rev Fin Sys Bonds Ser '19B	2028-2032	5,055,000.00	1,475,255.27	6,530,255.27
Rev Fin Sys Bonds Ser '19B	2033-2036	4,710,000.00	393,124.43	5,103,124.43
		<u>13,985,000.00</u>	<u>4,173,417.35</u>	<u>18,158,417.35</u>
Total Revenue Bonds - Self Supporting		<u>\$ 171,390,000.00</u>	<u>\$ 91,080,011.10</u>	<u>\$ 262,470,011.10</u>

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2022

<u>Description of Issue</u>	<u>FY</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Revenue Bonds - Direct Placement				
Rev Fin Sys Bonds Ser '15	2023	4,920,000.00	358,081.50	5,278,081.50
Rev Fin Sys Bonds Ser '15	2024	5,015,000.00	258,234.75	5,273,234.75
Rev Fin Sys Bonds Ser '15	2025	5,120,000.00	156,378.00	5,276,378.00
Rev Fin Sys Bonds Ser '15	2026	5,220,000.00	52,461.00	5,272,461.00
		<u>20,275,000.00</u>	<u>825,155.25</u>	<u>21,100,155.25</u>
Total Revenue Bonds - Direct Placement		<u>20,275,000.00</u>	<u>825,155.25</u>	<u>21,100,155.25</u>
Total Revenue Bonds		<u>191,665,000.00</u>	<u>91,905,166.35</u>	<u>283,570,166.35</u>
Total Debt Service		<u>\$ 191,665,000.00</u>	<u>\$ 91,905,166.35</u>	<u>\$ 283,570,166.35</u>

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STEPHEN F. AUSTIN STATE UNIVERSITY

Agency No. 755

Schedule 2D - Analysis of Funds Available for Debt Service - General Obligation Bonds

For the Fiscal Year Ended August 31, 2022

Description of Issue	Application of Funds		Accrual Basis
	2022 Principal	2022 Interest	Int Exp
	\$ -	\$ -	\$ -
General Obligation Bonds - Not Self-Supporting	\$ -	\$ -	\$ -

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STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 2D - Analysis of Funds Available for Debt Service - Revenue Bonds
 For the Fiscal Year Ended August 31, 2022

Description of Issue	Net Available for Debt Service		Debt Service		Accrual Basis	
	Total Pledged and Other Sources	Operating Expenses and Capital Outlay	2022 Principal	2022 Interest	Interest Expense	Interest Capitalized
Business-Type Activities						
Revenue Bonds - Self Supporting						
Rev Fin Sys Bonds Ser '13	*	*	\$ 2,470,000.00	\$ 292,687.50	\$ 246,375.00	\$ -
Rev Fin Sys Bonds Ser '16	*	*	3,165,000.00	2,218,800.00	2,171,325.02	-
Rev Fin Sys Bonds Ser '19A	*	*	1,215,000.00	4,080,225.00	4,057,443.74	-
Rev Fin Sys Bonds Ser '19B	*	*	770,000.00	538,091.62	529,434.90	-
Rev Fin Sys Bonds Ser '20	*	*	-	796,750.00	789,292.35	-
Revenue Bonds - Direct Placement						
Rev Fin Sys Bonds Ser '15	*	*	4,820,000.00	455,968.50	419,637.77	-
			<u>\$ 12,440,000.00</u>	<u>\$ 8,382,522.62</u>	<u>\$ 8,213,508.78</u>	<u>\$ -</u>

Analysis of Pledged and Other Sources:

Pledged Sources:

Tuition and Fees	\$ 122,777,113.69
Sales and Services	35,658,627.95
Other Sources	5,798,258.73
Total Revenues	<u>164,234,000.37</u>

Unrestricted Fund Balances	(87,078,236.43)
Less State Appropriated Fund Balances with Restrictions	(11,277,793.00)
Total Pledged Revenues	<u>\$ 65,877,970.94</u>

Expenditures associated with operations which generated the pledged revenues

\$ 198,427,415.09

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2022

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
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STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2F - Current Year Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2022

Description of Issue	Category	Amount Extinguished or Refunded	For Refunding Only		
			Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/Loss

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STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 3 - Reconciliation of Cash in State Treasury
August 31, 2022

Cash in State Treasury	<u>Unrestricted</u>	<u>Restricted</u>	Current Year <u>Total</u>
Special Mineral Fund 0241	\$ 0.00	\$ 0.00	\$ 0.00
Local Revenue Fund 0261	774,651.03	0.00	774,651.03
Coronavirus Relief Fund	39,122.43	0.00	39,122.43
Total Cash in State Treasury (Stmnt of Net Position)	<u>\$ 813,773.46</u>	<u>\$ 0.00</u>	<u>\$ 813,773.46</u>

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