

STEPHEN F. AUSTIN STATE UNIVERSITY



Basketball facility expanded in 2021



Austin Building constructed in 1924



ANNUAL FINANCIAL REPORT

For the year ended August 31, 2023

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, 2023

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, 2023, 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 this report.

It should be noted that this is the final Annual Financial Report for Stephen F. Austin State University. Future reports for Stephen F. Austin State University, a member of The University of Texas System (U. T. System), will be combined into U. T. System’s consolidated financial statements.

If you have any questions, please contact Judi Kruwell, interim vice president for finance and administration, at (936) 468-2203.

Sincerely,

Gina Oglesbee, CPA, CFE, CIA
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, 2023

Gina Oglesbee
Interim President
Stephen F. Austin State University
P. O. Box 6078, SFA Station
Nacogdoches, Texas 75962

Dear Mrs. Oglesbee:

Submitted herein is the Annual Financial Report of Stephen F. Austin State University for the fiscal year ended August 31, 2023.

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

The 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
Interim Vice President for Finance and Administration



STEPHEN F. AUSTIN
STATE UNIVERSITY
NACOGDOCHES, TEXAS

Organizational Data August 31, 2023

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 | August 31, 2023 |
| Robert A. Flores | Nacogdoches, Texas | August 31, 2023 |
| Karen G. Gantt | McKinney, Texas | August 31, 2023 |
| Brigettee C. Henderson | Lufkin, Texas | August 31, 2023 |
| M. Thomas Mason | Dallas, Texas | August 31, 2023 |
| Judy L. Olson | The Woodlands, Texas | August 31, 2023 |
| Laura Rectenwald | Longview, Texas | August 31, 2023 |
| Nancy C. Windham | Nacogdoches, Texas | August 31, 2023 |
| Jennifer W. Winston | Lufkin, Texas | August 31, 2023 |
| Paige Vadnais (student) | Forney, Texas | August 31, 2023 |

Interim President

Gina Oglesbee, CPA, CFE, CIA

Finance and Administration

Interim Vice President – Judith Kruwell, CPA
Executive Director of Finance and Administrative Services – Kay Johnson
Director of Treasury and Student Business Services – Michaelyn Greene, CPA
Associate Director of Financial Reporting – Steffany Newsome, CPA

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755

Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2023

INTRODUCTION

Stephen F. Austin State University (the University or SFA) 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 2022, the University enrolled 11,327 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 (SACSCOC). 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, 2023, with selected comparative information for the fiscal year ended August 31, 2022. 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 2023 HIGHLIGHTS

- Enrollment for the fall 2022 semester was 11,327. This figure represents a decrease of 5.2 percent from the enrollment of 11,946 recorded in fall 2021. 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 73.2 percent for the fall 2022.
- In November 2022, the SFA Board of Regents voted to affiliate with The University of Texas System (U. T. System). This vote occurred after a process which evaluated potential affiliation with other Texas state university systems and involved input from constituent groups including students, faculty, staff, and alumni. The 88th Texas Legislature passed enabling legislation which was signed into law by the Governor of Texas in May 2023. As permitted by the legislation and in response to approval of the change in governance by SACSCOC, management and control of the University was transferred to the U. T. System Board of Regents effective July 28, 2023. The University became an institution within the U. T. System on September 1, 2023, and the SFA Board of Regents was dissolved.
- For Fiscal Year 2023, the University has implemented Governmental Accounting Standards Board (GASB) Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The University has one such public-private partnership related to food service operations.

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2023

- In spring 2019, the University began construction of capital improvements to the fine arts building as part of the initiatives funded by the 2019 revenue bonds. These capital improvements were completed in 2023 and fall 2023 classes are being held in the new building. The SFA Board of Regents previously reaffirmed and approved the use of bond proceeds to construct a new dining facility, various deferred maintenance projects for residence hall facilities, and academic and university projects. Construction on the new dining facility began in 2023 and is expected to be complete in 2025.
- In April 2023, the SFA Board of Regents approved the Forestry, Agriculture and Interdisciplinary Project with an initial project budget of \$44.9 million to be funded with future Capital Construction Assistance Project (CCAP) bond proceeds. In August 2023, with an effective date of September 1, 2023, the U. T. System Board of Regents incorporated this project into the U. T. System Capital Improvement Program, authorized issuance of the CCAP bonds, and allocated an additional \$35 million of Permanent University Fund bond proceeds to the project to bring the total project budget to \$79.9 million.
- On February 21, 2023, Interim President Dr. Steve Westbrook was named the tenth president of the University. On May 31, 2023, Dr. Westbrook retired. Ms. Gina Oglesbee, Vice President for Finance and Administration, was appointed as interim president effective June 1, 2023 until a permanent president assumes office.
- The University's financial position at August 31, 2023, reflected total assets and deferred outflows of \$562.2 million and total liabilities and deferred inflows of \$545.9 million. Overall, the net position of the University decreased \$25.4 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 \$14.4 million, the spend-down of prior year Higher Education Funds (HEF) appropriations of approximately \$6.4 million, decrease in net tuition and fee revenue of \$12 million, which includes \$3.3 million in reserve calculation methodology, salary and wage initiatives of \$7 million, offset by an increase in fair market value of university operating and endowment investments of \$9 million. The remaining difference in net position was due to variances in operating and restricted 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, 2023. 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 categorized as being for capital projects, endowment funds (expendable or non-expendable), and other. Restricted Net Position – Capital Projects includes residual HEF and other restricted capital projects balances. 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. 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, 2023

A summarized comparison of the University's Statement of Net Position at August 31, 2023 and 2022 follows:

Statement of Net Position

| | <u>August 31, 2023</u> | <u>August 31, 2022 Restated</u> |
|--|----------------------------|---|
| Assets | | |
| Current Assets | \$ 151,457,354.11 | \$ 179,905,112.85 |
| Noncurrent Assets | | |
| Other Noncurrent Assets | 118,020,868.09 | 123,681,228.87 |
| Capital Assets, Net of Depreciation | <u>246,920,410.02</u> | <u>237,553,236.85</u> |
| Total Assets | <u>516,398,632.22</u> | <u>541,139,578.57</u> |
| Deferred Outflows of Resources | <u>45,838,588.00</u> | <u>69,213,394.00</u> |
| Liabilities | | |
| Current Liabilities | 125,608,134.38 | 120,967,644.57 |
| Noncurrent Liabilities | <u>349,721,964.78</u> | <u>379,830,769.79</u> |
| Total Liabilities | <u>475,330,099.16</u> | <u>500,798,414.36</u> |
| Deferred Inflows of Resources | <u>70,542,587.39</u> | <u>67,826,077.16</u> |
| Net Position | | |
| Invested in Capital Assets, Net of Related Debt | 77,095,096.23 | 81,333,960.20 |
| Restricted for: | | |
| Capital Projects | 8,942,936.64 | 6,453,067.78 |
| Endowment Funds | | |
| Nonexpendable | 6,359,901.02 | 6,348,033.52 |
| Expendable | 4,017,207.26 | 4,025,773.16 |
| Other | 26,132,873.21 | 26,507,792.25 |
| Unrestricted | (106,183,480.69) | (82,940,145.86) |
| | <u>\$ 16,364,533.67</u> | <u>\$ 41,728,481.05</u> |

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 grant revenue, gifts, investment income, and interest payments on long-term debt.

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2023

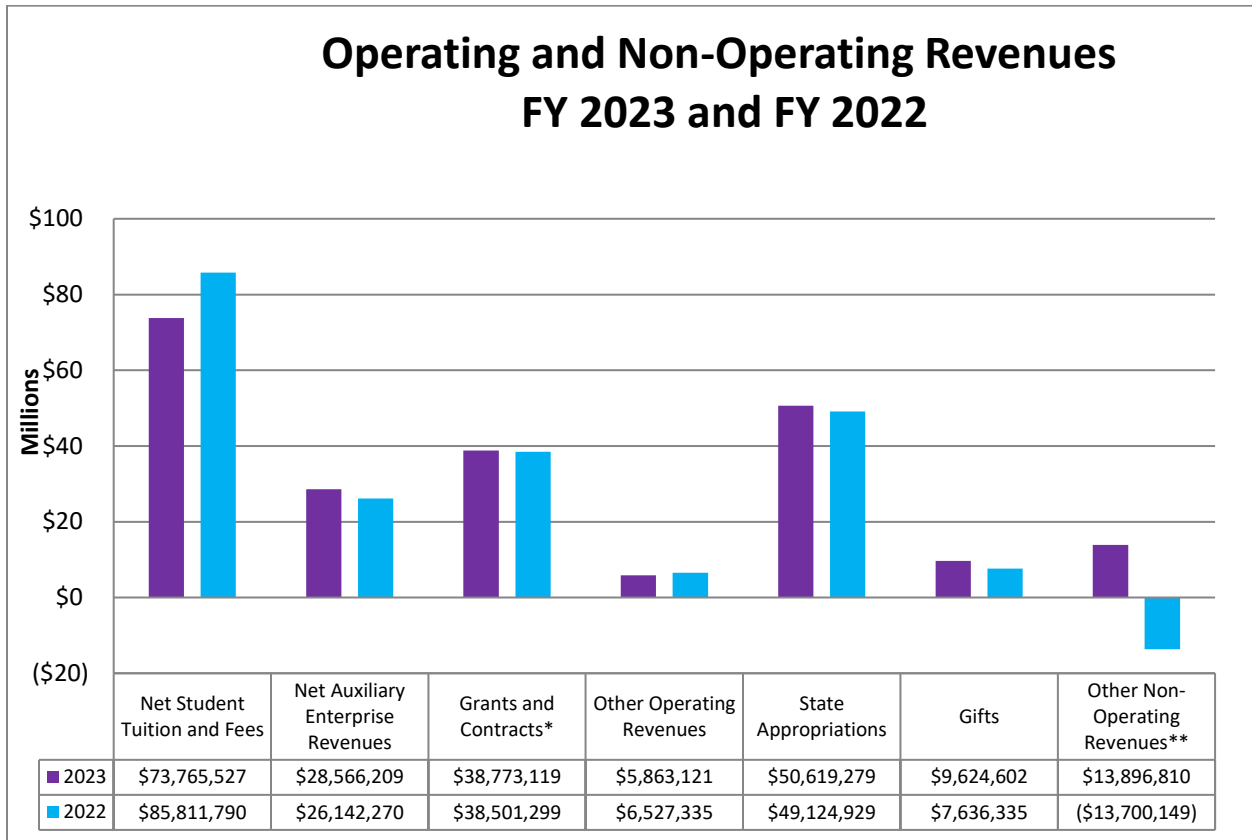
A summarized comparison of the University's Statement of Revenues, Expenses, and Changes in Net Position for the years ended August 31, 2023 and 2022 follows:

Statement of Revenues, Expenses, and Changes in Net Assets

| | <u>2023</u> | <u>2022</u> <u>Restated</u> |
|---|-------------------------|--------------------------------|
| Operating Revenues: | | |
| Net Student Tuition and Fees | \$ 73,765,526.98 | \$ 85,811,789.79 |
| Net Auxiliary Enterprise Revenues | 28,566,209.18 | 26,142,269.61 |
| Grants and Contracts | 18,107,600.82 | 15,393,225.93 |
| Other Operating Revenues | 5,863,121.04 | 6,527,335.22 |
| Total Operating Revenues | <u>126,302,458.02</u> | <u>133,874,620.55</u> |
| Total Operating Expenses | <u>250,378,973.35</u> | <u>242,910,459.87</u> |
| Operating Income (Loss) | <u>(124,076,515.33)</u> | <u>(109,035,839.32)</u> |
| Non-Operating Revenues (Expenses): | | |
| Legislative Revenue (State) | 39,301,837.00 | 39,152,020.00 |
| Additional Appropriations | 11,317,442.28 | 9,972,909.04 |
| Federal Revenues - Non-Operating | 20,665,518.00 | 23,108,073.51 |
| Gifts | 9,624,601.77 | 7,636,335.27 |
| Net Investment Income (Loss) | 9,567,864.41 | 474,730.55 |
| Net Increase (Decrease) in Fair Value of Investments | (609,561.71) | (14,865,333.18) |
| Interest Expenses and Fiscal Charges | (8,356,167.97) | (6,244,379.50) |
| Net Other Non-Operating Revenues (Expenses) | 4,938,507.31 | 690,453.29 |
| Total Non-Operating Revenues (Expenses) | <u>86,450,041.09</u> | <u>59,924,808.98</u> |
| Income (Loss) Before Other Revenues, Expenses, Gains or Losses | (37,626,474.24) | (49,111,030.34) |
| Other Revenues, Expenses, Gains (Losses) and Transfers | <u>12,172,238.27</u> | <u>12,287,693.08</u> |
| Change in Net Position | <u>(25,454,235.97)</u> | <u>(36,823,337.26)</u> |
| Net Position, Beginning of Year | 41,728,481.05 | 78,651,873.92 |
| Restatements | 90,288.59 | (100,055.61) |
| Restated Net Position, Beginning of Year | <u>41,818,769.64</u> | <u>78,551,818.31</u> |
| Net Position, End of Year | <u>\$ 16,364,533.67</u> | <u>\$ 41,728,481.05</u> |

Stephen F. Austin State University-755
Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2023

The following graph displays 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 2023 highlights presented in the Statement of Revenues, Expenses, and Changes in Net Position are as follows:

- Fall 2022 headcount decreased 5.2 percent. Gross tuition and fees decreased \$7.8 million due to the decline in enrolled semester credit hours. Net tuition and fee revenue decreased an additional \$4.5 due to an increase in tuition discounting and a change in reserve calculation methodology in FY 2023.
- Net Auxiliary Revenues increased \$2.4 million which represents an increase of 9.3 percent due to return of more students living on campus.
- The Perkins Loan Program closeout finalized in 2023 resulting in a write off of \$2.7 million in outstanding loan balances.
- Improved reporting allowed for improved measurement of collectability of student accounts. This change in accounting method for calculating the allowance for doubtful accounts resulted in a \$2 million increase in the reserve for doubtful accounts.
- The SFA Board of Regents awarded two separate compensation initiatives to employees resulting in increased salary and wages expenditures of approximately \$7 million.
- Expenditures for items including materials and supplies, eligible for HEF funding increased by approximately \$6.4 million to consume prior-year unexpended appropriated balances.
- Net investment income (loss) and net increase (decrease) in Fair Value of Investments resulted in a increase in non-operating revenues of \$9 million as a result of the investment market.

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2023

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 2022.

| Gross Student Revenues, Exemptions, Discounts and Allowances | | | |
|---|-------------------------|-------------------------|---------------------------|
| | 2023 | 2022 | Net Change |
| Tuition and Fees - Pledged | \$ 107,981,989.75 | \$ 115,572,126.15 | \$ (7,590,136.40) |
| Tuition and Fees - Non-Pledged | 3,778,242.99 | 4,036,093.74 | (257,850.75) |
| Exemptions | (10,685,051.41) | (13,071,283.11) | 2,386,231.70 |
| Tuition Discounts | (23,943,949.41) | (20,621,716.18) | (3,322,233.23) |
| Allowances for Doubtful Accounts | (3,365,704.94) | (103,430.81) | (3,262,274.13) |
| Net Student Tuition and Fees | <u>\$ 73,765,526.98</u> | <u>\$ 85,811,789.79</u> | <u>\$ (12,046,262.81)</u> |
| Auxiliary Enterprises - Pledged | \$ 35,829,124.03 | \$ 32,631,194.03 | \$ 3,197,930.00 |
| Auxiliary Enterprises - Non-Pledged | 2,511,437.03 | 3,027,433.92 | (515,996.89) |
| Discounts | (11,413,466.58) | (9,420,663.45) | (1,992,803.13) |
| Allowances for Doubtful Accounts | 1,639,114.70 | (95,694.89) | 1,734,809.59 |
| Net Auxiliary Enterprise Revenues | <u>\$ 28,566,209.18</u> | <u>\$ 26,142,269.61</u> | <u>\$ 2,423,939.57</u> |

State and federal loans to students have continued to decrease. Gross scholarships awarded to students from grants and outside organizations increased \$1.4 million. Net scholarships decreased by approximately \$3.9 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:

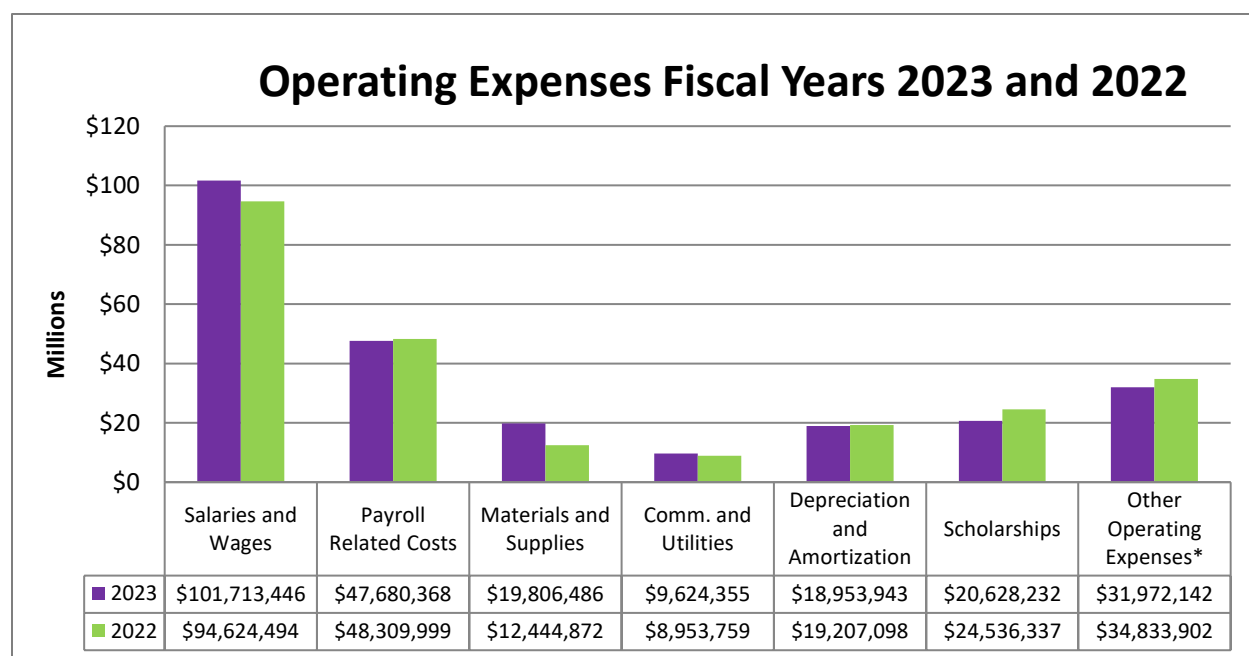
| Gross Scholarships and Related Discounts Applied to Revenues | | | |
|---|-------------------------|-------------------------|--------------------------|
| | 2023 | 2022 | Net Change |
| State and federal student loans | \$ 52,921,235.34 | \$ 57,386,007.08 | \$ (4,464,771.74) |
| Gross Scholarships | 55,985,648.26 | 54,578,716.14 | 1,406,932.12 |
| Scholarships - Reclassified to Tuition/Fee Discounts | (23,943,949.41) | (20,621,716.18) | (3,322,233.23) |
| Scholarships - Reclassified to Auxiliary Enterprises | (11,413,466.58) | (9,420,663.45) | (1,992,803.13) |
| Scholarships (as reported) | <u>\$ 20,628,232.27</u> | <u>\$ 24,536,336.51</u> | <u>\$ (3,908,104.24)</u> |

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2023

The following data summarizes the operating expenses in the natural classification expense categories for the fiscal years ended August 31, 2023 and 2022:

| | 2023 | 2022 Restated |
|-----------------------------------|--------------------------|--------------------------------|
| Cost of Goods Sold | \$ 11,085,637.66 | \$ 11,655,157.79 |
| Salaries and Wages | 101,713,446.43 | 94,624,493.68 |
| Payroll Related Costs | 47,680,368.47 | 48,309,998.57 |
| Professional Fees and Services | 2,644,077.26 | 2,787,981.70 |
| Travel | 3,496,311.58 | 3,173,510.71 |
| Materials and Supplies | 19,806,486.16 | 12,444,871.59 |
| Communication and Utilities | 9,624,355.33 | 8,953,759.42 |
| Repairs and Maintenance | 6,451,353.79 | 5,624,618.04 |
| Rentals and Leases | 2,607,374.10 | 3,183,696.34 |
| Printing and Reproduction | 396,458.01 | 504,939.29 |
| Federal Pass-Through Expenditures | 19,519.75 | 16,837.84 |
| Depreciation and Amortization | 18,953,942.88 | 19,207,098.24 |
| Bad Debt Expense | 367,172.83 | 859,605.08 |
| Interest Expense | 18,808.75 | 575.82 |
| Scholarships | 20,628,232.27 | 24,536,336.51 |
| Claims and Judgements | 541.25 | 35,000.00 |
| Other Operating Expenses | 4,884,886.83 | 6,991,979.25 |
| | <u>\$ 250,378,973.35</u> | <u>\$ 242,910,459.87</u> |

The following is a graphic presentation of the major operating expense categories for the fiscal years ended August 31, 2023 and 2022:



*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, 2023

Statement of Cash Flows

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.

A summarized comparison of the Statement of Cash Flows at August 31, 2023 and 2022 follows:

Statement of Cash Flows

| | 2023 | 2022 |
|--|--------------------|--------------------|
| Net Cash Provided (Used) by: | | |
| Operating Activities | \$ (66,478,158.65) | \$ (55,578,231.10) |
| Non-Capital Financing activities | 69,766,618.54 | 55,764,359.07 |
| Capital and Related Financing Activities | (30,427,961.52) | (37,701,802.62) |
| Investing Activities | 30,954,148.97 | 11,648,514.30 |
| Increase(Decrease) in Cash and Cash Equivalents | 3,814,647.34 | (25,867,160.35) |
| Cash and Cash Equivalents, Beginning of Year | 59,869,285.70 | 85,736,446.05 |
| Restatements | - | - |
| Cash and Cash Equiv, Restated, Beginning of Year | 59,869,285.70 | 85,736,446.05 |
| Increase (Decrease) in Cash and Cash Equivalents | 3,814,647.34 | (25,867,160.35) |
| Cash and Cash Equivalents, End of Year | \$ 63,683,933.04 | \$ 59,869,285.70 |

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2023

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 rather than operating activities. Additionally, federal financial aid revenues, including Pell 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 an increase of \$3.8 million in cash and cash equivalents.

Cash used by operating activities increased by approximately \$11 million due largely to the decrease in enrollment related revenues, the salary initiatives in FY23, and the spend down of prior year HEF balances.

Net cash flows provided by non-capital financing activities in FY 2023 increased \$14 million from the prior year related to the accelerated spend of remaining HEF funds prior to joining the U. T. System on September 1, 2023.

Net cash used for capital and related financing activities decreased \$7 million due mainly to the use of bond proceeds to complete the fine arts facility and other deferred maintenance projects.

Net cash provided from investing activities increased \$19 million due to changes in the investment market.

ECONOMIC OUTLOOK AND SUBSEQUENT EVENTS

On September 1, 2023, the University was reestablished in statute pursuant to legislation enacted by the Texas Legislature as Stephen F. Austin State University, a member of The University of Texas System. SFA is under the governance of the U. T. System Board of Regents and eligible to participate in the Permanent University Fund bond program provided by Section 18, Article VII, Texas Constitution, to the same extent as similar institutions of the U. T. System. Simultaneous to this action, the SFA Board of Regents was dissolved.

At its August 2023 meeting, the U. T. System Board of Regents approved an operating budget for SFA of \$249 million for the 2023-24 fiscal year.

In September and November 2023, the U. T. System Board of Regents issued and repaid a combined \$8.2 million of U. T. System Revenue Financing System Taxable Commercial Paper Notes, Series B related to the Forestry, Agriculture and Interdisciplinary Project. The University has engaged an architect to assist in the design and development stage of the project.

In September 2023, Moody's Investor Services upgraded the revenue bond ratings for the University from Aa1 to A1 with a stable ratings outlook. This upgrade reflects SFA's new status as a member of the U. T. System (Aaa stable). In August 2023, Fitch affirmed its A+ bond rating on various Revenue Financing System (RFS) bonds previously issued by the SFA Board of Regents with a stable ratings outlook. Although SFA is part of the U. T. System as of September 1, the previously issued University bonds are secured only by the University's legally available revenues and fund balances rather than by those of the entire U. T. System.

Enrolled headcount for Fall 2023 decreased by 3.9 percent when compared to Fall 2022, and semester credit hours decreased 2.7 percent. First-time undergraduate student enrollment increased 10 percent.

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Net Position - Business-Type Activities
August 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> <u>Restated</u> |
|---|--------------------------|--------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents: | | |
| Cash on Hand | \$ 15,315.00 | \$ 15,315.00 |
| Cash in Bank | 31,949,505.03 | 31,490,923.51 |
| Cash in Transit/Reimburse from Treasury | 1,530,001.48 | 350,875.64 |
| Cash in State Treasury | 3,466,657.28 | 813,773.46 |
| Restricted: | | |
| Cash and Cash Equivalents | | |
| Cash in Bank | 26,466,719.93 | 26,977,734.32 |
| Fiduciary Cash in Bank | 255,734.32 | 220,663.77 |
| Short-Term Investments | | |
| Endowment | 260.00 | 1,428,147.23 |
| Proceeds from Bond Sales | 39,414,192.51 | 60,187,258.46 |
| Legislative Appropriations | 6,152,218.22 | 17,889,345.01 |
| Receivables: | | |
| Intergovernmental Receivables | 3,078,175.99 | 1,835,815.17 |
| Interest and Dividends | 30,912.81 | 22,687.82 |
| Student Accounts Receivable | 27,224,059.53 | 23,609,299.04 |
| Allowance for Student Receivables | (11,792,128.26) | (11,281,340.39) |
| Accounts Receivable | 2,555,053.76 | 4,496,897.48 |
| Private Public Partnership (PPP) | 1,519,787.47 | 1,374,932.06 |
| Gifts/Pledges Receivables | 1,032,119.34 | 330,000.00 |
| Due From Other Agencies: | 481,835.33 | 305,112.40 |
| Inventories | 1,010,625.74 | 984,451.01 |
| Prepaid Items | 16,437,540.47 | 17,189,640.61 |
| Student Loans Receivables | 628,768.16 | 1,663,581.25 |
| Total Current Assets | <u>151,457,354.11</u> | <u>179,905,112.85</u> |
| Noncurrent Assets | | |
| Investments (Endowments) | 15,892,266.61 | 14,883,361.32 |
| Student Loans Receivables | 3,053,246.37 | 4,301,419.77 |
| Allowance for Doubtful Accounts | (3,053,246.37) | (1,757,761.27) |
| Private Public Partnership (PPP) | 5,856,653.60 | 7,033,800.60 |
| Unrestricted: | | |
| Investments | | |
| Operating | 88,682,547.17 | 92,021,688.35 |
| Quasi-Endowments | 7,589,400.71 | 7,198,720.10 |
| Gross Capital/Intangible Assets | 648,058,098.66 | 622,179,197.03 |
| Less Accumulated Amortization | (401,137,688.64) | (384,625,960.18) |
| Total Noncurrent Assets | <u>364,941,278.11</u> | <u>361,234,465.72</u> |
| Total Assets | <u>516,398,632.22</u> | <u>541,139,578.57</u> |
| Deferred Outflows of Resources | 45,838,588.00 | 69,213,394.00 |
| Total Assets and Deferred Outflows | <u>\$ 562,237,220.22</u> | <u>\$ 610,352,972.57</u> |

See accompanying Notes to the Financial Statements

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Net Position - Business-Type Activities
August 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> <u>Restated</u> |
|---|-------------------------|--------------------------------|
| LIABILITIES | | |
| Current Liabilities: | | |
| Payables: | | |
| Accounts Payable | \$ 9,714,480.40 | \$ 9,336,343.50 |
| Payroll Payable | 5,426,713.67 | 4,463,050.33 |
| Payables to Students | 6,048,957.49 | 5,038,660.74 |
| Deposits | 2,855,570.66 | 2,692,566.62 |
| Benefits Payable | 5,681,351.84 | 5,470,282.99 |
| Accrued Interest Payable | 14,699.79 | 0.00 |
| Interagency Payable | 0.00 | 90.00 |
| Due to Other Agencies | 554,291.17 | 597,648.54 |
| Unearned Revenues: Tuition and Fees | 39,571,947.75 | 45,665,284.95 |
| Sales and Services | 27,614,035.77 | 20,574,216.82 |
| Grants and Contracts | 1,032,093.57 | 1,613,920.33 |
| Employees' Compensable Leave | 968,804.89 | 860,902.71 |
| Right of Use Lease Obligations | 29,458.24 | 0.00 |
| Right of Use Subscription Obligations | 1,047,724.44 | 820,845.98 |
| Notes and Loans Payable | 848,917.25 | 805,017.97 |
| Revenue Bonds Payable | 14,210,000.00 | 12,605,000.00 |
| Accrued Bond Interest Payable | 2,952,191.28 | 3,135,686.66 |
| Unamortized Bond Premium/Discount | 1,886,516.35 | 2,065,705.84 |
| Fiduciary Funds Payable | 255,349.98 | 832,298.91 |
| ERS OPEB Liability | 4,895,029.84 | 4,390,121.68 |
| Total Current Liabilities | <u>125,608,134.38</u> | <u>120,967,644.57</u> |
| Noncurrent Liabilities: | | |
| Right of Use Subscription Obligations | 1,175,684.17 | 1,322,696.07 |
| Employees' Compensable Leave | 3,769,194.64 | 3,274,601.15 |
| Notes and Loans Payable | 5,584,602.72 | 6,433,519.97 |
| Revenue Bonds Payable | 164,850,000.00 | 179,060,000.00 |
| Unamortized Bond Premium/Discount | 8,580,795.25 | 10,467,311.60 |
| ERS OPEB Liability | 123,268,224.00 | 158,613,526.00 |
| TRS Net Pension Liability | 42,493,464.00 | 20,659,115.00 |
| Total Noncurrent Liabilities | <u>349,721,964.78</u> | <u>379,830,769.79</u> |
| Total Liabilities | <u>475,330,099.16</u> | <u>500,798,414.36</u> |
| Deferred Inflows of Resources | 70,542,587.39 | 67,826,077.16 |
| Total Liabilities and Deferred Inflows | <u>545,872,686.55</u> | <u>568,624,491.52</u> |
| NET POSITION | | |
| Invested in Capital Assets, Net of Related Debt | 77,095,096.23 | 81,333,960.20 |
| Restricted for: | | |
| Capital Projects | 8,942,936.64 | 6,453,067.78 |
| Endowment Funds | | |
| Nonexpendable | 6,359,901.02 | 6,348,033.52 |
| Expendable | 4,017,207.26 | 4,025,773.16 |
| Other | 26,132,873.21 | 26,507,792.25 |
| Unrestricted | (106,183,480.69) | (82,940,145.86) |
| Total Net Position | <u>\$ 16,364,533.67</u> | <u>\$ 41,728,481.05</u> |

See accompanying Notes to the Financial Statements

STEPHEN F. AUSTIN STATE UNIVERSITY

Agency No. 755

Statement of Revenues, Expenses, and Changes in Net Position - Business-Type Activities

For the Fiscal Years Ended August 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> <u>Restated</u> |
|--|----------------------------|--------------------------------|
| Operating Revenues: | | |
| Sales of Goods and Services | | |
| Tuition and Fees - Pledged | \$ 107,981,989.75 | \$ 115,572,126.15 |
| Tuition and Fees - Non-Pledged | 3,778,242.99 | 4,036,093.74 |
| Discounts and Allowances | (37,994,705.76) | (33,796,430.10) |
| Auxiliary Enterprise - Pledged | 35,829,124.03 | 32,631,194.03 |
| Auxiliary Enterprise - Non-Pledged | 2,511,437.03 | 3,027,433.92 |
| Discounts and Allowances | (9,774,351.88) | (9,516,358.34) |
| Other Sales of Goods and Svcs - Pledged | 4,690,527.77 | 5,374,027.12 |
| Other Sales of Goods and Svcs - Non-Pledged | 845,575.29 | 815,888.37 |
| Federal Revenue | 1,877,832.87 | 1,510,072.10 |
| Federal Pass-Through Rev from Non-State Entities | 13,950.11 | 67,199.89 |
| Federal Pass-Through Revenue | 1,440,005.73 | 944,524.76 |
| State Pass-Through Revenue | 12,120,594.09 | 11,910,766.38 |
| Local Contracts and Grants | 2,170,344.96 | 620,543.92 |
| Other Contracts and Grants | 484,873.06 | 340,118.88 |
| Other Operating Revenues - Pledged | 234,995.98 | 334,074.73 |
| Other Operating Revenues - Non-Pledged | 92,022.00 | 3,345.00 |
| Total Operating Revenues | <u>126,302,458.02</u> | <u>133,874,620.55</u> |
| Operating Expenses: | | |
| Cost of Goods Sold | 11,085,637.66 | 11,655,157.79 |
| Salaries and Wages | 101,713,446.43 | 94,624,493.68 |
| Payroll-Related Costs | 47,680,368.47 | 48,309,998.57 |
| Professional Fees and Services | 2,644,077.26 | 2,787,981.70 |
| Travel | 3,496,311.58 | 3,173,510.71 |
| Materials and Supplies | 19,806,486.16 | 12,444,871.59 |
| Communication and Utilities | 9,624,355.33 | 8,953,759.42 |
| Repairs and Maintenance | 6,451,353.79 | 5,624,618.04 |
| Rentals and Leases | 2,607,374.10 | 3,183,696.34 |
| Printing and Reproduction | 396,458.01 | 504,939.29 |
| Federal Pass-Through Expenditure | 2,704.75 | 0.00 |
| Federal Pass-Through Expenditure to Non-State Entities | 16,815.00 | 16,837.84 |
| Amortization | 141,073.58 | 0.00 |
| Depreciation | 18,812,869.30 | 19,207,098.24 |
| Bad Debt Expense | 367,172.83 | 859,605.08 |
| Interest Expense | 18,808.75 | 575.82 |
| Scholarships | 20,628,232.27 | 24,536,336.51 |
| Claims and Judgments | 541.25 | 35,000.00 |
| Other Operating Expenses | 4,884,886.83 | 6,991,979.25 |
| Total Operating Expenses | <u>250,378,973.35</u> | <u>242,910,459.87</u> |
| Operating Income (Loss) | \$ (124,076,515.33) | \$ (109,035,839.32) |

See accompanying Notes to the Financial Statements

STEPHEN F. AUSTIN STATE UNIVERSITY

Agency No. 755

Statement of Revenues, Expenses, and Changes in Net Position - Business-Type Activities
For the Fiscal Years Ended August 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> Restated |
|---|-------------------------|-------------------------|
| Non-Operating Revenues (Expenses): | | |
| Legislative Revenue | \$ 39,301,837.00 | \$ 39,152,020.00 |
| Additional Appropriations | 11,317,442.28 | 9,972,909.04 |
| Federal Revenue | 20,665,518.00 | 23,108,073.51 |
| Gifts - Non-Pledged | 9,359,443.13 | 7,398,660.78 |
| Gifts - Pledged | 265,158.64 | 237,674.49 |
| Other Rental Income | 158,413.77 | 151,246.40 |
| Investment Income - Pledged | 6,142,270.00 | 456,322.90 |
| Investment Income - Non-Pledged | 1,501,674.32 | 75,573.66 |
| Net Increase (Decrease) Fair Value - Pledged | 0.00 | (12,873,383.07) |
| Net Increase (Decrease) Fair Value - Non-Pledged | (609,561.71) | (1,991,950.11) |
| Investing Activities Expenses | (330,084.09) | (474,932.82) |
| Income on Loans Receivable | 26,065.69 | 24,615.21 |
| Interest Income on Capital Investments-Pledged | 2,227,938.49 | 393,151.60 |
| Interest Expenses and Fiscal Charges | (8,356,167.97) | (6,244,379.50) |
| Gain (Loss) on Sale of Capital Assets | (438,773.35) | (28,235.11) |
| Settlement of Claims | 274,387.29 | 310,669.20 |
| Other Non-Operating Revenues (Expenses) | 4,944,479.60 | 256,772.80 |
| Total Non-Operating Revenues (Expenses) | <u>86,450,041.09</u> | <u>59,924,808.98</u> |
| Income (Loss) Before Other Revenues, Expenses, Gains/Losses, and Transfers | <u>(37,626,474.24)</u> | <u>(49,111,030.34)</u> |
| Other Revenues, Expenses, Gains/Losses, and Transfers | | |
| Capital Contributions | 195,487.20 | 149,608.00 |
| Capital Appropriations (Higher Education Fund) | 11,277,793.00 | 11,277,793.00 |
| Additions to Permanent and Term Endowments | 11,867.50 | 240,989.86 |
| Lapsed Appropriations | 4,600.00 | (4,600.00) |
| Legislative Transfers In | 404,609.00 | 381,499.00 |
| Transfers In | 280,994.00 | 248,437.00 |
| Transfers Out | (3,112.43) | (6,033.78) |
| Total Other Revenue, Expenses, Gain/Losses, and Transfers | <u>12,172,238.27</u> | <u>12,287,693.08</u> |
| Change in Net Position | <u>(25,454,235.97)</u> | <u>(36,823,337.26)</u> |
| Net Position, Beginning of Year | 41,728,481.05 | 78,651,873.92 |
| Prior Period Adjustments | 90,288.59 | (100,055.61) |
| Net Position, Beginning of Year, as Restated | <u>41,818,769.64</u> | <u>78,551,818.31</u> |
| Ending Net Position | <u>\$ 16,364,533.67</u> | <u>\$ 41,728,481.05</u> |

See accompanying Notes to the Financial Statements

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Matrix of Operating Expenses by Function
 For the Fiscal Year Ended August 31, 2023

| Operating Expenses | Instruction | Research | Public Service | Academic Support | Student Services |
|-----------------------------------|-------------------------|------------------------|------------------------|-------------------------|-------------------------|
| Cost of Goods Sold | \$ 11,183.23 | \$ (1,000.00) | \$ 29,835.12 | \$ 264,974.20 | \$ 4,926.70 |
| Salaries and Wages | 50,636,208.46 | 1,934,615.96 | 685,055.19 | 10,157,280.73 | 12,270,643.66 |
| Payroll Related Costs | 12,671,260.14 | 378,545.33 | 118,116.20 | 2,565,664.52 | 3,056,108.40 |
| Payroll Related Costs-TRS Pension | (232,038.93) | (7,673.32) | (2,527.14) | (54,647.58) | (67,529.55) |
| Payroll Related Costs-OPEB | 4,387,961.08 | 110,179.05 | 25,330.98 | 914,651.03 | 1,124,605.20 |
| Professional Fees and Services | 114,523.52 | 48,988.34 | 181,974.20 | 122,913.92 | 686,726.05 |
| Travel | 269,361.94 | 261,003.68 | 26,869.45 | 440,099.79 | 2,352,264.85 |
| Materials and Supplies | 2,143,686.58 | 277,173.52 | 348,926.85 | 2,290,694.65 | 3,517,525.83 |
| Communication and Utilities | 264,364.89 | 49,445.27 | 2,040.00 | 1,694,934.55 | 398,157.35 |
| Repairs and Maintenance | 236,627.31 | 15,624.77 | (114,960.94) | 242,036.94 | 612,141.52 |
| Rentals and Leases | 206,789.51 | 83,670.52 | 168,020.01 | 271,467.94 | 1,068,781.20 |
| Printing and Reproduction | 61,515.52 | 10,987.47 | 25,550.20 | 31,104.71 | 165,100.13 |
| Federal Pass-Through Expenditures | 0.00 | 2,704.75 | 16,815.00 | 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 | 2,075.57 | 73,299.48 |
| Interest Expense | 6.61 | 0.00 | 0.00 | 28.12 | 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 | 383,927.85 | 96,726.37 | 99,083.63 | 723,419.02 | 3,156,110.66 |
| Total Operating Expenses | <u>\$ 71,155,377.71</u> | <u>\$ 3,260,991.71</u> | <u>\$ 1,610,128.75</u> | <u>\$ 19,666,698.11</u> | <u>\$ 28,418,861.48</u> |

See accompanying Notes to the Financial Statements

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Matrix of Operating Expenses by Function
 For the Fiscal Year Ended August 31, 2023

| Operating Expenses | Institutional Support | Operation and Maintenance of Plant | Scholarships and Fellowships | Auxiliary Enterprises | Depreciation and Amortization | Total Expenses |
|-----------------------------------|--------------------------|--|------------------------------------|--------------------------|-------------------------------------|--------------------------|
| Cost of Goods Sold | \$ 1,458.50 | \$ 0.00 | \$ 0.00 | \$ 10,774,259.91 | \$ 0.00 | \$ 11,085,637.66 |
| Salaries and Wages | 13,270,385.87 | 5,026,865.76 | 0.00 | 7,732,390.80 | 0.00 | 101,713,446.43 |
| Payroll Related Costs | 9,017,517.55 | 1,640,206.29 | 0.00 | 3,801,986.02 | 0.00 | 33,249,404.45 |
| Payroll Related Costs-TRS Pension | (91,848.29) | (40,822.31) | 0.00 | (51,990.88) | 0.00 | (549,078.00) |
| Payroll Related Costs-OPEB | 5,550,789.44 | 694,427.48 | 0.00 | 2,172,097.76 | 0.00 | 14,980,042.02 |
| Professional Fees and Services | 449,494.84 | 870,742.81 | 0.00 | 168,713.58 | 0.00 | 2,644,077.26 |
| Travel | 165,384.70 | (193,685.45) | 0.00 | 175,012.62 | 0.00 | 3,496,311.58 |
| Materials and Supplies | 2,197,186.84 | 7,502,584.63 | 0.00 | 1,528,707.26 | 0.00 | 19,806,486.16 |
| Communication and Utilities | 556,693.41 | 3,836,468.00 | 0.00 | 2,822,251.86 | 0.00 | 9,624,355.33 |
| Repairs and Maintenance | 1,499,998.68 | 2,459,266.16 | 0.00 | 1,500,619.35 | 0.00 | 6,451,353.79 |
| Rentals and Leases | 94,836.35 | 820,394.45 | 0.00 | (106,585.88) | 0.00 | 2,607,374.10 |
| Printing and Reproduction | 154,395.54 | 386.35 | 0.00 | (52,581.91) | 0.00 | 396,458.01 |
| Federal Pass-Through Expenditures | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19,519.75 |
| 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 | 18,953,942.88 | 18,953,942.88 |
| Bad Debt Expense | 291,797.78 | 0.00 | 0.00 | 0.00 | 0.00 | 367,172.83 |
| Interest Expense | 8,246.47 | 10,527.55 | 0.00 | 0.00 | 0.00 | 18,808.75 |
| Scholarships | 0.00 | 0.00 | 20,628,232.27 | 0.00 | 0.00 | 20,628,232.27 |
| Claims and Judgments | 541.25 | 0.00 | 0.00 | 0.00 | 0.00 | 541.25 |
| Other Operating Expenses | 1,040,641.13 | (1,434,886.25) | 0.00 | 819,864.42 | 0.00 | 4,884,886.83 |
| Total Operating Expenses | \$ 34,207,520.06 | \$ 21,192,475.47 | \$ 20,628,232.27 | \$ 31,284,744.91 | \$ 18,953,942.88 | \$ 250,378,973.35 |

See accompanying Notes to the Financial Statements

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Cash Flows - Business-Type Activities
For the Fiscal Years Ended August 31, 2023 and 2022

| | 2023 | 2022 Restated |
|--|-------------------------------|----------------------------------|
| Cash Flows from Operating Activities | | |
| Proceeds from Tuition and Fees | \$ 65,741,517.95 | \$ 82,559,401.14 |
| Proceeds from Auxiliary Services | 34,127,417.95 | 30,755,541.22 |
| Proceeds from Other Sales and Services | 5,509,928.33 | 5,759,474.24 |
| Proceeds from Grants and Contracts | 17,239,261.44 | 17,535,544.98 |
| Proceeds from Other Revenues | 327,017.98 | 337,419.73 |
| Proceeds from Loan Programs | 3,578,471.59 | 710,222.02 |
| Payments to Suppliers for Goods and Services | (58,840,206.76) | (55,655,334.07) |
| Payments to Employees for Salaries and Benefits | (113,703,835.86) | (107,001,381.57) |
| Payments to Students for Scholarships | (19,876,132.13) | (30,543,542.97) |
| Payments for Other Expenses | (581,599.14) | (35,575.82) |
| Net Cash Provided (Used) by Operating Activities | <u>(66,478,158.65)</u> | <u>(55,578,231.10)</u> |
| Cash Flows from Noncapital Financing Activities | | |
| Proceeds from State Appropriations | 34,018,061.20 | 24,088,128.20 |
| Proceeds from Non-Operating Grants and Contracts | 20,665,518.00 | 23,108,073.51 |
| Proceeds from Gifts | 9,624,601.77 | 7,636,335.27 |
| Proceeds(Payments) for Student Loan Funds | (341,107.14) | (834,989.87) |
| Proceeds of Transfers from Other Agencies | 685,603.00 | 629,936.00 |
| Proceeds from Claims and Settlements | 274,387.29 | 310,669.20 |
| Proceeds from Other Revenue (Expense) | 4,944,479.60 | 256,772.80 |
| Proceeds from Endowment Investments | (104,925.18) | 569,433.96 |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>69,766,618.54</u> | <u>55,764,359.07</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Proceeds from Sale of Capital Assets | (104.62) | 7,794.40 |
| Proceeds from State Appropriations-Higher Education Funds (HEF) | 20,127,012.85 | 11,277,793.00 |
| Proceeds from Capital Contributions | (311,144.94) | 2,469,216.00 |
| Payments from Other Financing Activities | - | 992,733.81 |
| Proceeds from Other Rental Income | 158,413.77 | 151,246.40 |
| Proceeds from Interest on Capital Investments | 2,227,938.49 | 393,151.60 |
| Payments for Additions to Capital Assets | (28,918,322.50) | (31,160,803.19) |
| Payments of Principal on Capital Debt | (15,475,723.81) | (15,386,797.65) |
| Payments for Capital Leases | 303,632.59 | (32,506.99) |
| Payments of Interest on Capital Debt | (8,539,663.35) | (6,413,630.00) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(30,427,961.52)</u> | <u>(37,701,802.62)</u> |
| Cash Flows from Investing Activities | | |
| Proceeds for Investments | 25,149,413.75 | 11,915,910.21 |
| Payments from Interest Income from Investments | 5,804,735.22 | (267,395.91) |
| Net Cash Provided (Used) by Investing Activities | <u>30,954,148.97</u> | <u>11,648,514.30</u> |
| Increase (Decrease) in Cash and Cash Equivalents | \$ <u>3,814,647.34</u> | \$ <u>(25,867,160.35)</u> |
| Cash and Cash Equivalents, End of Previous Fiscal Year | \$ 59,869,285.70 | \$ 85,736,446.05 |
| Increase (Decrease) in Cash and Cash Equivalents | <u>3,814,647.34</u> | <u>(25,867,160.35)</u> |
| Ending Cash and Cash Equivalents | <u>\$ 63,683,933.04</u> | <u>\$ 59,869,285.70</u> |

See accompanying Notes to the Financial Statements

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Cash Flows - Business-Type Activities
For the Fiscal Years Ended August 31, 2023 and 2022

| | 2023 | 2022 Restated |
|--|---------------------------|--------------------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | |
| Operating Income (Loss) | \$ (124,076,515.33) | \$ (109,035,839.32) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash used by Operating Activities | | |
| Amortization and Depreciation | 18,953,942.88 | 19,207,098.24 |
| Bad Debt Expense | 367,172.83 | 859,605.08 |
| Benefits Paid on Behalf of the University | - | 5,423.72 |
| Pension Expense | 2,823,619.00 | 695,081.00 |
| OPEB Expense | 16,670,106.02 | 19,995,718.00 |
| Operating Income (Loss) and Cash Flow Categories | | |
| Changes in Current Assets and Liabilities | | |
| (Increase) Decrease in Receivables | (3,106,609.06) | 2,316,551.69 |
| (Increase) Decrease in Inventories | (26,174.73) | (38,784.49) |
| (Increase) Decrease in Loans to Students | 1,034,813.09 | 2,723.88 |
| (Increase) Decrease in Prepaid Expenses | 752,100.14 | (1,946,272.61) |
| (Increase) Decrease in Due from Other Agencies | (176,722.93) | 62,075.56 |
| Increase (Decrease) in Payables | 1,342,928.74 | (474,543.36) |
| Increase (Decrease) in Deposits Payable | 163,004.04 | (611,448.26) |
| Increase (Decrease) in Due to Other Agencies | (44,575.87) | 129,804.45 |
| Increase (Decrease) in Unearned Revenue | 364,654.99 | 689,500.98 |
| Increase (Decrease) in Compensable Leave | 107,902.18 | 266,925.47 |
| Increase (Decrease) in Benefits Payable | 225,768.64 | 1,001,885.66 |
| Increase (Decrease) in Funds Held for Others | (576,948.93) | (3,449,485.59) |
| Increase (Decrease) in Other Current Liabilities | 504,908.16 | (756,479.00) |
| Changes in Non-Current Assets and Liabilities | | |
| Increase (Decrease) in Compensable Leave | 494,593.49 | 353,870.14 |
| Increase (Decrease) in Deferred Inflows | 2,716,510.23 | 4,214,373.00 |
| Increase (Decrease) in Deferred Outflows | 23,374,806.00 | 29,458,325.00 |
| Increase (Decrease) in Liabilities to NPL | (13,510,953.00) | (17,168,466.00) |
| (Increase) Decrease in Student Receivables | 1,177,147.00 | 550,025.38 |
| (Increase) Decrease in Loans to Students | 2,543,658.50 | 707,498.14 |
| Cash Reported in Other Categories | | |
| Increase (Decrease) of Gifts Receivable | 702,119.34 | (2,170,000.00) |
| Adjustment for GASB's 94 & 96 Non-Cash Entries | 720,585.93 | (443,397.86) |
| Total Adjustments | <u>57,598,356.68</u> | <u>53,457,608.22</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (66,478,158.65)</u> | <u>\$ (55,578,231.10)</u> |
| Displayed as: | | |
| Cash on Hand | \$ 15,315.00 | \$ 15,315.00 |
| Cash in Bank | 31,949,505.03 | 31,490,923.51 |
| Cash in Transit/Reimb. Due from Treasury | 1,530,001.48 | 350,875.64 |
| Cash in State Treasury | 3,466,657.28 | 813,773.46 |
| Cash in Bank, Restricted | 26,466,719.93 | 26,977,734.32 |
| Cash in Bank, Fiduciary Funds | 255,734.32 | 220,663.77 |
| | <u>\$ 63,683,933.04</u> | <u>\$ 59,869,285.70</u> |
| Non-Cash Transactions | | |
| Net Change in Fair Value of Investments | <u>(609,561.71)</u> | <u>(14,865,333.18)</u> |
| | <u>\$ (609,561.71)</u> | <u>\$ (14,865,333.18)</u> |

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Fiduciary Net Position - Custodial Funds
August 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 255,734.32 | \$ 822,858.41 |
| Accounts Receivable, Net: | | |
| Interest and Dividends | - | - |
| Investment Trades | - | - |
| Other | - | 9,493.00 |
| Total Accounts Receivable, Net | <u>-</u> | <u>9,493.00</u> |
| Investments at Fair Value: | | |
| Investment Derivatives - Asset Positions | - | - |
| Other Investments | - | - |
| Total Investments | <u>-</u> | <u>-</u> |
| Securities Lending Collateral | - | - |
| Deposit with Brokers for Derivative Contracts | - | - |
| Other Assets | - | - |
| Total Assets | <u>255,734.32</u> | <u>832,351.41</u> |
| LIABILITIES | | |
| Accounts Payable and Accrued Liabilities | 384.34 | 52.50 |
| Investment Trades Payables | - | - |
| Securities Lending Obligations | - | - |
| Investment Derivatives - Liability Positions | - | - |
| Payable to Brokers for Collateral Held | - | - |
| Total Liabilities | <u>384.34</u> | <u>52.50</u> |
| NET POSITION | | |
| Restricted for: | | |
| Pool Participants | - | - |
| Individuals, Organizations, and Other Governments | 255,349.98 | 832,298.91 |
| Total Net Position | <u>\$ 255,349.98</u> | <u>\$ 832,298.91</u> |

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Fiduciary Net Position - Custodial Funds
August 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| ADDITIONS | | |
| Contributions: | | |
| Contributions from Student Organizations | \$ 16,297.74 | \$ 22,593.06 |
| Contributions from Foundations or Associations | 100,622.05 | 241,174.54 |
| Contributions Faculty/Staff Organizations | 6,835.00 | 49,030.46 |
| Contributions from Participants | - | - |
| Other Contributions | 56.25 | 21,799.46 |
| Total Contributions | <u>123,811.04</u> | <u>334,597.52</u> |
| Investment Earnings: | | |
| Interest, Dividends, and Other | - | - |
| Realized Gain on Sale of Investments | - | - |
| Net Increase in Fair Value of Investments | - | - |
| Total Investment Earnings | <u>-</u> | <u>-</u> |
| Miscellaneous | <u>-</u> | <u>172.26</u> |
| Total Additions | <u>123,811.04</u> | <u>334,769.78</u> |
| DEDUCTIONS | | |
| Payments for Student Organizations | 12,491.30 | 6,169.14 |
| Payments for Foundations or Associations | 45,321.02 | 51,270.18 |
| Payments for Faculty/Staff Organizations | 5,848.84 | 16,011.68 |
| Other Expenses | 25,583.43 | 8,800.00 |
| Total Deductions | <u>89,244.59</u> | <u>82,251.00</u> |
| Net Increase in Fiduciary Net Position | <u>34,566.45</u> | <u>252,518.78</u> |
| Beginning Net Position | <u>220,611.27</u> | <u>579,780.13</u> |
| Ending Net Position | <u>\$ 255,349.98</u> | <u>\$ 832,298.91</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 *Annual Comprehensive Financial Report*; therefore, an audit opinion has not been expressed on the financial statements and related information contained in this report.

As discussed further in Notes 16 and 19, the Board of Regents of the University (the Board) delegated management and control of the University to the Board of Regents of The University of Texas System (U. T. System) effective July 28, 2023. Although under the control of the U. T. System Board of Regents during this time, it was determined that the University does not meet the requirements for being combined into the financial statements of the U. T. System.

The University follows the “business-type activities” reporting requirement of GASB Statement No. 34 that specifies all the financial statements required for enterprise funds, while the University's custodial fund financial records are reported as fiduciary 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

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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.

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.

Basis of Accounting – Fiduciary Funds

The University's fiduciary funds account for assets held in a custodial capacity and are accounted for on the accrual basis of accounting in accordance with GASB Statement No. 84, *Fiduciary Activities*.

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 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. More information on Cash and Cash Equivalents is presented in Note 3.

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

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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 2024. The cost of these items is expensed when the items are used or consumed.

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. More detail on Capital Assets is presented in Note 2.

Receivables

Receivable balances are grouped into several receivable categories. Accounts receivable reflects amounts owed for goods and services provided by the University. Receivable balances are reported net of an allowance for estimated uncollectible amounts. This allowance reflects management's judgement after reviewing outstanding receivables and historical collection information. The disaggregation of other receivables as reported in the financial statements is disclosed in Note 24. Fiscal year 2022 student receivables have been restated as current assets.

Deferred Outflows of Resources

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

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."

Unearned Revenues

Unearned revenues include amounts for tuition and fees, certain auxiliary activities, and amounts from grant and contract sponsors received prior to the end of the fiscal year but related to the subsequent accounting period.

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. Additional information about Employees' Compensable Leave is found in Note 5.

Leases and Right-of-Use Assets

GASB Statement No. 87, *Leases*, defines a lease as a contract that conveys control of the right-of-use of another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction. Short-term leases with a maximum possible term of 12 months or less at commencement are recognized as a revenue and expense based on the provisions of the lease contract. For leases with a term greater than 12 months, the University recognizes a lease receivable and deferred inflow when acting as a lessor

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and a lease liability and right-of-use lease asset when acting as a lessee. The lease receivable is calculated as the present value of the lease receipts expected during the lease term. Lease liabilities are initially measured at the present value of lease payments and remeasured whenever there is a change in lease payments or lease modification. Leases are covered in more detail in Note 8. Right-of-use assets are detailed in Note 2.

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.

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 employees and retirees. 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. More information about the Net Pension Liability can be found in Note 9 and additional information about the OPEB Liability can be found in Note 11.

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.

Fiduciary Net Position

Net position related to Custodial Funds which may be restricted for individuals, organizations, or other governments.

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.

GASB Statements Implemented in Fiscal Year 2023

The University has implemented GASB Statement No. 84, *Fiduciary Activities*, effective 2020, which established criteria for identifying fiduciary activities which should be reported in a fiduciary fund in the financial statements. As a result of this implementation, activities previously reported by the University within business-type activities as internal agency-like funds were analyzed to determine if those activities qualified for fiduciary fund reporting. All activities not requiring fiduciary fund reporting were moved to other funds within the University’s business-type activities. Activities requiring fiduciary fund reporting were moved out of the University’s internal agency-like funds into fiduciary funds, and therefore, those activities are now reported within separate fiduciary fund financial statements. All of the University’s fiduciary funds are reported as custodial funds and include activities such as student organizations and funds held for associations. Due to immateriality, the University has elected to not make adjustments to the fiscal year 2022 comparative financial information.

The University has implemented GASB Statement No. 87, *Leases*, effective 2022, which establishes a single model for lease accounting based on the principle that leases are financings of the right-of-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Limited exceptions to the single approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases. Due to immateriality, the University has elected to not make adjustments to the fiscal year 2022 comparative financial information.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements*, effective 2023, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for availability payment arrangements. Changes adopted to conform to the provisions of this Statement were applied retroactively by restating the financial statements for the earliest period presented, August 31, 2022, and related additional disclosures in Notes 14 and 27.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, is effective 2023. This Statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. Changes adopted to conform to the provisions of this Statement were applied retroactively by restating the financial statements for the earliest period presented, August 31, 2022, and related additional disclosures in Notes 8 and 14.

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The effect of the implementation of GASB Statement No. 94 and 96 on the University's financial statements for the year ended August 31, 2022 was as follows:

Statement of Net Position as of August 31, 2022

| | As Reported in Fiscal Year 2022 | GASB Statement No. 94 Restatement | GASB Statement No. 96 Restatement | Restated Fiscal Year 2022 |
|--|------------------------------------|--------------------------------------|--------------------------------------|------------------------------|
| Assets and Deferred Outflows | | | | |
| Total Current Assets | \$ 178,507,493 | \$ 1,397,620 | \$ - | \$ 179,905,113 |
| Total Non-Current Assets | 352,012,650 | 7,033,800 | 2,188,015 | 361,234,465 |
| Total Assets | 530,520,143 | 8,431,420 | 2,188,015 | 541,139,578 |
| Total Deferred Outflow of Resources | 69,213,394 | - | - | 69,213,394 |
| Total Assets and Deferred Outflows | 599,733,537 | 8,431,420 | 2,188,015 | 610,352,972 |
| Liabilities and Deferred Inflows | | | | |
| Total Current Liabilities | 118,809,570 | 1,333,755 | 824,319 | 120,967,644 |
| Total Noncurrent Liabilities | 378,508,074 | - | 1,322,696 | 379,830,770 |
| Total Liabilities | 497,317,644 | 1,333,755 | 2,147,015 | 500,798,414 |
| Total Deferred Inflows of Resources | 61,379,596 | 6,446,481 | 0 | 67,826,077 |
| Total Liabilities and Deferred Inflow of Resources | 558,697,240 | 7,780,236 | 2,147,015 | 568,624,491 |
| Net Position | | | | |
| Net Investment in Capital Assets | 81,292,960 | - | 41,000 | 81,333,960 |
| Restricted: | | | | |
| Expendable | 36,986,633 | - | - | 36,986,633 |
| Nonexpendable | 6,348,034 | - | - | 6,348,034 |
| Unrestricted | (83,591,330) | 651,184 | - | (82,940,146) |
| Total Net Position | \$ 41,036,297 | \$ 651,184 | \$ 41,000 | \$ 41,728,481 |

Statement of Revenues, Expenses, and Changes in Net Position for the Year Ended August 31, 2022

| | As Reported in Fiscal Year 2022 | GASB Statement No. 94 Restatement | GASB Statement No. 96 Restatement | Restated Fiscal Year 2022 |
|---|------------------------------------|--------------------------------------|--------------------------------------|------------------------------|
| Total Operating Revenue | \$ 133,482,964 | \$ 391,657 | \$ - | \$ 133,874,621 |
| Total Operating Expenses | 242,962,201 | - | (51,741) | 242,910,460 |
| Operating Income (Loss) | (109,479,237) | 391,657 | 51,741 | (109,035,839) |
| Net Nonoperating Revenues (Expenses) | 59,676,023 | 259,527 | (10,741) | 59,924,809 |
| Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers | (49,803,214) | 651,184 | 41,000 | (49,111,030) |
| Other | 12,287,693 | - | - | 12,287,693 |
| Changes in Net Position | (37,515,521) | 651,184 | 41,000 | (36,823,337) |
| Beginning Net Position | 78,551,818 | - | - | 78,551,818 |
| End Net Position | \$ 41,036,297 | \$ 651,184 | \$ 41,000 | \$ 41,728,481 |

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NOTE 2: Capital Assets

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

| | Balance 9/1/2022 as Reported | GASB Adjustments | Balance 9/1/2022 Restated | Adjustments | Reclassifications Completed CIP | Additions | Deletions | Balance 8/31/2023 |
|--|------------------------------------|------------------------|---------------------------------|-----------------------|------------------------------------|------------------------|------------------------|--------------------------|
| BUSINESS-TYPE ACTIVITIES | | | | | | | | |
| Non-depreciable or Non-amortizable Assets: | | | | | | | | |
| Land and Land Improvements | \$ 8,419,438.29 | \$ - | \$ 8,419,438.29 | \$ - | \$ - | \$ - | \$ (14,960.00) | \$ 8,404,478.29 |
| Construction in Progress | 33,819,462.49 | - | 33,819,462.49 | - | (33,246,872.11) | 6,393,145.62 | - | 6,965,736.00 |
| Other Tangible Capital Assets | 831,858.23 | - | 831,858.23 | - | - | - | - | 831,858.23 |
| Total Non-depreciable or Non-amortizable Assets | 43,070,759.01 | - | 43,070,759.01 | - | (33,246,872.11) | 6,393,145.62 | (14,960.00) | 16,202,072.52 |
| Depreciable Assets: | | | | | | | | |
| Buildings and Building Improvements | 473,188,012.36 | - | 473,188,012.36 | - | 33,246,872.11 | 17,344,004.05 | (2,099,695.35) | 521,679,193.17 |
| Infrastructure | 17,469,304.46 | - | 17,469,304.46 | (6,623.50) | - | 6,623.50 | - | 17,469,304.46 |
| Facilities and Other Improvements | 37,381,456.30 | - | 37,381,456.30 | - | - | - | - | 37,381,456.30 |
| Furniture and Equipment | 23,372,711.77 | - | 23,372,711.77 | (45,285.98) | - | 3,473,846.65 | (1,344,219.85) | 25,457,052.59 |
| Vehicles and Boats | 6,486,862.00 | - | 6,486,862.00 | - | - | 1,088,693.89 | (185,725.05) | 7,389,830.84 |
| Other Capital Assets | 13,777,437.28 | - | 13,777,437.28 | - | - | 9,105.91 | (5,111.93) | 13,781,431.26 |
| Total Depreciable Assets | 571,675,784.17 | - | 571,675,784.17 | (51,909.48) | 33,246,872.11 | 21,922,274.00 | (3,634,752.18) | 623,158,268.62 |
| Less Accumulated Depreciation for: | | | | | | | | |
| Buildings and Building Improvements | (304,292,188.60) | - | (304,292,188.60) | - | - | (14,928,597.18) | 1,776,326.03 | (317,444,459.75) |
| Infrastructure | (13,483,913.17) | - | (13,483,913.17) | - | - | (645,396.44) | - | (14,129,309.61) |
| Facilities and Other Improvements | (24,506,806.15) | - | (24,506,806.15) | - | - | (1,282,198.92) | - | (25,789,005.07) |
| Furniture and Equipment | (18,492,759.08) | - | (18,492,759.08) | - | - | (1,449,660.03) | 1,261,483.66 | (18,680,935.45) |
| Vehicles and Boats | (5,242,236.30) | - | (5,242,236.30) | - | - | (414,470.56) | 168,121.83 | (5,488,585.03) |
| Other Capital Assets | (13,363,418.29) | - | (13,363,418.29) | - | - | (92,546.17) | 5,111.93 | (13,450,852.53) |
| Total Accumulated Depreciation | (379,381,321.59) | - | (379,381,321.59) | - | - | (18,812,869.30) | 3,211,043.45 | (394,983,147.44) |
| Depreciable Assets, Net | 192,294,462.58 | - | 192,294,462.58 | (51,909.48) | 33,246,872.11 | 3,109,404.70 | (423,708.73) | 228,175,121.18 |
| Amortizable Assets - Intangible : | | | | | | | | |
| Computer Software | 4,475,809.57 | - | 4,475,809.57 | - | - | - | - | 4,475,809.57 |
| Right-of-Use Subscription Assets | - | 2,956,844.28 | 2,956,844.28 | - | - | 1,149,317.88 | - | 4,106,162.16 |
| Right-of-Use Equipment | - | - | - | - | - | 115,785.79 | - | 115,785.79 |
| Total Amortizable Assets - Intangible | 4,475,809.57 | 2,956,844.28 | 7,432,653.85 | - | - | 1,265,103.67 | - | 8,697,757.52 |
| Less Accumulated Amortization for: | | | | | | | | |
| Computer Software | (4,475,809.57) | - | (4,475,809.57) | - | - | - | - | (4,475,809.57) |
| Right-of-Use Subscription Assets | - | (768,829.02) | (768,829.02) | - | - | (831,856.14) | - | (1,600,685.16) |
| Right-of-Use Equipment | - | - | - | - | - | (78,046.47) | - | (78,046.47) |
| Total Accumulated Amortization | (4,475,809.57) | (768,829.02) | (5,244,638.59) | - | - | (909,902.61) | - | (6,154,541.20) |
| Amortizable Assets - Intangible, Net | - | 2,188,015.26 | 2,188,015.26 | - | - | 355,201.06 | - | 2,543,216.32 |
| Capital Assets, ROU Assets, Net | \$ 235,365,221.59 | \$ 2,188,015.26 | \$ 237,553,236.85 | \$ (51,909.48) | \$ - | \$ 9,857,751.38 | \$ (438,668.73) | \$ 246,920,410.02 |

Additional information on the liabilities relating to the right-of-use leased assets is detailed further in Note 8.

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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, 2023, the carrying amount of deposits was \$58,671,959.28 as presented below:

Business-Type Activities

| | |
|---|------------------|
| CASH IN BANK – CARRYING AMOUNT | \$ 58,416,224.96 |
| 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 | \$ 58,416,224.96 |

| | |
|--|------------------|
| Proprietary Funds Current Assets Cash in Bank | \$ 31,949,505.03 |
| Proprietary Funds Current Assets Restricted Cash in Bank | 26,466,719.93 |
| Proprietary Funds Noncurrent Restricted Cash in Bank | - |
| Cash in Bank per AFR | \$ 58,416,224.96 |

Fiduciary Funds

| | |
|---|---------------|
| CASH IN BANK – CARRYING AMOUNT | \$ 255,734.32 |
| 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 | \$ 255,734.32 |

| | |
|---|---------------|
| Fiduciary Funds Cash in Bank | \$ - |
| Fiduciary Funds Restricted Cash in Bank | 255,734.32 |
| Cash in Bank per AFR | \$ 255,734.32 |

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, 2023, the total bank balance was as follows:

| | | | |
|--------------------------|------------------|-----------------|---------------|
| Business-Type Activities | \$ 60,630,820.49 | Fiduciary Funds | \$ 255,734.32 |
|--------------------------|------------------|-----------------|---------------|

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 Stephen F. Austin State University 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 percent of the deposits plus accrued interest less any amount insured by the FDIC. Pledged collateral must conform to Chapter 2257 of the Government Code, *Collateral for Public Funds*.

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At August 31, 2023, amounts insured by the FDIC were \$1,000,000.00. The bank balances at August 31, 2023, 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 | \$ - | \$ 59,630,820.49 | \$ - |
| 22 | \$ - | \$ 255,734.32 | \$ - |

Fund Type 05 Enterprise Funds represents any activity for which a fee is charged to external users by agencies within the State of Texas. This could include items such as activity financed by debt, activity costs of providing services where laws or regulations require it be recovered with fees and charges, or activity where the pricing policies of the activity establish the fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Fund Type 22 Custodial Funds account for resources held by an agency as a trustee or custodial capacity for outside parties. These resources cannot be used to support the agency's own programs and must meet the fiduciary activities criteria.

Foreign currency risk for deposits is the risk that changes in exchange rates will adversely affect the deposit. The University does not have a policy regarding foreign currency deposits and does not hold any foreign currency deposits as of August 31, 2023.

Investments

As of August 31, 2023, the fair value of investments was:

| | Fair Value Hierarchy | | | | | |
|----------------------------------|----------------------|----------------|----------------|----------------|-----------------|-----------------------|
| | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Amortized Cost | Net Asset Value | Fair Value |
| Other Commingled Funds | - | - | - | - | 146,655,763.09 | 146,655,763.09 |
| Other Commingled Funds – TexPool | - | - | - | - | 4,922,643.91 | 4,922,643.91 |
| Miscellaneous | - | - | - | - | 260.00 | 260.00 |
| TOTAL INVESTMENTS | | | | | | 151,578,667.00 |

Reconciliation of Investments per Exhibit – Business-Type Activities

| | |
|--|-------------------|
| Proprietary Funds Current Assets Restricted Short-Term | \$ 39,414,452.51 |
| Proprietary Funds Current Assets Unrestricted Short-Term | 96,271,947.88 |
| Proprietary Funds Current Assets Restricted | 15,892,266.61 |
| Proprietary Funds Current Assets Unrestricted | - |
| Investments per Exhibit | \$ 151,578,667.00 |

Displayed on Statement of Net Position as:

| Current Assets: | |
|--|------------------|
| Restricted: | |
| Short-Term Investments – Bond Proceeds | \$ 39,414,192.51 |
| Short-Term Investments – Endowments | 260.00 |

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| | |
|--|--------------------------|
| Noncurrent Assets: | |
| Restricted: | |
| Investments: Endowments | 15,892,266.61 |
| Unrestricted: | |
| Short-Term Investments: Operating | 88,682,547.17 |
| Short-Term Investments: Quasi-Endowments | 7,589,400.71 |
| Subtotal | 151,578,667.00 |
| Less: Certificates of Deposit | - |
| Total | \$ 151,578,667.00 |

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. In order to mitigate this risk, Stephen F. Austin State University Board Policy 3.20, *Investments-Endowment Funds*, limits foreign equity investments to a maximum of 30 percent of the equity portfolio. The University did not have any investments with foreign currency risk as of August 31, 2023.

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, Stephen F. Austin State University Board Policy 3.21, *Investments*, limits investments in corporate bonds, debentures or similar debt obligations to the two highest long-term rating categories. The University did not have any investments requiring a credit quality rating as of August 31, 2023.

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2023, the University's investments are entirely in commingled funds including TexPool, Texas CLASS, Texas FIT, and Texas DAILY all of which are established such that they comply with the Texas Public Funds Investment Act. As such any potential 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, 2023, the University was not participating in reverse repurchase agreements.

Securities Lending

In securities lending transactions, the University would transfer 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 2023.

NOTE 4: Short-Term Debt

There was no reportable activity for short-term debt for the year ended August 31, 2023.

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NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2023, the following changes occurred in long-term liabilities:

| Business-Type Activities | Balance 09/01/22 as Reported | GASB Restatement | Balance 9/1/2022 Restated | Additions | Reductions | Amortization | Balance 8/31/2023 | Amounts Due Within One Year | Amounts Due Thereafter |
|--|------------------------------|------------------|---------------------------|----------------|-----------------|-----------------|-------------------|-----------------------------|------------------------|
| Revenue Bonds Payable | \$ 204,198,017.44 | \$ - | \$ 204,198,017.44 | \$ - | \$12,605,000.00 | \$ 2,065,705.84 | \$ 189,527,311.60 | \$ 16,096,516.35 | \$ 173,430,795.25 |
| Right of Use Lease Obligations | - | - | - | 115,785.79 | 86,327.55 | - | 29,458.24 | 29,458.24 | - |
| Right of Use Subscriptions Obligations | - | 2,143,542.05 | \$2,143,542.05 | 1,149,317.80 | 1,069,451.24 | - | 2,223,408.61 | 1,047,724.44 | 1,175,684.17 |
| Employees' Compensable Leave | 4,135,503.86 | - | \$4,135,503.86 | 1,313,807.13 | 711,311.46 | - | 4,737,999.53 | 968,804.89 | 3,769,194.64 |
| Notes & Loans - Direct Placements | 7,238,537.94 | - | \$7,238,537.94 | - | 805,017.97 | - | 6,433,519.97 | 848,917.25 | 5,584,602.72 |
| Total Business-Type Activities | \$ 215,572,059.24 | \$ - | \$ 215,572,059.24 | \$2,578,910.72 | \$15,277,108.22 | \$ 2,065,705.84 | \$ 202,951,697.95 | \$ 18,991,421.17 | \$ 183,960,276.78 |

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 |
|--|-----------------|---------------|-----------------|
| 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 | 1,042,032.07 | 74,169.59 | 1,116,201.66 |
| 2029-2030 | 1,715,201.93 | 62,822.52 | 1,778,024.45 |
| Total Payments | \$ 6,433,519.97 | \$ 687,270.78 | \$ 7,120,790.75 |

Claims and Judgments

The University had no unpaid settlements or judgments as of August 31, 2023.

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, \$4,737,999.53 as of August 31, 2023, 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 \$711,311.46 for accrued leave to employees who separated from State service during the fiscal year ended August 31, 2023.

Sick Leave

Sick leave is earned at the rate of eight (8) hours for each month or fraction of a month of employment, and shall accumulate with the unused amount of such leave carried forward each month. Eligible part-time employees accrue sick leave in proportion to their FTE. Sick leave is paid when sickness, injury, or pregnancy and confinement prevent the employee's performance of duty, when a member of the employee's immediate family is actually ill, or to the estate of an employee in the event of his/her death while employed by the University. 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 unuse one year after earning, 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 \$6,433,519.97 of Notes Payable which are considered direct borrowings as of August 31, 2023.

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, 2023, of \$15,355,000.00 of Bonds Payable, related to the Series 2015 Revenue Bonds.

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 percent.

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

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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 \$1,605,000.00; Outstanding at year end \$3,455,000.00.

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 \$4,920,000.00; Outstanding at year end \$15,355,000.00.

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 \$3,310,000.00; Outstanding at year end \$41,685,000.00.

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 \$1,275,000.00; Outstanding at year end \$90,140,000.00.

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.

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- 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 \$790,000.00; Outstanding at year end \$13,195,000.00.

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 \$705,000.00; Outstanding at year end \$15,230,000.00.

| |
|---------------------------------------|
| NOTE 7: Derivative Instruments |
|---------------------------------------|

There was no reportable activity for derivative instruments for the year ended August 31, 2023.

| |
|--|
| NOTE 8: Leases and Subscription-Based Information Technology Arrangements(SBITAs) |
|--|

LEASES:

Right-of-Use Lease Liability

Included in the expenses reported in the financial statements for fiscal year 2023 are the following amounts of lease rent paid or due under the noncancelable lease liability:

| | |
|---------------------------------------|-------------------|
| <u>Fund Type</u> | <u>Amount</u> |
| Business-Type Activities | \$31,120.00 |
| <u>Variable Payments</u> | <u>Amount</u> |
| (Not included in the lease liability) | \$ -0- |

The University entered into a lease for equipment which expires in 2024.

Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance — therefore, these payments are not included in the right-of-use assets or lease liabilities.

SBITAs:

Subscription Liability

Included in the expenses reported in the financial statements for fiscal year 2023 are the following amounts of subscription fees paid under the non-cancelable liability:

| | |
|---------------------------------------|-------------------|
| <u>Fund Type</u> | <u>Amount</u> |
| Business-Type Activities | \$1,078,025.39 |
| <u>Variable Payments</u> | <u>Amount</u> |
| (Not included in the lease liability) | \$ -0- |

The University entered various agreements for information technology (IT) subscriptions. These agreements range in terms up to fiscal year 2027.

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Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance — therefore, these payments are not included in the subscription based liabilities.

Future minimum subscription payments for the University’s Business-Type Activities are as follows:

| Fiscal Year | Principal | Interest | Total Future Minimum Subscription Payments |
|--------------------|------------------------|----------------------|---|
| 2024 | \$ 1,047,724.44 | \$ 39,505.31 | \$ 1,087,229.75 |
| 2025 | 709,077.88 | 30,160.55 | 739,238.43 |
| 2026 | 228,936.25 | 19,669.09 | 248,605.34 |
| 2027 | 237,670.04 | 10,935.30 | 248,605.34 |
| Total | \$ 2,223,408.61 | \$ 100,270.25 | \$ 2,323,678.86 |

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

The University requires all full-time employees to participate in either the Teacher Retirement System of Texas (TRS) or in the Optional Retirement Plan (ORP). Full-time faculty, librarians, and certain administrators and professional employees may enroll in either TRS or ORP. Other full-time employees are limited to participation in TRS. Employees who are eligible to participate in ORP have ninety days from the date of their employment to select the Optional Retirement Program. Employees who previously had the opportunity to participate in ORP but declined must remain with TRS for the duration of their employment in the Texas education system.

TRS plan

Teacher Retirement System is the administrator of the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation.

The employers of the TRS plan include the state of Texas, TRS, the state’s public schools, education service centers, charter schools, and community and junior colleges. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard workload and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Employees of TRS and state of Texas colleges, universities, and medical schools are members of the TRS plan.

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefit formulas are based on members’ average annual compensation and years of service credit. The standard annuity is 2.3 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs).

Audited Annual Comprehensive Financial Report (ACFR) for Teacher Retirement System may be obtained from their website at www.trs.state.tx.us and searching for financial reports.

During the measurement period of 2022 for fiscal 2023 reporting, the amount of the University’s contributions recognized by the plan was \$3,339,998. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the members in the measurement period are presented in the table below:

| Required Contribution Rates Teacher Retirement System of Texas Plan | |
|--|-------------|
| Contributor | Rate |
| Employer | 7.75% |
| Employees | 8.00% |

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The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2022 measurement date.

| Actuarial Methods and Assumptions * | TRS Plan |
|--|---|
| Actuarial Valuation Date | August 31, 2021 rolled forward to August 31, 2022 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Floating |
| Asset Valuation Method | Fair Market |
| Actuarial Assumptions: | |
| Discount Rate | 7.00% |
| Long-term Expected Rate of Return | 7.00% |
| Municipal Bond Rate as of August 2020 | 3.91% ¹ |
| Inflation | 2.30% |
| Salary Increase | 2.95% to 8.95% including inflation |
| Mortality: | |
| Active | PUB (2010) Mortality Tables for Teachers, below median, with full generational mortality. |
| Post-Retirement | 2021 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP. |
| Ad Hoc Post-Employment Benefit Changes | None |

** Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."*

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022.

The actuarial assumptions used in the determination of the total pension liability were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2021 and adopted in July 2022. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7 percent.

There have been no changes to the benefit provisions of the plan since the prior measurement date.

The discount rate of 7 percent was applied to measure the total pension liability. The discount rate was based on the expected rate of return on pension plan investments of 7 percent. The projected cash flows into and out of the pension plan assumed that active members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent over the next several years. This includes a factor for all employer and state contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

The long-term expected rate of return on plan investments was developed using a building-block method in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target allocation and best estimates of geometric real rates of return for each major asset class for the plan's investment portfolio are presented below:

| Asset Class ¹ | Target Allocation ² | Long-Term Expected Geometric Real Rate of Return ³ |
|--|--------------------------------|---|
| Global Equity | | |
| USA | 18.00% | 4.60% |
| Non-US Developed | 13.00% | 4.90% |
| Emerging Markets | 9.00% | 5.40% |
| Private Equity | 14.00% | 7.70% |
| Stable Value | | |
| Government Bonds | 16.00% | 1.00% |
| Absolute Return | | 3.70% |
| Stable Value Hedge Funds | 5.00% | 3.40% |
| Real Return | | |
| Real Estate | 15.00% | 4.10% |
| Energy, Natural Resources and Infrastructure | 6.00% | 5.10% |
| Commodities | | 3.60% |
| Risk Parity | | |
| Risk Parity | 8.00% | 4.60% |
| Asset Allocation Leverage | | |
| Cash | 2.00% | 3.00% |
| Asset Allocation Leverage | (6.00)% | 3.60% |
| Total | 100.00% | |

Notes:

¹Absolute Return includes Credit Sensitive Investments.

²Target allocations are based on fiscal year 2022 policy model.

³Capital Market assumptions come from Aon Hewitt (as of 08/31/2022).

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the University's net pension liability. The result of the analysis is presented in the table below:

| Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate | | |
|---|------------------------------|--------------------|
| 1% Decrease | Current Discount Rate | 1% Increase |
| 6.00% | 7.00% | 8.00% |
| \$ 92,353,208,735 | \$ 59,367,428,259 | \$ 32,630,904,839 |

The pension plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2022 ACFR.

At August 31, 2023, the University reported a liability of \$42,493,464 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion at August 31, 2023 was 0.07158 percent which was a decrease from the 0.08112 percent

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measured at the prior measurement date. The University's proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2021 through August 31, 2022.

For the year ending August 31, 2023, the University recognized pension expense of \$2,823,619. At August 31, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Difference between expected and actual experience | \$ 616,152 | \$ 926,438 |
| Changes of assumptions | 7,917,915 | 1,973,366 |
| Net difference between projected and actual investment return | 4,198,218 | |
| Change in proportion and contribution difference | 3,266,138 | 10,096,774 |
| Contributions subsequent to the measurement date | 3,518,830 | |
| Total | \$ 19,517,253 | \$ 12,996,578 |

The \$3,518,830 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2024.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years:

| Year ending August 31, | |
|-------------------------------|--------------|
| 2024 | \$ 1,705,973 |
| 2025 | (482,440) |
| 2026 | (1,680,366) |
| 2027 | 3,493,620 |
| 2028 | (34,942) |
| Thereafter | 0 |

ORP Plan

Participation in the Optional Retirement Program, a defined contribution plan, is in lieu of participation in the Teacher Retirement System of Texas. The Optional Retirement Program is authorized by Texas Government Code, Chapter 830. ORP is an individualized defined contribution plan in which each participant selects from a variety of investments offered by several insurance and investment companies through annuity contracts or mutual fund investments. ORP is administered by each employer. Participants vest in ORP after one year of participation. The Texas Higher Education Coordinating Board develops policies, practices and procedures to provide greater uniformity in the administration of ORP. Since contributions are invested in individual annuity contracts, neither the State nor the University have any additional or unfunded liability for this program. The contributory percentages on salaries for participants entering the program prior to September 1, 1995, are 8.5 percent and 6.65 percent by the employer and the participant, respectively. The State's contribution is comprised of 6.6 percent from the ORP appropriation and 1.9 percent from other funding sources. The 6.6 percent contribution is mandatory with the other 1.9 percent being at the discretion of the University's Board of Regents. The Board has approved the additional contributions for these employees. The contributory percentages on salaries for participants entering the program after August 31, 1995, are 6.6 percent and 6.65 percent by the employer and the participant, respectively.

The contributions made by plan members and the employer for the fiscal year ended August 31, 2023 is:

| Contributions | Year Ended Aug. 31, 2023 |
|------------------------|-------------------------------------|
| Member Contributions | \$ 1,692,115 |
| Employer Contributions | 1,745,735 |
| Total | \$ 3,437,850 |

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: Other Postemployment Benefits (OPEB) Other Than Pensions

Employees Retirement System of Texas Plan

Employees Retirement System (ERS) is the administrator of the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer defined benefit OPEB plan with a special funding situation.

The 61 employers of SRHP include state of Texas agencies and universities, community and junior colleges, and other entities specified by the Legislature. Benefits are provided to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551.

The SRHP provides postemployment health care, life and dental insurance benefits to retirees. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments.

ERS issued a stand-alone audited Annual Comprehensive Financial Report (ACFR). The ERS ACFR may be obtained from their website at www.ers.texas.gov and searching for reports and studies.

During the measurement period of 2022 for fiscal 2023 reporting, the amount of the University's contributions recognized by the plan was \$3,314,683. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. The contribution requirements for the state and the members in the measurement period are presented in the table below:

| Employer Contribution Rates Retiree Health and Basic Life Premium | |
|--|-----------|
| Retiree Only | \$ 624.82 |
| Retiree & Spouse | 1,339.90 |
| Retiree & Children | 1,103.58 |
| Retiree & Family | 1,818.66 |

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the Aug. 31, 2022 measurement date.

| Actuarial Methods and Assumptions | SRHP |
|--|-----------------|
| Actuarial Valuation Date | August 31, 2022 |
| Actuarial Cost Method | Entry Age |

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| | |
|--|---|
| Amortization Method | Level Percent of Payroll, Open |
| Remaining Amortization Period | 30 Years |
| Actuarial Assumptions: | |
| Discount Rate | 3.59% * |
| Inflation | 2.30% |
| Salary Increase | 2.30% to 8.95%, including inflation |
| Healthcare Cost and Trend Rate | |
| HealthSelect | 5.60% for FY 2024, 5.30% for FY 2025, 5.00% for FY 2026, 4.75% for FY 2027, 4.60% for FY 2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2031 and later years |
| HealthSelect Medicare Advantage | 66.67% for FY 2024, 24.00% for FY 2025, 5.00% for FY 2026, 4.75% for FY 2027, 4.60% for FY 2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2031 and later years |
| Pharmacy | 10.00% for FY 2024 and FY 2025, decreasing 100 basis points per year to 5.00% for FY 2030, and 4.30% for FY 2031 and later years |
| Aggregate Payroll Growth | 2.70% |
| Retirement Age | Experience-based tables of rates that are specific to the class of employee |
| Mortality: | |
| State Agency Members: | |
| Service Retirees, Survivors and Other Inactive Members | 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020 |
| Disabled Retirees | 2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively |
| Active Members | Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP-2019 Projection Scale from the year 2010 |
| Higher Education Members: | |
| Service Retirees, Survivors and Other Inactive Members | Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021 |
| Disabled Retirees | Tables based on TRS experience with Ultimate MP Projection Scale from year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members |

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| | |
|--|--|
| Active Members | Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010 |
| Ad Hoc Post-Employment Benefit Changes | None |

* The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2014 to August 31, 2019 for state agency members and for the period September 1, 2010 to August 31, 2017 for higher education members. The mortality rates were based on the tables identified in the table above titled *Actuarial Methods and Assumptions*.

The following assumptions have been changed since the previous Other Postemployment Benefits valuation:

- a. The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- b. Proportion of future retirees assumed to cover dependent children;
- c. The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement;
- d. Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations. The patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect the most recent information; and
- e. The discount rate was changed from 2.14 percent as of August 31, 2021 to 3.59 percent as of August 31, 2022 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 3.59 percent as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 2.14 percent. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay-as-you-go basis and is not intended to accumulate funds in advance of retirement, there is no long-term expected rate of return. ERS' board of trustees amended the investment policy statement in August 2022 to require that all funds in this plan be invested in cash and equivalent securities. The expected rate of return on these investments is currently 4.1percent. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 2.14percent.

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the University's net OPEB liability. The result of the analysis is presented in the table below:

| Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate (In Thousands) | | |
|---|--|--------------------------------|
| 1% Decrease (2.59%) | Current Discount Rate (3.59%) | 1% Increase (4.59%) |
| \$ 33,224,410 | \$ 28,486,966 | \$ 24,698,149 |

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Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the proportionate share of the University's net OPEB liability. The result of the analysis is presented in the table below:

| Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate | | |
|---|---|---|
| HealthSelect (HS) or HealthSelect Medicare Advantage (HSMA) | | |
| 1% Decrease HS/HSMA/Pharmacy: 4.60/65.67/9.00 % decreasing to 3.30% | Current Healthcare Cost Trend Rates HS/HSMA/Pharmacy: 5.60/66.67/10.00 % decreasing to 4.30% | 1% Increase HS/HSMA/Pharmacy: 6.60/67.67/11.00 % decreasing to 5.30% |
| \$ 24,395,171,244 | \$ 28,486,965,705 | \$ 33,711,082,728 |

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2022 ACFR.

At August 31, 2023, the University reported a liability of \$128,163,254 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of Aug. 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The University's proportion at August 31, 2022 was 0.45 percent. The University's proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2021 through August 31, 2022.

For the year ending August 31, 2023, the University recognized OPEB expense of \$16,670,106. At August 31, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Difference between expected and actual experience | \$ - | \$ 4,043,747 |
| Changes of assumptions | 7,530,180 | 39,616,883 |
| Net difference between projected and actual investment return | 22,106 | - |
| Effect of change in proportion and contribution difference | 17,078,985 | 7,438,898 |
| Contributions subsequent to the measurement date | 1,690,064 | - |
| Total | \$ 26,321,335 | \$ 51,099,528 |

The \$1,690,064 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending August 31, 2024.

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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the following years:

| Year ending August 31, | |
|------------------------|--------------|
| 2024 | \$ 2,857,895 |
| 2025 | (8,078,147) |
| 2026 | (8,847,761) |
| 2027 | (8,146,503) |
| 2028 | (4,253,740) |
| Thereafter | 0 |

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, 2023:

| | Legislative Financing Sources | Legislative Financing Uses |
|--|----------------------------------|-------------------------------|
| | Transfer In | Transfer Out |
| ENTERPRISE FUND (05) Appd Fund 0802, D23 Fund 0802 Agency 608, D23 Fund 0802 Appd Fund 0210, D23 Fund 0210 Agency 902, D23 Fund 0210 | \$ 280,994.00 | \$ 3,112.43 |

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.

The following are individual balances reported as Due From and Due To Other Agencies as of August 31, 2023:

| | Due From Other Agencies | Due To Other Agencies | Source |
|--|--|--------------------------------------|--|
| ENTERPRISE FUND (05) Appd Fund 0001, D23 Fund 0001 From Agency 556, D23 Fund 7999 To Agency 781, D23 Fund 0001 From Agency 802, D23 Fund 4675 To Agency 720, D23 Fund 7999 From Agency 752, D23 Fund 7999 | \$ 6,297.57 30,911.78 16,701.22 | \$ 454,251.80 4,024.21 | State Pass Through State Pass Through State Pass Through State Pass Through State Pass Through |
| Total Due From/To Other Agencies - State | \$ 53,910.57 | \$ 458,276.01 | |
| From Agency 320, D23 Fund 0001 From Agency 551, D23 Fund 7999 From Agency 556, D23 Fund 7999 From Agency 575, D23 Fund 7999 From Agency 701, D23 Fund 7999 From Agency 753, D23 Fund 7999 From Agency 771, D23 Fund 7999 From Agency 802, D23 Fund 7999 To Agency 781, D23 Fund 0325 To Agency 781, D23 Fund 0325 To Agency 555, D23 Fund 7999 | \$ 74,981.04 5,575.92 59.80 4,166.67 72,007.26 23,517.56 189,943.78 57,672.73 | \$ 89,876.44 3,433.97 2,704.75 | Federal Pass Through Federal Pass Through Federal Pass Through Federal Pass Through Federal Pass Through Federal Pass Through Federal Pass Through Federal Pass Through Federal Pass Through Federal Pass Through Federal Pass Through |
| Total Due From/To Other Agencies - Federal | \$ 427,924.76 | \$ 96,015.16 | |
| Total Interagency Balances | \$ 481,835.33 | \$ 554,291.17 | |

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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

NOTE 14: Adjustments to Fund Balances and Net Position

During fiscal year 2023, certain accounting changes and adjustments were made that required the restatement of net position. As detailed in Note 1, a restatement of \$651,184 resulted from the implementation of GASB 94, and a restatement of \$41,000 resulted from the implementation of GASB 96. The restatement is presented in the following table:

| | Total |
|--|---------------|
| Net Position August 31, 2022 | \$ 41,036,297 |
| Restatement: GASB 94 | 651,184 |
| Restatement: GASB 96 | 41,000 |
| Net Position September 1, 2022 as Restated | \$ 41,728,481 |

NOTE 15: Contingencies and Commitments

Unpaid Claims and Lawsuits

As of August 31, 2023, 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 |
|--------------------------------|---------------------------|-------------------------------|---|-------------------------------------|--------------------------|
| Kalie Most | SFASU, Jack Snow | Tort Claim | Economic damages; pain/suffering; punitive damages; attorney's fees; court costs | Reasonably Possible* | Unknown |

Description of the Case

The plaintiff, a resident of Oklahoma, alleged she incurred severe injury due to a vehicular accident.

| Claimant/ Plaintiff | Defendant Name | Type of Litigation | Damages Sought | Probability of Liability | Possible Loss |
|--------------------------------|---------------------------|---|---|-------------------------------------|--------------------------|
| Sarah Evans | SFASU | Disability Discrimination and Retaliation | Actual damages; interest; attorney's fees; court costs | Reasonably Possible* | Unknown |

Description of the Case

The plaintiff alleges the University discriminated against her based on her disability and subsequently retaliated against her.

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| Claimant/ Plaintiff | Defendant Name | Type of Litigation | Damages Sought | Probability of Liability | Possible Loss |
|---------------------------------------|--------------------------------|---|--|-----------------------------|------------------|
| Mark Sanders and Kimberly Verhines | SFASU, various employees | Age and Disability Discrimination and Retaliation, First Amendment, Due Process | Economic damages; non- economic damages; interest; attorney's fees; court costs | Reasonably Possible* | Unknown |

Description of the Case

The plaintiff alleges the University discriminated against him based on his age and disability and subsequently retaliated against him. Plaintiff Verhines alleges the University retaliated against her for Plaintiff Sanders' (spouse) filing of an EEOC charge.

| Claimant/ Plaintiff | Defendant Name | Type of Litigation | Damages Sought | Probability of Liability | Possible Loss |
|------------------------|-------------------|---|---|-----------------------------|------------------|
| Tammy Wheeler | SFASU | Race and Disability Discrimination and Retaliation | Actual damages; compensatory damages; mental anguish; interest; attorney's fees; court costs | Reasonably Possible* | Unknown |

Description of the Case

The plaintiff alleges the University discriminated against her based on her disability and subsequently retaliated against her.

*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

On September 1, 2023, the University was reestablished in statute as Stephen F. Austin State University, a member of The University of Texas System (U. T. System) pursuant to legislation enacted by the 88th Texas Legislature. Prior to that date, the University was an independent public university within the State of Texas and was separately included in the Annual Comprehensive Financial Report of the State. As of this date, the University's Board of Regents was dissolved and the University became subject to the authority of the U. T. System Board of Regents and eligible to participate in the Permanent University Fund Bond program provided by Section 18, Article VII, Texas Constitution, to the same extent as similar institutions of the U. T. System.

In September and November 2023, the U. T. System Board of Regents issued and repaid a combined \$ 8.2 million of U. T. System Revenue Financing System Taxable Commercial Paper Notes, Series B related to the University's Forestry, Agriculture and Interdisciplinary Project. The University has engaged an architect to assist in the design and development stage of the project.

At its August 2023 meeting, the U. T. System Board of Regents approved an operating budget for the University of \$249 million for the 2023-24 fiscal year.

In September 2023, Moody's Investor Services upgraded the revenue bond ratings for the University from Aa1 to A1 with a stable ratings outlook. This upgrade reflects the University's new status as a member of the U. T. System (Aaa stable). In August 2023, Fitch affirmed its A+ bond rating on various Revenue Financing System (RFS) bonds previously issued by the SFA Board of Regents with a stable ratings outlook. Although the University is part of the U. T. System as of September 1, the previously issued University bonds are secured only by the University's legally available revenues and fund balances rather than by those of the entire U. T. System.

Enrolled headcount for Fall 2023 decreased by 3.9 percent when compared to Fall 2022, and semester credit hours decreased 2.7 percent. First-time undergraduate student enrollment increased 10 percent.

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 2023 was \$214,500.36 to be paid in two installments. The first payment of \$160,875.27 was made in September. The assessment was adjusted during the year and the remaining payment of \$37,717.21 was made in May, bringing the actual assessment total to \$198,592.48.

Provision for Health and Other Medical Benefits: Employees of the University are eligible for health insurance and optional coverage(s) if they are employed in a position with at least a 50 percent full-time equivalency. 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 percent for full-time employees and 50 percent for their dependents; 50 percent for part-time employees and 25 percent for their dependents.

Beginning September 1, 2023, Stephen F. Austin State University became a member of the University of Texas System. With this came a change in insurance plan and coverage. In regards to a waiting period, when employees begin on the first day of the month, insurance coverage will begin on their first day, otherwise their coverage will begin on the first of the following month.

The University of Texas System Employee Benefits program provides health insurance, dental insurance, vision insurance, life insurance, accidental death and dismemberment (AD&D), long-term disability, short-term disability, and flexible spending account coverage to all benefits-eligible employees and retirees of U. T. System and its institutions. These insurance benefits are provided through both self-funded and fully-insured arrangements. A portion of U. T. System's cost of providing group health and basic life insurance coverage is paid by the State as specified in the General Appropriations Act. The System's Office of Employee Benefits (OEB) is responsible for the overall administration of the insurance plans. The OEB program was established by Chapter 1601 of the Texas Insurance Code and complies with State laws and statutes pertinent to employee benefits for U. T. System.

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, 2023.

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 recovered \$369,605.60 from the insurance claim, of which the final \$258,723.92 was received in fiscal year 2023. Because this claim was combined with several others from six Texas universities, it took longer than normal to settle.

In June 2022, the Lumberjack Village Community Center 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 total cost of replacement and repair was \$398,495.61. The University anticipates recovering \$148,495.61 after the \$250,000.00

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deductible. The University received a partial payment of \$139,599.31 in fiscal year 2023 and anticipates the balance will be received in the first half of fiscal year 2024.

During the 2022 Winter Break, a sprinkler pipe in the attic of the Lumberjack Village Dorm burst and flooded four rooms. The total replacement cost of the repairs was \$205,802.34. The University anticipates receiving \$155,802.34 from the insurance claim after the \$50,000.00 deductible. The University submitted the claim and is currently awaiting payment from the insurance carrier. Settlement has taken longer than usual because this claim was combined with several others from five Texas universities.

In May 2023, Nacogdoches received 4"-5" of rain within a 24-hour period causing massive flooding along Lanana Creek. Large portions of the intramural sports fields and the SFA Women's Soccer Complex flooded. Soccer equipment and other property were destroyed by the strong winds and flooding. The University filed a claim with the inland marine insurance carrier for the scheduled equipment. The total cost of replacement and repair was \$158,891.48. After the \$25,000.00 deductible, the University recovered \$133,891.48 from the insurance claim.

In June 2023, SFA's information technology (IT) department identified that systems in its virtual machine (VM) environment had been encrypted with ransomware. The University notified the cyber insurance carrier of the ransomware attack, and a claim was started. The claims adjuster, cyber security professionals, and the University's risk management are working to resolve this claim. A \$100,000.00 deductible would be applicable.

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 2023, the auto insurance program covered liability for motorized utility vehicles and physical damage for all vehicles 10 years and newer. The annual premium was \$162,382.08. 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 \$138,458.00.

Claims and Judgments: There were no changes in the balances of the University's claims liabilities for 2023.

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.

Pursuant to legislation enacted by the 88th Texas Legislature, the University's Board of Regents granted management and control of Stephen F. Austin State University to the Board of Regents of The University of Texas System (U. T. System) effective July 28, 2023, in anticipation of the University becoming an institution of higher education within the U. T. System on September 1, 2023, and the University's Board being dissolved. Until it became part of the U. T. System, the University remained an independent public institution of higher education within the State of Texas during fiscal year 2023 that is separately incorporated into the Annual Comprehensive Financial Report of the State.

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.

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NOTE 21: Tobacco Settlement - 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 3.76 percent for 2023.

The following tables presents the amount of net appreciation for donor restricted true endowments for fiscal year 2023 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 | \$ 4,017,207.26 | Restricted for Expendable |
| Term Endowments | - | Restricted for Expendable |
| Total | \$ 4,017,207.26 | Restricted for Expendable |

| Endowment Funds | Increase/(Decrease) | Reason for Change |
|--------------------------------|---------------------|----------------------------------|
| Expendable Balances | | |
| True Endowments | \$ (8,565.90) | Fair value increase in portfolio |
| Term Endowments | - | Fair value increase in portfolio |
| Non-Expendable Balances | | |
| True Endowments | 11,867.50 | 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 | \$ 2,085,816.98 |
| Travel Advances | 15,704.58 |
| Department Receivables | 4,251.51 |
| Food Service Receivables | 148,945.66 |
| Other Receivables | 300,335.03 |
| Total | \$ 2,555,053.76 |

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

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August 31, 2023

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 | \$ 4,983,994.46 |
| Procurement Card Payables | 643,602.11 |
| Travel and Fuel Payables | 65,967.68 |
| Food Service Payables | 546,654.02 |
| Restricted Payables | 180,950.61 |
| Payables for Supplies | 2,439,410.50 |
| Payables for Utilities | 239,299.34 |
| Payables for Services | 289,924.62 |
| Miscellaneous Payables | 324,677.06 |
| Total | \$ 9,714,480.40 |

NOTE 25: Termination Benefits – Not Applicable

NOTE 26: Segment Information – Not Applicable

NOTE 27: Public-Private and Public-Public Partnership and Availability Payment Arrangements

The University has one arrangement that fits the criteria of a public-private partnership (PPP) as defined in GASB 94. Changes adopted to conform to the provisions of GASB 94 were applied retroactively by restating the financial statements for the earliest period presented, September 1, 2022. The cumulative effect of implementation is outlined and disclosed in Note 1.

Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, effective 2023, provides guidance for accounting and financial reporting for PPPs and APAs. For purposes of applying this Statement, a PPP is an arrangement in which a government (the transferor) contracts with a governmental or nongovernmental entity (the operator) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which the government compensates an operator for services that may include designing, construction, financing, maintaining, or operating an underlying non-financial asset for a period of time in an exchange or exchange-like transaction.

The University entered into an agreement with the Chartwells Division of Compass Group USA, Inc. (Chartwells) effective July 1, 2021. Chartwells manages the on-campus dining services program on behalf of the University, under negotiated terms of the agreement. The University maintains final approval over pricing, operating terms, and payment schedules. Part of the contract includes guaranteed commissions, cash donations, and investments in infrastructure including contributions to the new dining facility.

A general description of the PPP arrangement including status, term and duration, is presented in the following table:

| Partner | Description | Construction Status | Term of Concession | Contract Begin | Contract End |
|------------------------------|-----------------|---------------------|--------------------|----------------|--------------|
| Compass Group USA-Chartwells | Dining Services | Under Construction | 7 years | 2021 | 2028 |

Variable payments are a result of the underlying PPP arrangement being measured not at a fixed rate, but at a variable rate. This is due to underlying payments derived from a revenue and/or profit-sharing arrangement, usage of the underlying PPP asset, or changes in an index or rate.

The nature and the amount of assets and deferred inflows of resources related to the PPP are recognized in the financial statements. The deferred inflow of resources related to the PPP is \$6,446,481 and \$7,780,236 for the years ended August 31, 2023, and 2022, respectively. There are no assets related to the PPP for the years ended August 31, 2023 or 2022.

The University recognizes a receivable for payments to be received from the operator under a PPP. The receivable for PPP installment payments is initially measured at the present value of PPP installment payments expected to be received over the term reduced by any provision for estimated uncollectible amounts. The present value of PPP installment payments are discounted based on a borrowing rate determined by the University. The discount rate used is 2.95 percent.

A total of \$7,376,441 and \$8,408,733 were recognized as the Receivable for PPP Installment Payments for the years ended August 31, 2023, and 2022, respectively. Of the total receivable, \$1,519,787 and \$1,374,932 were recognized as the current portion of the receivable for PPP installment payments for the years ended August 31, 2023, and 2022, respectively.

PPP amounts as of August 31, 2023 are presented in the following table:

| Arrangement Name | Receivable for Installment Payments* | Receivable for PPP Assets | Deferred Inflows of Resources** | Variable and Other Payments** |
|------------------------------|--------------------------------------|---------------------------|---------------------------------|-------------------------------|
| Compass Group USA-Chartwells | \$ 7,376,441 | \$ 0 | \$ 6,446,481 | \$ 0 |

*PPP asset is recognized at acquisition value when it is put into service.

**Payments not included in the measurement of the receivable for installment payments.

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

In accordance with GASB 68, the University recorded deferred outflows of resources and deferred inflows of resources related to its employees' pension administered by TRS and disclosed the pension information in Note 9.

In accordance with GASB 75, the University recorded deferred outflows of resources and deferred inflows of resources related to its employees' other postemployment benefits administered by ERS and disclosed the pension information in Note 11.

In accordance with GASB 94, the University also had a public-private partnership (PPP) with a private company and recorded deferred inflows or resources related to the arrangement. The PPP is disclosed in Note 27.

As of August 31, 2023, the University reported deferred outflows of resources and deferred inflows of resources as follows:

| Business-Type Activities | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------------|--------------------------------|-------------------------------|
| TRS Pension | \$ 19,517,253.00 | \$ 12,996,578.00 |
| ERS OPEB | 26,321,335.00 | 51,099,528.00 |
| PPP | 0.00 | 6,446,481.39 |
| Total | \$ 45,838,588.00 | \$ 70,542,587.39 |

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, 2023**

| Federal Grantor/ Pass-through Grantor/ Program Title | ALN Number | NSE Name/ Identifying Number | Pass-through From | | |
|---|---------------|--|---------------------|---------------------------------------|---------------------------------|
| | | | Agy/ Univ No. | Agencies or Universities Amount | Non-State Entities Amount |
| 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 | 1,139.80 | |
| Totals - Institute of Museum and Library Services | | | | <u>1,139.80</u> | <u>0.00</u> |
| National Endowment For The Humanities | | | | | |
| Promotion of the Humanities Federa/State Partnership | 45.129 | Humanities Texas/2021-6447 Humanities Texas/2021-6449 | | | 2,071.17 1,846.34 |
| Totals - National Endowment For The Humanities | | | | <u>0.00</u> | <u>3,917.51</u> |
| U.S. Department of Education | | | | | |
| <u>Direct Programs</u> | | | | | |
| National Professional Development Program | 84.365Z | | | | |
| <u>Pass-Through From:</u> | | | | | |
| <i>Supporting Effective Instruction State Grants, Title II, Part A</i> | | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas Education Agency | | | 701 | 150,103.75 | |
| COVID-10 - Governors Emergency Education Relief (GEER) Fund | 84.425C | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas Higher Education Coordinating Board | | | 781 | 270,442.26 | |
| COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas Education Agency | | | 701 | 113,891.58 | |
| Totals - U.S. Department of Education | | | | <u>534,437.59</u> | <u>0.00</u> |
| 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 | 99,560.00 | |
| Totals - U.S. Department of Health & Human Services | | | | <u>99,560.00</u> | <u>0.00</u> |
| U.S. Department of Homeland Security | | | | | |
| <u>Pass-Trhough From:</u> | | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | | 575 | 41,666.67 | |
| Totals - U.S. Department of Homeland Security | | | | <u>41,666.67</u> | <u>0.00</u> |
| U.S. Department of Justice | | | | | |
| <u>Direct Programs:</u> | | | | | |
| Public Safety Partnership and Community Policing Grants | 16.710 | | | | |
| Totals - U.S. Department of Justice | | | | <u>0.00</u> | <u>0.00</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 | | |
| | 1,139.80 | | | | 1,139.80 | 1,139.80 |
| <u>0.00</u> | <u>1,139.80</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>1,139.80</u> | <u>1,139.80</u> |
| | 2,071.17 1,846.34 | | | | 2,071.17 1,846.34 | 2,071.17 1,846.34 |
| <u>0.00</u> | <u>3,917.51</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>3,917.51</u> | <u>3,917.51</u> |
| 312,175.99 | 312,175.99 | | | 16,815.00 | 295,360.99 | 312,175.99 |
| | 150,103.75 | | | | 150,103.75 | 150,103.75 |
| | 270,442.26 | | | | 270,442.26 | 270,442.26 |
| | 113,891.58 | | | | 113,891.58 | 113,891.58 |
| <u>312,175.99</u> | <u>846,613.58</u> | <u>0.00</u> | <u>16,815.00</u> | <u>0.00</u> | <u>829,798.58</u> | <u>846,613.58</u> |
| | 99,560.00 | | | | 99,560.00 | 99,560.00 |
| <u>0.00</u> | <u>99,560.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>99,560.00</u> | <u>99,560.00</u> |
| | 41,666.67 | | | | 41,666.67 | 41,666.67 |
| <u>0.00</u> | <u>41,666.67</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>41,666.67</u> | <u>41,666.67</u> |
| 459.48 | 459.48 | | | | 459.48 | 459.48 |
| <u>459.48</u> | <u>459.48</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>459.48</u> | <u>459.48</u> |

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Stephen F. Austin State University
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 Schedule 1A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2023

| Federal Grantor/ Pass-through Grantor/ Program Title | ALN 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 | 869.53 | |
| Nonpoint Source Implementation Grants | 66.460 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas A&M AgriLife Research | | | 556 | 9,962.30 | |
| Totals - Environmental Protection Agency | | | | <u>10,831.83</u> | <u>0.00</u> |
| National Science Foundation | | | | | |
| <u>Direct Progra</u> | | | | | |
| Mathematical and Physical Sciences | 47.049 | | | | |
| STEM Education (formerly Education and Human Resources) | 47.076 | | | | |
| Office of International Science and Engineering | 47.079 | | | | |
| 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 | | | 10,032.60 |
| <u>Direct Programs:</u> | | | | | |
| National Center for Preservation Technology and Training | 15.923 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| State Wildlife Grants | 15.634 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Parks and Wildlife Department | | | 802 | 85,722.90 | |
| Totals - U.S. Department of the Interior | | | | <u>85,722.90</u> | <u>10,032.60</u> |
| U.S. Department of Agriculture | | | | | |
| <u>Direct Programs:</u> | | | | | |
| Cooperative Forestry Research | 10.202 | | | | |
| Forestry Research | 10.652 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Specialty Crop Block Grant Program - Farm Bill | 10.170 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Department of Agriculture | | | 551 | 5,575.92 | |
| <u>Pass-Through To:</u> | | | | | |
| Texas A&M AgriLife Extension Service | | | | | |
| Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA) | 10.326 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Sam Houston State University | | | 753 | 23,517.56 | |
| Totals - U. S. Department of Agriculture | | | | <u>29,093.48</u> | <u>0.00</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 | 28,868.40 | |
| Special Education Grants to States | 84.027A | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas School for the Blind & Visually Impaired | | | 771 | 608,685.06 | |
| Totals - U.S. Department of Education | | | | <u>637,553.46</u> | <u>0.00</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 | | |
| | 869.53 | | | | 869.53 | 869.53 |
| | 9,962.30 | | | | 9,962.30 | 9,962.30 |
| <u>0.00</u> | <u>10,831.83</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>10,831.83</u> | <u>10,831.83</u> |
| 28,197.28 | 28,197.28 | | | 28,197.28 | | 28,197.28 |
| 308,464.55 | 308,464.55 | | | 308,464.55 | | 308,464.55 |
| 41,546.96 | 41,546.96 | | | 41,546.96 | | 41,546.96 |
| <u>378,208.79</u> | <u>378,208.79</u> | <u>0.00</u> | <u>0.00</u> | <u>378,208.79</u> | | <u>378,208.79</u> |
| | 10,032.60 | | | 10,032.60 | | 10,032.60 |
| 12,731.42 | 12,731.42 | | | 12,731.42 | | 12,731.42 |
| | 85,722.90 | | | 85,722.90 | | 85,722.90 |
| <u>12,731.42</u> | <u>108,486.92</u> | <u>0.00</u> | <u>0.00</u> | <u>108,486.92</u> | | <u>108,486.92</u> |
| 520,140.10 | 520,140.10 | | | 520,140.10 | | 520,140.10 |
| 65,653.81 | 65,653.81 | | | 65,653.81 | | 65,653.81 |
| | 5,575.92 | | | 2,871.17 | | 5,575.92 |
| | 555 | 2,704.75 | | | | |
| | 23,517.56 | | | 23,517.56 | | 23,517.56 |
| <u>585,793.91</u> | <u>614,887.39</u> | <u>2,704.75</u> | <u>0.00</u> | <u>612,182.64</u> | | <u>614,887.39</u> |
| | 28,868.40 | | | 28,868.40 | | 28,868.40 |
| | 608,685.06 | | | 608,685.06 | | 608,685.06 |
| <u>0.00</u> | <u>637,553.46</u> | <u>0.00</u> | <u>0.00</u> | <u>637,553.46</u> | | <u>637,553.46</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, 2023

| Federal Grantor/ Pass-through Grantor/ Program Title | ALN Number | NSE Name/ Identifying Number | Pass-through From | | |
|--|---------------|---------------------------------|---------------------|---------------------------------------|---------------------------------|
| | | | Agy/ Univ No. | Agencies or Universities Amount | Non-State Entities Amount |
| <u>Economic Development Cluster</u> | | | | | |
| U.S. Department of Commerce | | | | | |
| <u>Direct Programs:</u> | | | | | |
| Economic Adjustment Assistance | 11.307 | | | | |
| Totals - U.S. Department of Commerce | | | | 0.00 | 0.00 |
| <u>Student Financial Assistance Cluster</u> | | | | | |
| 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) | 84.379 | | | | |
| Totals - U.S. Department of Education | | | | 0.00 | 0.00 |
| Total Expenditures of Federal Awards | | | | \$1,440,005.73 | \$ 13,950.11 |

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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 | | |
| 73,762.16 | 73,762.16 | | | | 73,762.16 | 73,762.16 |
| <u>73,762.16</u> | <u>73,762.16</u> | <u>0.00</u> | <u>0.00</u> | <u>73,762.16</u> | <u>73,762.16</u> | |
| 457,101.00 | 457,101.00 | | | 457,101.00 | 457,101.00 | |
| 514,701.12 | 514,701.12 | | | 514,701.12 | 514,701.12 | |
| 20,100,393.00 | 20,100,393.00 | | | 20,100,393.00 | 20,100,393.00 | |
| 43,817,486.00 | 43,817,486.00 | | | 43,817,486.00 | 43,817,486.00 | |
| 108,024.00 | 108,024.00 | | | 108,024.00 | 108,024.00 | |
| <u>64,997,705.12</u> | <u>64,997,705.12</u> | <u>0.00</u> | <u>0.00</u> | <u>64,997,705.12</u> | <u>64,997,705.12</u> | |
| <u>\$ 66,360,836.87</u> | <u>\$ 67,814,792.71</u> | <u>\$ 2,704.75</u> | <u>\$ 16,815.00</u> | <u>\$ 67,795,272.96</u> | <u>\$ 67,814,792.71</u> | |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 1A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2023

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 | | \$1,891,782.98 | |
| Non-Operating | | <u>20,665,518.00</u> | |
| Total Federal Revenue | | | \$22,557,300.98 |
| Federal Pass-Through Revenue | | | |
| Operating | | <u>1,440,005.73</u> | |
| Total Federal Pass-Through Revenue | | | <u>1,440,005.73</u> |
| Total Federal Revenue and Federal Pass-Through Revenue | | | \$23,997,306.71 |
| 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>43,817,486.00</u> | |
| Total New Loans Processed | | \$43,817,486.00 | |
| Total Reconciliation Items: | | | \$43,817,486.00 |
| Total per Note 2: | | | \$67,814,792.71 |
| Total Pass-Through and Expenditures per Federal Schedule: | | | <u>\$67,814,792.71</u> |
| Difference: | | | \$0.00 |

Note 3a: Student Loans Processed and Administrative Cost Recovered FY2023

| Program Name / CFDA Number | Beginning Balance of Outstanding Loans as of 8/31/22 | 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 8/31/2023 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 (Dir | - | 43,817,486.00 | - | 43,817,486.00 | 43,817,486.00 | - |
| Total Department of Education | \$ 2,338,977.60 | \$ 43,817,486.00 | \$ - | \$ 43,817,486.00 | \$ 46,156,463.60 | \$ - |

* 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 FY2023 - 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 2023, ALN Not applicable. Our agency did not receive FEMA approval this current reporting fiscal year for eligible expenditures incurred in previous reporting fiscal year.

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.

Note 11: Donations from Federal Assistance, FY2023 - Not applicable.

Note 12: Funding Sources within the CCDF Cluster, FY 2023 - Our agency did not receive any fuding with the CCDF Cluster.

Note 13: EHV Program Funding, FY 2023 - Our agency did not receive any Emergency Housing Voucher (EHV) program funding under ALN 14.871.

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, 2023

| Pass Through From: | Grant ID | Agency Number | Amount |
|--|----------|---------------|--------------------------------|
| Fifth Year Accounting Student Scholarship Program | 457.0001 | | \$ 13,400.00 |
| Texas State Board of Pubic Accountancy | | 457 | <u>13,400.00</u> |
| Sabine River Survey Subaward Agreement #M2301648 | 556.0030 | | 4,185.93 |
| Texas A&M AgriLife Research | | 556 | <u>4,185.93</u> |
| Neches River Survey Subaward Agreement #M2301671 | 556.0031 | | 2,111.64 |
| Texas A&M AgriLife Research | | 556 | <u>2,111.64</u> |
| Available School Fund - Per Capita | 701.0007 | | 157,756.00 |
| Texas Education Agency | | 701 | <u>157,756.00</u> |
| Foundation School Program (FSP)-Formula | 701.0015 | | 2,054,423.00 |
| Texas Education Agency | | 701 | <u>2,054,423.00</u> |
| Instructional Materials Allotment | 701.0048 | | 10,674.00 |
| Texas Education Agency | | 701 | <u>10,674.00</u> |
| Additional School Safety - SB500-SC32 | 701.0059 | | 3,961.17 |
| Texas Education Agency | | 701 | <u>3,961.17</u> |
| Silent Panic Alert Technology | 701.0064 | | 1,900.00 |
| Texas Education Agency | | 701 | <u>1,900.00</u> |
| Joint Admission Medical Program (JAMP) | 720.0002 | | 30,990.39 |
| University of Texas System | | 720 | <u>30,990.39</u> |
| Population Assessment Brazos River | 752.0009 | | 26,657.36 |
| University of NorthTexas | | 752 | <u>26,657.36</u> |
| TEXAS Grant Program | 781.0008 | | 9,569,350.00 |
| Texas Higher Education Coordinating Board | | 781 | <u>9,569,350.00</u> |
| Professional Nursing Shortage Reduction Program | 781.0013 | | 65,767.58 |
| Texas Higher Education Coordinating Board | | 781 | <u>65,767.58</u> |
| College Work Study Program | 781.0023 | | 66,838.56 |
| Texas Higher Education Coordinating Board | | 781 | <u>66,838.56</u> |
| Work Study Mentorship Program | 781.0029 | | 17,887.73 |
| Texas Higher Education Coordinating Board | | 781 | <u>17,887.73</u> |
| Developmental Education Program | 781.0040 | | 17,938.26 |
| Texas Higher Education Coordinating Board | | 781 | <u>17,938.26</u> |
| CA-0001069 Repratriation of Illegally Collected Alligator Snapping Turtles (AST) Back Into Texas Waters | 802.0188 | | 19,714.12 |
| Parks and Wildlife Department | | 802 | <u>19,714.12</u> |
| CA-0001660 Texas State Parks Visitor Market Analysis | 802.0197 | | 24,398.21 |
| Parks and Wildlife Department | | 802 | <u>24,398.21</u> |
| CA-0002932 East Texas Adventurers Girls Environmental Science Academy | 802.0211 | | 29,301.14 |
| Parks and Wildlife Department | | 802 | <u>29,301.14</u> |
| Various Projects | 813.0003 | | 3,339.00 |
| Texas Commission on the Arts | | 813 | <u>3,339.00</u> |
| Total Pass-Through From Other Agencies | | | <u><u>\$ 12,120,594.09</u></u> |
| | | | |
| Pass Through To: | Grant ID | Agency Number | Amount |
| Total Pass-Through To Other Agencies | | | <u><u>\$ -</u></u> |

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STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 2A - Miscellaneous Bond Information
 For the Fiscal Year Ended August 31, 2023

| 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 | \$ 22,255,000.00 | 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 | 10/16/2029 |
| | <u>209,610,000.00</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>258,020,000.00</u> | | | | | | |
| Grand Total of Bonds | <u>\$ 258,020,000.00</u> | | | | | | |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2B-Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2023

| <u>Description of Issue</u> | <u>Bonds Outstanding 9/1/22</u> | <u>Bonds Issued</u> | <u>Bonds Matured or Retired</u> | <u>Bonds Refunded or Extinguished</u> | <u>Bonds Outstanding 8/31/23</u> |
|--|-------------------------------------|---------------------|---------------------------------|---|----------------------------------|
| For the Fiscal Year Ended August 31, 2023 | | | | | |
| Revenue Bonds - Self Supporting | | | | | |
| Rev Fin Sys Bonds Ser '13 | \$ 5,060,000.00 | \$ - | \$ 1,605,000.00 | \$ - | \$ 3,455,000.00 |
| Rev Fin Sys Bonds Ser '16 | 44,995,000.00 | - | 3,310,000.00 | - | 41,685,000.00 |
| Rev Fin Sys Bonds Ser '19A | 91,415,000.00 | - | 1,275,000.00 | - | 90,140,000.00 |
| Rev Fin Sys Bonds Ser '19B | 13,985,000.00 | - | 790,000.00 | - | 13,195,000.00 |
| Rev Fin Sys Bonds Ser '20 | 15,935,000.00 | - | 705,000.00 | - | 15,230,000.00 |
| | <u>171,390,000.00</u> | <u>-</u> | <u>7,685,000.00</u> | <u>-</u> | <u>163,705,000.00</u> |
| Revenue Bonds - Direct Placement | | | | | |
| Rev Fin Sys Bonds Ser '15 | 20,275,000.00 | - | 4,920,000.00 | - | 15,355,000.00 |
| | <u>20,275,000.00</u> | <u>-</u> | <u>4,920,000.00</u> | <u>-</u> | <u>15,355,000.00</u> |
| Total Revenue Bonds | <u>191,665,000.00</u> | <u>-</u> | <u>12,605,000.00</u> | <u>-</u> | <u>179,060,000.00</u> |
| Grand Total | <u>\$ 191,665,000.00</u> | <u>\$ -</u> | <u>\$ 12,605,000.00</u> | <u>\$ -</u> | <u>\$ 179,060,000.00</u> |

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STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2B-Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2023

| Description of Issue | Unamortized Premium | Unamortized Discount | Other Adjustments | Net Bonds Outstanding 8/31/23 | Amounts Due Within One Year |
|--|-------------------------|------------------------|-------------------|----------------------------------|--------------------------------|
| For the Fiscal Year Ended August 31, 2023 | | | | | |
| Revenue Bonds - Self Supporting | | | | | |
| Rev Fin Sys Bonds Ser '13 | \$ 172,144.22 | \$ - | \$ - | \$ 3,627,144.22 | \$ 1,804,762.81 |
| Rev Fin Sys Bonds Ser '16 | 4,169,096.28 | - | - | 45,854,096.28 | 4,276,154.93 |
| Rev Fin Sys Bonds Ser '19A | 4,217,702.42 | (167,206.59) | - | 94,190,495.83 | 1,777,790.40 |
| Rev Fin Sys Bonds Ser '19B | - | - | - | 13,195,000.00 | 815,000.00 |
| Rev Fin Sys Bonds Ser '20 | 2,075,575.27 | - | - | 17,305,575.27 | 2,407,808.21 |
| | <u>10,634,518.19</u> | <u>(167,206.59)</u> | <u>-</u> | <u>174,172,311.60</u> | <u>11,081,516.35</u> |
| Revenue Bonds - Direct Placement | | | | | |
| Rev Fin Sys Bonds Ser '15 | - | - | - | 15,355,000.00 | 5,015,000.00 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>15,355,000.00</u> | <u>5,015,000.00</u> |
| Total Revenue Bonds | <u>10,634,518.19</u> | <u>(167,206.59)</u> | <u>-</u> | <u>189,527,311.60</u> | <u>16,096,516.35</u> |
| Grand Total | <u>\$ 10,634,518.19</u> | <u>\$ (167,206.59)</u> | <u>\$ -</u> | <u>\$ 189,527,311.60</u> | <u>\$ 16,096,516.35</u> |

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2023

| Description of Issue | FY | Principal | Interest | Total |
|--|-----------|--------------------------|-------------------------|--------------------------|
| Business-Type Activities | | | | |
| Revenue Bonds - Self Supporting | | | | |
| 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 | 2,275,000.00 | 302,125.00 | 2,577,125.00 |
| Rev Fin Sys Bonds Ser '20 | 2029-2030 | 4,905,000.00 | 248,375.00 | 5,153,375.00 |
| | | <u>15,230,000.00</u> | <u>2,816,500.00</u> | <u>18,046,500.00</u> |
| 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>3,455,000.00</u> | <u>141,531.25</u> | <u>3,596,531.25</u> |
| 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 | 4,270,000.00 | 1,130,750.00 | 5,400,750.00 |
| Rev Fin Sys Bonds Ser '16 | 2029-2033 | 11,975,000.00 | 3,629,925.00 | 15,604,925.00 |
| Rev Fin Sys Bonds Ser '16 | 2034-2037 | 10,390,000.00 | 972,775.00 | 11,362,775.00 |
| | | <u>41,685,000.00</u> | <u>12,236,200.00</u> | <u>53,921,200.00</u> |
| 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 | 1,640,000.00 | 3,654,850.00 | 5,294,850.00 |
| Rev Fin Sys Bonds Ser '19A | 2029-2033 | 9,555,000.00 | 16,922,375.00 | 26,477,375.00 |
| Rev Fin Sys Bonds Ser '19A | 2034-2038 | 14,925,000.00 | 14,292,300.00 | 29,217,300.00 |
| Rev Fin Sys Bonds Ser '19A | 2039-2043 | 23,000,000.00 | 10,009,650.00 | 33,009,650.00 |
| Rev Fin Sys Bonds Ser '19A | 2044-2048 | 28,740,000.00 | 4,261,000.00 | 33,001,000.00 |
| Rev Fin Sys Bonds Ser '19A | 2049 | 6,475,000.00 | 129,500.00 | 6,604,500.00 |
| | | <u>90,140,000.00</u> | <u>64,651,700.00</u> | <u>154,791,700.00</u> |
| 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 | 935,000.00 | 370,513.13 | 1,305,513.13 |
| Rev Fin Sys Bonds Ser '19B | 2029-2033 | 5,255,000.00 | 1,275,347.57 | 6,530,347.57 |
| Rev Fin Sys Bonds Ser '19B | 2034-2036 | 3,575,000.00 | 222,519.00 | 3,797,519.00 |
| | | <u>13,195,000.00</u> | <u>3,658,880.00</u> | <u>16,853,880.00</u> |
| Total Revenue Bonds - Self Supporting | | <u>\$ 163,705,000.00</u> | <u>\$ 83,504,811.25</u> | <u>\$ 247,209,811.25</u> |

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2023

| <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 | 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>15,355,000.00</u> | <u>467,073.75</u> | <u>15,822,073.75</u> |
| Total Revenue Bonds - Direct Placement | | <u>15,355,000.00</u> | <u>467,073.75</u> | <u>15,822,073.75</u> |
| Total Revenue Bonds | | <u>179,060,000.00</u> | <u>83,971,885.00</u> | <u>263,031,885.00</u> |
| Total Debt Service | | <u>\$ 179,060,000.00</u> | <u>\$ 83,971,885.00</u> | <u>\$ 263,031,885.00</u> |

UNAUDITED

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, 2023

| Description of Issue | Application of Funds | | Accrual Basis |
|--|----------------------|---------------|---------------|
| | 2023 Principal | 2023 Interest | Int Exp |
| | \$ - | \$ - | \$ - |
| General Obligation Bonds - Not Self-Supporting | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

UNAUDITED

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, 2023

| Description of Issue | Net Available for Debt Service | | Debt Service | | Accrual Basis | |
|---|---------------------------------|---------------------------------------|-------------------------|------------------------|------------------------|----------------------|
| | Total Pledged and Other Sources | Operating Expenses and Capital Outlay | 2023 Principal | 2023 Interest | Interest Expense | Interest Capitalized |
| Business-Type Activities | | | | | | |
| Revenue Bonds - Self Supporting | | | | | | |
| Rev Fin Sys Bonds Ser '13 | * | * | \$ 1,605,000.00 | \$ 190,812.50 | \$ 160,718.75 | \$ - |
| Rev Fin Sys Bonds Ser '16 | * | * | 3,310,000.00 | 2,072,750.00 | 2,010,687.48 | - |
| Rev Fin Sys Bonds Ser '19A | * | * | 1,275,000.00 | 4,017,975.00 | 3,994,068.76 | - |
| Rev Fin Sys Bonds Ser '19B | * | * | 790,000.00 | 514,537.35 | 505,528.41 | - |
| Rev Fin Sys Bonds Ser '20 | * | * | 705,000.00 | 779,125.00 | 765,906.25 | - |
| Revenue Bonds - Direct Placement | | | | | | |
| Rev Fin Sys Bonds Ser '15 | * | * | 4,920,000.00 | 358,081.50 | 320,996.97 | - |
| | | | <u>\$ 12,605,000.00</u> | <u>\$ 7,933,281.35</u> | <u>\$ 7,757,906.62</u> | <u>\$ -</u> |

Analysis of Pledged and Other Sources:

Pledged Sources:

| | |
|--------------------|-----------------------|
| Tuition and Fees | \$ 111,760,232.74 |
| Sales and Services | 38,340,561.06 |
| Other Sources | 5,536,103.06 |
| Total Revenues | <u>155,636,896.86</u> |

Unrestricted Net Position (106,183,480.69)

Add back balances for GASB 68 & 75, TRS

Pension Liability and ERS OPEB Liability:

| | |
|---|-------------------------|
| Pension Liability | 42,493,464.00 |
| Deferred Outflows - Pension | (19,517,253.00) |
| Deferred Inflows - Pension | 12,996,578.00 |
| OPEB Liability | 128,163,253.84 |
| Deferred Outflows - OPEB | (26,321,335.00) |
| Deferred Inflows - OPEB | 51,099,528.00 |
| Total Net Position available for Pledge | <u>\$ 82,730,755.15</u> |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2023

| <u>Description of Issue</u> | <u>Year Refunded</u> | <u>Par Value Outstanding</u> |
|-----------------------------|----------------------|------------------------------|
| N/A | | |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2F - Current Year Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2023

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

N/A

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 3 - Reconciliation of Cash in State Treasury
For the Fiscal Year Ended August 31, 2023

| Cash in State Treasury | <u>Unrestricted</u> | <u>Restricted</u> | <u>Current Year Total</u> |
|---|--------------------------------------|------------------------------|--------------------------------------|
| Special Mineral Fund 0241 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Local Revenue Fund 0261 | 3,463,223.31 | 0.00 | 3,463,223.31 |
| Coronavirus Relief Fund | 3,433.97 | 0.00 | 3,433.97 |
| Total Cash in State Treasury (Statement of Net Position) | <u><u>\$ 3,466,657.28</u></u> | <u><u>\$ 0.00</u></u> | <u><u>\$ 3,466,657.28</u></u> |

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renovation 2023

