



ANNUAL FINANCIAL REPORT

for the fiscal year ended August 31, 2021
for

TEXAS STATE UNIVERSITY

**TEXAS STATE UNIVERSITY
HAS BEEN RANKED 1ST IN TEXAS,
9TH IN THE U.S., AND 87TH
WORLDWIDE FOR SOCIAL IMPACT.**

Times Higher Education University Impact Rankings



ABOUT TEXAS STATE UNIVERSITY

Though our name has changed through the years, our commitment to Texas and exceptional education has not. Since 1899, Texas State University, the flagship institution of the Texas State University System, has been at the forefront of what is next in the region, state, and nation. A doctorate-granting, Emerging Research Institution, we are home to 38,000 undergraduate and graduate students who are making the next big discoveries and solving global challenges. With 98 bachelor's, 91 master's, and 14 doctoral programs, our promising students have the ability to study what they are most passionate about. Texas State is also the largest employer in the Greater San Marcos region, employing nearly 4,000 full-time faculty and staff members.



A historical map of Texas and surrounding regions, including parts of Oklahoma, Kansas, and New Mexico. The map shows various cities, rivers, and geographical features. Notable locations include Wichita Falls, Seymour, Henrietta, Bowie, Gainey, Ft. Worth, Weatherford, Cisco, Cleburne, Brownwood, Morgan, Waco, Temple, Cameron, Austin, San Marcos, Smithville, San Antonio, Victoria, Cotulla, Beeville, Alice, Corpus Christi, Rio Grande City, Point, Monterey, and Trevino. The Red River is shown flowing through the northern part of the state, and the Rio Grande is shown forming the border with Mexico. The map is titled "ESTACADO" and "STAKED PLAIN".

WE ARE IN TEXAS, FOR TEXAS, AND BEYOND TEXAS

96% | of our 38,000 students are from Texas.

89% | of our 214,000+ alumni live in Texas.

80% | of TXST grads are working or pursuing advanced degrees in Texas one year after graduation.

**OVER \$2
BILLION** | economic impact of Texas State
on the State of Texas.
(THE ECONOMIC IMPACT OF TEXAS STATE UNIVERSITY, 2021)

**16,000
JOBS** | employment impact across the state
(THE ECONOMIC IMPACT OF TEXAS STATE UNIVERSITY, 2021)

MESSAGE FROM THE PRESIDENT

It has been an honor to oversee the financial well-being of Texas State University over the past two decades, as our annual budget has gone from \$196 million to \$750 million. As I prepare to retire in May of 2022, I am pleased to present what will be the last Annual Financial Report of my tenure as President of this great institution. I believe you will find that the results contained herein demonstrate the continued financial strength of Texas State. This year, the university's achievements reflect an institution dedicated to student success, world-class research, and a culture of excellence rich in diversity, as characterized by our celebration this year of our tenth anniversary as a Hispanic-Serving Institution. Our distinguished and dedicated faculty and staff make Texas State one of the top public universities in Texas, and our 37,910 primarily traditional students make us one of the largest universities in the nation.

Our faculty take seriously the responsibility of nurturing students and cultivating character. We value inclusion, ethical behavior, honesty, integrity, diligence, courage, compassion, fairness, civility, and respect. Our extensive list of distinguished alumni includes captains of industry, generals of the armed forces, creative geniuses, ambassadors, legislators, and the only President of the United States to graduate from a university in Texas. These alumni stand as testimony to the university's proud legacy, and the list of 215,000 Texas State alumni continues to grow with each passing year.

Although the global coronavirus pandemic impacted our streak of seven consecutive years of record freshman enrollment, we returned to form this fall. In Fall 2021, Texas State enrolled the largest freshman class in our history, approximately 6,700, and welcomed the largest number of new students altogether, over 11,000, of any semester in our history. We also continue to produce over 8,000 graduates annually. Those graduates go into the world with the



Dr. Denise M. Trauth

added good fortune of having been a part of a university with a rising national profile. Our excellence in research is reflected in the quality and growth of our master's and doctoral programs and our total research expenditures, which grew from less than \$5 million when I came to Texas State to more than \$70 million this year.

It is not a coincidence that our research activities have increased substantially, that philanthropic giving continues to be substantive, that freshmen enrollment continues to be strong, that we are adding degree programs in high-demand disciplines, and that Texas State continues to be recognized for our accomplishments. Rather, we are reaping what we have sown through a very deliberate planning process and a lot of hard work from every corner of the university. I am proud of our world-class academic community, and I invite you to study this document and learn more about Texas State University.

Sincerely,
Denise M. Trauth
President

VICE PRESIDENT FOR FINANCE AND SUPPORT SERVICES

Having lived with the global COVID-19 pandemic for the entirety of fiscal year 2021, Texas State University has weathered the financial, academic, and personal challenges and continues to thrive on many fronts. This Annual Financial Report is a testament to our continued financial strength. Despite global financial challenges, the university's net position grew again this year, increasing by more than \$57 million and topping \$1.6 billion for the first time. This performance was not by accident. Rather, it happened thanks to strong leadership and careful planning.

The university's current unrestricted cash and equivalents went up \$93 million this year and the university's combined endowments stand just below \$300 million, an increase of nearly 50 percent in just the past few years. Financially sound as we are, however, we understand that the true measure of a university's strength comes from the stature of our academic programs, the measure of the knowledge we create and impart, and from our people. Texas State is strong on all those fronts.

Students continue to want to be at Texas State. This is evidenced by the record-breaking addition of over 11,000 new students this fall. We are especially proud of the fact that Texas State's student body demographics mirror those of the state of Texas itself in terms of diversity across every conceivable measure. Our students find a welcoming home here from across Texas, every state in the country, and dozens of countries around the world. Texas State University is a minority-majority institution and, as such, is well-positioned to prepare our students for the future of Texas and the nation.

Measures of our academic strength also continue to improve with strong retention and graduation rates, our recent admission into the elite Association of Research Libraries, and our continuing ability to attract some of the best and brightest students in the country to be Bobcats each year.

From the groundbreaking of the first building at Texas State in 1899, our beloved Old Main in San Marcos, to our first building at our Round Rock Campus, Avery Hall, to the cutting-edge laboratories, galleries, and innovation zones that we are designing and building today, our facilities make a statement about who we are as a university and who we intend to be in the future.

Even against the backdrop of increased hybrid and online teaching and learning opportunities made clear due to the pandemic, Texas State is currently beginning to plan for the construction of our next two academic buildings which will bring over 300,000 much needed additional square feet to our computer science, mathematics, and health professions programs. We are also planning the construction of our largest-ever residence hall complex on the San Marcos Campus.

While the COVID-19 pandemic will have ramifications for higher education for many years to come, Texas State University will continue to find innovative ways to serve our students and boldly fulfill our mission. We continue to be financially sound, growing in stature and quality, and garnering greater national recognition through careful planning and management.



Mr. Eric Algoe



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STAIR 4
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TEXAS STATE
UNIVERSITY
The Rising STAR of Texas



THE TEXAS STATE UNIVERSITY SYSTEM BOARD OF REGENTS

Name	Member's City (Texas)	Term Expires
Charlie Amato, Chairman	San Antonio	2025
Duke Austin, First Vice Chairman	Houston	2023
Garry Crain, Second Vice Chairman	The Hills	2023
Sheila Faske	Rose City	2027
Dionicio (Don) Flores	El Paso	2025
Nicki Harle	Baird	2023
Stephen Lee	Beaumont	2027
William F. Scott	Nederland	2025
Alan L. Tinsley	Madisonville	2027
Camile Settegast, Student Regent	Horseshoe Bay	2022

THE TEXAS STATE UNIVERSITY SYSTEM - SENIOR ADMINISTRATIVE OFFICIALS

Brian McCall, Ph.D.	Chancellor
Mr. Daniel Harper	Vice Chancellor for Finance

UNIVERSITY ADMINISTRATION - KEY OFFICERS

Dr. Denise M. Trauth	President
Dr. Eugene J. Bourgeois	Provost and Vice President for Academic Affairs
Mr. Eric Algoe	Vice President for Finance and Support Services
Dr. Barbara Breier	Vice President for University Advancement
Mr. Ken Pierce	Vice President for Information Technology
Dr. Cynthia L. Hernandez	Vice President for Student Affairs
Mr. Don Coryell	Director, Department of Athletics
Dr. Lisa Lloyd	Vice President for University Administration
Dr. Tahir Ekin	Presidential Fellow
Dr. Stella Silva	Assistant Vice President for Institutional Inclusive Excellence-Faculty and Staff Initiatives
	Interim Chief Diversity Officer
Mr. Darryl J. Borgonah	Associate Vice President for Financial Services

OUR STUDENTS ARE MORE THAN JUST NUMBERS

Our students are more than just students. They are the future of this great state. What they accomplish here will echo across Texas for decades. That's why we believe in providing every single student access to an outstanding college education.

36% of undergraduates received a Pell grant in 2019, the fourth highest among Texas public universities.

40% of our students are Hispanic. Texas State became a Hispanic-Serving Institution in 2011.

44% of TXST undergraduates are first-generation students.

56% of our students identify as minorities, reflecting the diversity of Texas.

69% of Texas State seniors work while enrolled.





82%

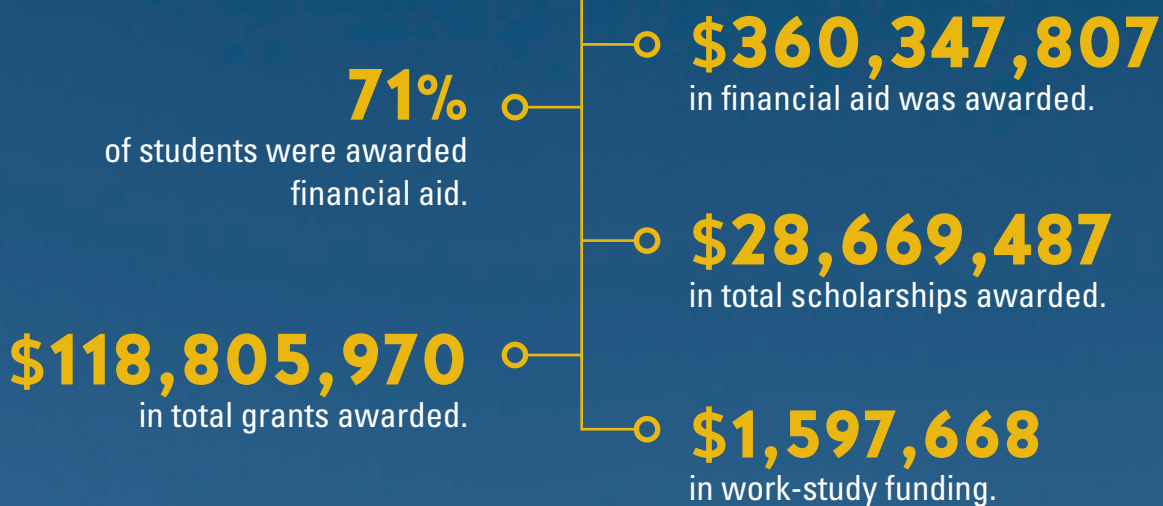
**OF SENIORS
WOULD ATTEND
TXST AGAIN IF
THEY COULD
START OVER.**

2021 National Survey of Student Engagement

REMOVING FINANCIAL OBSTACLES TO EDUCATION

Financial aid is critical to the success of students. Scholarships, grants, work-study funding, and all other means of financial support help to ensure that students not only can afford higher education, regardless of economic background, but can also focus on completing their degree.

IN FISCAL YEAR 2021



EXPANDING OUR SUPPORT PROGRAMS

Texas State continues to support our students through the COVID-19 pandemic, which created an even greater financial need among them. Our Bobcat Cares program helps students pay for tuition, housing, food, books, and other necessities, and we plan to award an additional \$7 million in spring 2022. We've also expanded our tuition-free Bobcat Promise program to families with adjusted gross incomes that do not exceed \$50,000 annually, and we tripled our merit-based scholarship awards from \$5.4 million to \$15.9 million.

**\$15.9
MILLION**

TEXAS STATE TRIPLED
THE MERIT-BASED
SCHOLARSHIP PROGRAM.

1,733

FIRST-YEAR STUDENTS
ENROLLED IN
BOBCAT PROMISE.

**\$70.8
MILLION**

AWARDED TO STUDENTS
THROUGH 34,726
BOBCAT CARES GRANTS
IN 2020 AND 2021

DEVELOPING PASSIONATE AND EXCEPTIONAL GRADUATES

From business to health, fine arts to STEM, and all forms of knowledge in between, our 10 colleges are devoted to research, creativity, discovery, and developing world-class citizens.

Our **81%** graduation rate for master's students in 2020 is **3rd** among the eight Emerging Research Universities.

8,917
degrees awarded
in 2021.

Ranked **13th**
among U.S. universities in
bachelor's degrees awarded
to Hispanic students.

No.1 university
in Texas for helping at-risk students graduate
according to THECB three-year average data.





Princeton Review named **TXST ONE OF THE NATION'S BEST INSTITUTIONS** for students to earn their degrees.

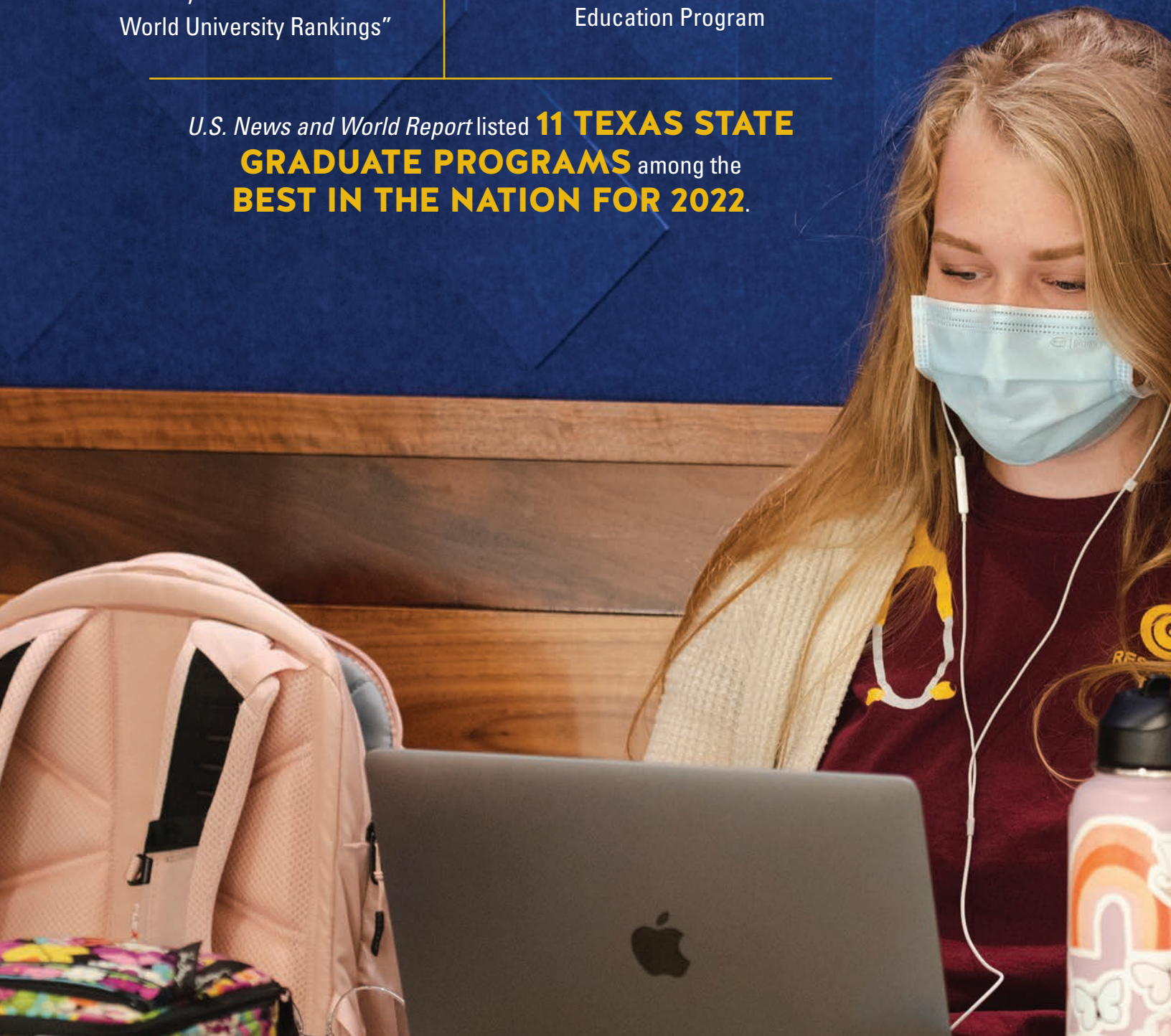
TOP 6.3%

of universities worldwide in the
"GLOBAL 2000 LIST"
by the Center for
World University Rankings"

GOLD AWARD

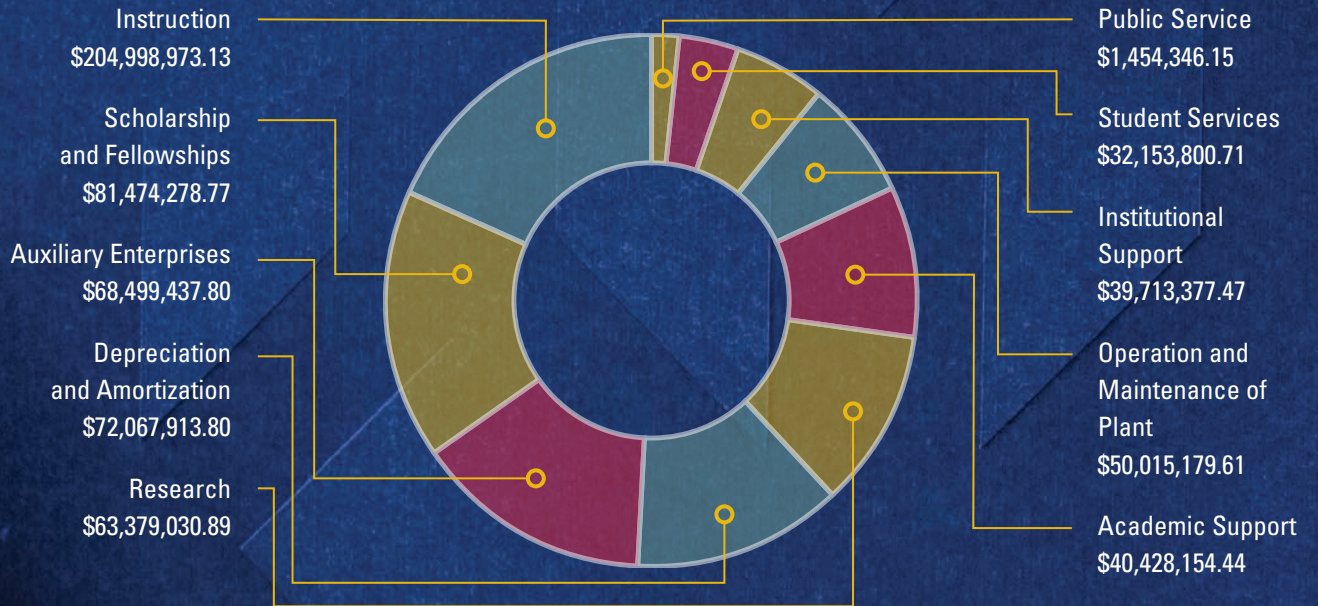
2021 Veteran Education Excellence
Recognition Award from the Texas
Veterans Commission's Veterans
Education Program

U.S. News and World Report listed **11 TEXAS STATE
GRADUATE PROGRAMS** among the
BEST IN THE NATION FOR 2022.



THE VALUE OF EDUCATION

Texas State University is efficient in the use of funds with a primary focus on instruction.



TEXAS STATE UNIVERSITY

Statement of Net Position as of August 31, 2021 with Comparative Data for August 31, 2020

	Enterprise Funds	
	2021	2020
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Unrestricted Cash and Cash Equivalents:		
Cash on Hand	\$ 40,551.44	\$ 37,984.26
Cash in Bank (Note 3)	5,408,678.76	5,533,760.57
Cash in Transit/Reimbursement from Treasury	82,363.47	277,995.96
Cash in State Treasury	26,415,839.02	20,060,876.04
Cash Equivalents (Note 3)	323,353,418.40	294,834,188.26
Restricted Cash and Cash Equivalents:		
Cash in Bank (Note 3)	850,291.59	4,673.71
Cash in State Treasury	1,501,217.03	-
Cash Equivalents (Note 3)	6,872,654.38	18,923,463.77
Legislative Appropriations	82,301,088.48	66,511,954.61
Net Receivables (Note 1)		
Federal	19,538,475.45	8,206,667.13
State and Other Grants	2,789,536.85	1,649,172.10
Interest and Dividends		11,207.35
Student Accounts	58,074,792.39	54,948,919.80
Gifts Receivable - Pledges	1,085,658.15	2,063,691.60
Other	1,014,743.27	1,466,747.89
Due From Other Agencies (Note 8)	2,425,998.23	2,602,543.85
Consumable Inventories	883,027.35	852,602.39
Merchandise Inventories	121,665.07	166,878.98
Prepaid Items	43,641,271.57	41,182,713.64
Loans and Contracts	2,611,827.41	3,044,578.86
Total Current Assets	<u>\$ 579,013,098.31</u>	<u>\$ 522,380,620.77</u>
Non-Current Assets:		
Restricted:		
Gifts Receivable - Pledges	\$ 1,559,626.81	\$ 839,577.55
Investments (Note 3)	52,495,063.95	43,590,947.50
Loans and Contracts	132,611.84	143,900.28
Investments (Note 3)	283,532,641.96	238,152,047.10
Capital Assets, Non-Depreciable (Note 2)	86,338,098.22	105,936,937.75
Capital Assets, Net of Accumulated Depreciation (Note 2)	972,706,993.54	985,195,485.23
Intangible Assets, Net of Accumulated Amortization (Note 2)	357,825.93	486,251.09
Total Non-Current Assets	<u>\$ 1,397,122,862.25</u>	<u>\$ 1,374,345,146.50</u>
Total Assets	<u>\$ 1,976,135,960.56</u>	<u>\$ 1,896,725,767.27</u>
DEFERRED OUTFLOWS		
Derivative Hedging Instrument Assets	\$ -	\$ -
Deferred Outflows of Resources	-	-
Total Deferred Outflows	<u>\$ -</u>	<u>\$ -</u>
Total Assets and Deferred Outflows	<u>\$ 1,976,135,960.56</u>	<u>\$ 1,896,725,767.27</u>

	Enterprise Funds	
	2021	2020
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable	\$ 57,100,953.48	\$ 50,530,005.14
Accrued Payroll	15,667,759.21	19,233,097.18
Unearned Revenues	232,144,725.32	214,537,879.37
Due to Other Agencies (Note 8)	1,710,267.40	321,489.59
Employees' Compensable Leave (Note 4)	7,835,494.78	8,078,392.53
Other Current Liabilities	47,183.17	45,096.91
Total Current Liabilities	<u>\$ 314,506,383.36</u>	<u>\$ 292,745,960.72</u>
Non-Current Liabilities:		
Employees' Compensable Leave (Note 4)	\$ 5,724,409.97	\$ 5,559,074.66
Total Non-Current Liabilities	<u>\$ 5,724,409.97</u>	<u>\$ 5,559,074.66</u>
Total Liabilities	<u>\$ 320,230,793.33</u>	<u>\$ 298,305,035.38</u>
DEFERRED INFLOWS		
Derivative Hedging Instrument Liabilities	\$ -	\$ -
Deferred Inflows of Resources	-	-
Total Deferred Inflows	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities and Deferred Inflows	<u>\$ 320,230,793.33</u>	<u>\$ 298,305,035.38</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 1,059,402,917.69	\$ 1,091,618,674.07
Restricted for:		
Capital Projects	5,045,000.86	16,729,518.76
Funds Held as Permanent Investments:		
Non-Expendable	21,553,196.16	21,275,174.05
Expendable (Note 13)	31,507,584.07	22,835,664.06
Other	19,286,871.06	20,989,542.50
Unrestricted	519,109,597.39	424,972,158.45
Total Net Position	<u>\$ 1,655,905,167.23</u>	<u>\$ 1,598,420,731.89</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

TEXAS STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

for the Fiscal Year ended August 31, 2021 with Comparative Data for August 31, 2020

	Enterprise Funds	
	2021	2020
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees	\$ 405,346,884.71	\$ 401,436,802.36
Discounts and Allowances (Note 1)	(119,664,877.42)	(115,477,826.84)
Auxiliary Enterprises	69,893,224.29	82,836,513.19
Other Sales of Goods and Services	11,959,446.49	14,142,418.49
Federal Revenue-Operating	35,233,405.97	30,835,242.58
Federal Pass Through Revenue	9,460,349.34	3,172,571.92
State Grant Revenue	2,333,919.53	660,089.31
State Grant Pass Through Revenue	28,690,569.69	34,516,458.60
Other Grants & Contracts	4,614,434.15	6,013,002.89
Other Operating Revenue	565,427.05	749,575.59
Total Operating Revenues	<u>\$ 448,432,783.80</u>	<u>\$ 458,884,848.09</u>
OPERATING EXPENSES		
Instruction	\$ 204,998,973.13	\$ 214,779,267.78
Research	63,379,030.89	61,022,597.31
Public Service	1,454,346.15	2,269,053.48
Academic Support	40,428,154.44	54,126,434.66
Student Services	32,153,800.71	36,719,885.57
Institutional Support	39,713,377.47	40,555,630.93
Operation and Maintenance of Plant	50,015,179.61	44,058,293.35
Scholarship and Fellowships	81,474,278.77	91,046,797.88
Auxiliary Enterprises	68,499,437.80	70,357,499.34
Depreciation and Amortization	72,067,913.80	67,665,347.17
Total Operating Expenses	<u>\$ 654,184,492.77</u>	<u>\$ 682,600,807.47</u>
Operating Income (Loss)	<u>\$ (205,751,708.97)</u>	<u>\$ (223,715,959.38)</u>
NONOPERATING REVENUES (EXPENSES)		
Legislative Revenue	\$ 110,620,511.00	\$ 120,815,161.00
Additional Appropriations	27,391,332.38	29,188,563.40
Federal Grant - Non Exchange	97,966,656.61	92,054,039.31
State Pass Through - Non Exchange	200,000.00	3,549,162.00
Gifts, Pledges, and Donations	10,042,687.22	11,075,756.78
Investment Income	22,445,952.61	12,339,656.31
Net Increase (Decrease) in Fair Value of Investments	19,039,213.11	9,540,699.30
Gain (Loss) on Sales of Capital Assets	301,846.11	(211,752.22)
Other Nonoperating Revenues	1,989,259.42	3,056,836.73
Other Nonoperating Expenses	(526,852.53)	(310,109.90)
Total Nonoperating Revenues (Expenses)	<u>\$ 289,470,605.93</u>	<u>\$ 281,098,012.71</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	<u>\$ 83,718,896.96</u>	<u>\$ 57,382,053.33</u>

	Enterprise Funds	
	2021	2020
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS		
HEF Appropriation Revenue	\$ 37,606,478.00	\$ 37,162,755.00
Additions to Permanent and Term Endowments	239,538.87	195,553.29
Transfers From Other Governmental Agencies (Note 8)	308,426.64	34,144,503.37
Transfers To Other Governmental Agencies (Note 8)	(43,211,298.97)	(44,950,954.99)
Legislative Transfers-In (Note 8)	1,166,184.00	1,389,375.00
Legislative Transfers-Out (Note 8)	(22,343,790.16)	(22,452,402.24)
Total Other Revenues, Expenses, Gains/Losses and Transfers	<u>\$ (26,234,461.62)</u>	<u>\$ 5,488,829.43</u>
 Change in Net Position	 \$ 57,484,435.34	 \$ 62,870,882.76
 Net Position, September 1	 \$ 1,598,420,731.89	 \$ 1,535,549,849.13
Restatements	-	-
Net Position, September 1, as Restated	<u>\$ 1,598,420,731.89</u>	<u>\$ 1,535,549,849.13</u>
Net Position, August 31	<u><u>\$ 1,655,905,167.23</u></u>	<u><u>\$ 1,598,420,731.89</u></u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

TEXAS STATE UNIVERSITY

Matrix of Operating Expenses Reported by Function for the fiscal year ended August 31, 2021 with Comparative Data for August 31, 2020

Enterprise Funds					
For the Fiscal Year Ended August 31, 2021					
Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	148,761,027.42	33,941,665.58	469,691.92	24,310,906.04	18,503,502.01
Payroll Related Costs	45,857,312.40	8,553,466.10	363,090.03	6,906,094.19	5,472,972.66
Professional Fees and Services	3,768,203.76	12,873,733.07	278,775.50	1,443,471.75	4,687,804.09
Federal Grant Pass-Through Expense	-	772,596.43	-	-	-
Travel	129,040.10	640,251.70	20,044.14	20,997.48	19,940.81
Materials and Supplies	5,387,914.16	4,637,270.87	213,080.58	6,840,600.50	2,519,587.76
Communication and Utilities	78,259.58	153,895.82	768.95	60,554.12	60,461.71
Repairs and Maintenance	257,024.07	210,644.47	18,841.16	586,853.25	337,280.42
Rentals and Leases	147,231.03	555,954.48	83,478.66	46,247.65	53,760.74
Printing and Reproduction	490,435.58	437,215.35	5,867.98	175,860.99	455,934.08
Depreciation and Amortization	-	-	-	-	-
Interest	7.26	305.78	0.08	115.65	1.88
Scholarships	-	-	-	-	-
Claims and Judgments	-	-	-	-	-
Other Operating Expenses	122,517.77	602,031.24	707.15	36,452.82	42,554.55
Total Operating Expenses	\$ 204,998,973.13	\$ 63,379,030.89	\$ 1,454,346.15	\$ 40,428,154.44	\$ 32,153,800.71

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprise Expenditures	Depreciation and Amortization	Total Expenses
\$ -	\$ -	\$ -	\$ 2,332,111.15	\$ -	\$ 2,332,111.15
25,930,227.79	13,749,155.15	-	17,405,079.58	-	283,071,255.49
7,685,215.20	5,007,455.91	-	5,450,643.54	-	85,296,250.03
2,246,004.59	6,187,173.02	-	10,628,139.57	-	42,113,305.35
-	-	-	-	-	772,596.43
48,861.34	1,657.52	-	2,474,901.72	-	3,355,694.81
2,555,196.80	10,042,462.88	-	18,586,958.68	-	50,783,072.23
259,829.66	13,025,585.92	-	8,800,854.02	-	22,440,209.78
471,873.61	1,928,654.67	-	2,153,440.70	-	5,964,612.35
179,080.76	16,112.35	-	484,820.99	-	1,566,686.66
227,870.18	55,325.14	-	175,078.05	-	2,023,587.35
-	-	-	-	72,067,913.80	72,067,913.80
8,963.94	1,597.05	-	3.13	-	10,994.77
-	-	81,474,278.77	-	-	81,474,278.77
81,463.16	-	-	2,924.76	-	84,387.92
18,790.44	-	-	4,481.91	-	827,535.88
\$ 39,713,377.47	\$ 50,015,179.61	\$ 81,474,278.77	\$ 68,499,437.80	\$ 72,067,913.80	\$ 654,184,492.77

(to next page)

TEXAS STATE UNIVERSITY

Matrix of Operating Expenses Reported by Function for the fiscal year ended August 31, 2021 with Comparative Data for August 31, 2020

Operating Expenses	Enterprise Funds				
	For the Fiscal Year Ended August 31, 2020				
	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	154,378,751.53	31,558,477.70	824,149.09	31,106,212.25	19,856,724.17
Payroll Related Costs	46,069,320.72	7,663,658.42	415,783.18	8,395,212.31	5,989,993.94
Professional Fees and Services	3,093,411.52	11,863,067.36	439,723.92	2,863,019.31	5,050,387.78
Federal Grant Pass-Through Expense	-	856,155.92	-	-	-
State Grant Pass-Through Expense	-	2,756.34	-	-	-
Travel	1,103,424.28	1,924,179.15	74,725.64	365,058.31	427,111.93
Materials and Supplies	7,200,809.71	4,934,181.75	340,198.55	9,372,677.46	3,666,761.10
Communication and Utilities	99,399.79	89,871.40	2,886.11	123,777.86	118,795.02
Repairs and Maintenance	544,775.76	369,776.57	31,755.13	1,285,736.66	541,556.70
Rentals and Leases	181,866.82	483,966.11	93,933.84	26,799.73	114,630.03
Printing and Reproduction	545,831.07	395,815.38	32,791.45	245,005.36	576,173.33
Depreciation and Amortization	-	-	-	-	-
Interest	58.60	1,152.70	0.57	27.45	8.45
Scholarships	-	-	-	-	-
Claims and Judgments	1,465,793.59	442,863.69	8,734.47	285,707.24	347,188.59
Other Operating Expenses	95,824.39	436,674.82	4,371.53	57,200.72	30,554.53
Total Operating Expenses	\$ 214,779,267.78	\$ 61,022,597.31	\$ 2,269,053.48	\$ 54,126,434.66	\$ 36,719,885.57

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprise Expenditures	Depreciation and Amortization	Total Expenses
\$ -	\$ -	\$ -	\$ 336,223.09	\$ -	\$ 336,223.09
26,075,568.19	15,026,636.35	-	18,255,610.75	-	297,082,130.03
7,830,447.91	5,515,689.53	-	5,777,833.28	-	87,657,939.29
2,353,877.18	4,366,641.50	-	10,353,704.47	-	40,383,833.04
-	-	-	-	-	856,155.92
-	-	-	-	-	2,756.34
285,397.55	35,181.86	-	2,425,752.19	-	6,640,830.91
1,632,239.29	3,566,036.98	-	21,556,541.18	-	52,269,446.02
14,586.38	13,244,889.46	-	7,655,807.32	-	21,350,013.34
1,087,496.23	1,767,340.02	-	2,875,719.15	-	8,504,156.22
63,429.69	69,166.06	-	388,846.59	-	1,422,638.87
291,564.61	68,939.84	-	246,386.87	-	2,402,507.91
-	-	-	-	67,665,347.17	67,665,347.17
16,652.78	1,914.88	-	18.92	-	19,834.35
-	-	91,046,797.88	-	-	91,046,797.88
855,308.96	395,856.87	-	465,536.07	-	4,266,989.48
49,062.16	-	-	19,519.46	-	693,207.61
\$ 40,555,630.93	\$ 44,058,293.35	\$ 91,046,797.88	\$ 70,357,499.34	\$ 67,665,347.17	\$ 682,600,807.47

TEXAS STATE UNIVERSITY

Statement of Cash Flows for the fiscal year ended August 31, 2021 with Comparative Data for August 31, 2020

	Enterprise Funds	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 12,046,114.70	\$ 14,117,821.10
Proceeds from Tuition and Fees	293,091,854.77	279,460,944.73
Proceeds from Research Grants and Contracts	70,285,849.02	75,000,261.61
Proceeds from Loan Programs	6,536,343.86	7,230,713.73
Proceeds from Auxiliaries	75,490,315.21	79,125,051.12
Proceeds from Other Operating Revenues	592,496.42	1,421,169.41
Payments to Suppliers for Goods and Services	(127,067,151.86)	(132,151,054.45)
Payments to Employees for Salaries	(281,225,087.47)	(289,841,105.19)
Payments to Employees for Benefits	(65,909,237.25)	(61,860,936.13)
Payments for Loans Provided	(5,156,532.50)	(6,922,705.70)
Payments for Other Expenses	(86,313,758.33)	(92,763,352.66)
Net Cash Provided (Used) by Operating Activities	\$ (107,628,793.43)	\$ (127,183,192.43)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	\$ 103,843,059.28	\$ 125,567,503.81
Proceeds from Gifts	9,386,966.33	12,014,297.82
Proceeds of Transfers from Other Funds	1,166,184.00	35,533,878.37
Proceeds from Grant Receipts	103,533,179.61	95,810,078.21
Proceeds from Other Noncapital Financing Activities	1,967,759.42	3,057,833.55
Payments for Other Noncapital Financing Uses	(5,346,266.13)	(8,346,974.71)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 214,550,882.51	\$ 263,636,617.05
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	\$ 308,426.64	\$ (270,766.94)
Proceeds from Other Financing Activities	37,606,478.00	37,162,755.00
Payments for Additions to Capital Assets	(42,213,535.95)	(83,751,556.84)
Payments of Principal on Debt Issuance	(39,621,392.50)	(46,359,214.43)
Payments of Interest on Debt Issuance	(20,846,941.63)	(15,274,943.80)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (64,766,965.44)	\$ (108,493,727.01)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	\$ 271,106,445.60	\$ 96,866,797.18
Proceeds from Investment Income	24,129,200.19	12,762,841.32
Payments to Acquire Investments	(312,538,697.91)	(53,015,101.53)
Net Cash Provided (Used) by Investing Activities	\$ (17,303,052.12)	\$ 56,614,536.97
Increase (Decrease) in Cash and Cash Equivalents	\$ 24,852,071.52	\$ 84,574,234.58
Cash and Cash Equivalents, September 1	\$ 339,672,942.57	\$ 255,098,707.99
Restatement to Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, as Restated	339,672,942.57	255,098,707.99
Cash and Cash Equivalents, August 31	\$ 364,525,014.09	\$ 339,672,942.57

	Enterprise Funds	
	2021	2020
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (205,751,708.97)	\$ (223,715,959.38)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Amortization and Depreciation	\$ 72,067,913.80	\$ 67,665,347.17
Operating Income and Cash Flow Categories:		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	\$ (15,695,004.65)	\$ (4,778,533.11)
(Increase) Decrease in Due from Other Agencies	176,545.62	284,685.56
(Increase) Decrease in Inventories	14,788.95	(11,007.00)
(Increase) Decrease in Prepaid Expenses	(2,063,280.78)	2,096,762.65
(Increase) Decrease in Loans & Contracts	444,039.89	174,679.53
(Increase) Decrease in State Appropriations	18,379,650.23	18,576,177.95
Increase (Decrease) in Payables	9,447,516.29	11,270,870.23
Increase (Decrease) in Due to Other Funds	1,285,885.11	183,834.41
Increase (Decrease) in Unearned Revenue	17,707,761.49	(3,462,390.37)
Increase (Decrease) in Compensated Absence Liability	(242,897.75)	451,813.34
Increase (Decrease) in Benefits Payable	(3,400,002.66)	4,080,526.59
Total Adjustments	<u>\$ 98,122,915.54</u>	<u>\$ 96,532,766.95</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (107,628,793.43)</u>	<u>\$ (127,183,192.43)</u>
NON-CASH TRANSACTIONS		
Net Change in the Fair Value of Investments	\$ 19,039,213.11	\$ 9,540,699.30
Donation of Capital Assets	\$ 1,088,554.25	\$ 212,923.34
Gain (Loss) on Sale of Capital Assets	\$ 57,509.92	\$ (59,014.72)

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

TEXAS STATE UNIVERSITY

Statement of Fiduciary Net Position as of August 31, 2021 with Comparative Data for August 31, 2020

	<u>Custodial Funds</u>	<u>Custodial Funds</u>
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash		
Cash on Hand	\$ -	\$ 100.00
Cash in Bank (Note 3)	2,005,020.20	1,856,150.05
Receivables (Note 1)		
Accounts Receivable	14,485.17	17,884.10
Other	966.16	5,730.34
Total Assets	<u>\$ 2,020,471.53</u>	<u>\$ 1,879,864.49</u>
LIABILITIES		
Accounts Payable	\$ 188,109.90	\$ 144,361.71
Other Current Liabilities	17,030.25	15,415.84
Total Liabilities	<u>\$ 205,140.15</u>	<u>\$ 159,777.55</u>
NET POSITION		
Restricted for Individuals, Organizations or Other Governments	<u>\$ 1,815,331.38</u>	<u>\$ 1,720,086.94</u>
Total Net Position	<u><u>\$ 1,815,331.38</u></u>	<u><u>\$ 1,720,086.94</u></u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

TEXAS STATE UNIVERSITY**Statement of Changes in Fiduciary Net Position for the Fiscal Year ended August 31, 2021
with Comparative Data for August 31, 2020**

	Custodial Funds	Custodial Funds
	2021	2020
ADDITIONS		
Contributions:		
Loan and Scholarship	\$ 22,678,415.62	\$ 27,653,512.45
Student Club	318,289.23	398,111.54
Alumni and Faculty	107,675.91	395,855.08
Gifts and Donations	145,656.37	-
Total Contributions	<u>\$ 23,250,037.13</u>	<u>\$ 28,447,479.07</u>
Investment Income:		
Interest, Dividends and Other	\$ 3,217.19	\$ 1,800.65
Total Net Investment Income	<u>\$ 3,217.19</u>	<u>\$ 1,800.65</u>
Other Additions:		
Other Revenue	\$ 8,840.94	\$ 8,469.33
Total Other Additions	<u>\$ 8,840.94</u>	<u>\$ 8,469.33</u>
 Total Additions	 <u>\$ 23,262,095.26</u>	 <u>\$ 28,457,749.05</u>
DEDUCTIONS		
Loan and Scholarship Expense	\$ 22,604,220.81	\$ 28,129,255.74
Club Account Disbursements	61,839.73	-
Administrative Expenses:		
Communications and Utilities	1,170.94	635.98
Materials and Supplies	80,759.84	85,643.59
Printing and Reproduction	18,883.75	20,488.90
Professional Fees and Services	229,931.77	295,624.46
Rentals and Leases	58,254.36	186,602.83
Travel	4,566.29	
Other Administrative Expenses	107,223.33	322,198.17
Total Deductions	<u>\$ 23,166,850.82</u>	<u>\$ 29,040,449.67</u>
Change in Net Position	<u>\$ 95,244.44</u>	<u>\$ (582,700.62)</u>
Net Position, September 1	<u>\$ 1,720,086.94</u>	<u>\$ 2,302,787.56</u>
Restatements	-	-
Net Position, September 1, as Restated	<u>\$ 1,720,086.94</u>	<u>\$ 2,302,787.56</u>
Net Position, August 31	<u><u>\$ 1,815,331.38</u></u>	<u><u>\$ 1,720,086.94</u></u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

TEXAS STATE UNIVERSITY

Statement of Net Position as of August 31, 2021

	Discrete Component Units	
	Texas State Development Foundation	Emmett and Miriam McCoy College of Business Administration Development Foundation
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Unrestricted Cash and Cash Equivalents:		
Cash in Bank	\$ 720,824.80	\$ 549,691.43
Cash Equivalents	5,178.36	1,492,909.85
Prepaid Items	68,959.00	-
Total Current Assets	<u>\$ 794,962.16</u>	<u>\$ 2,042,601.28</u>
Non-Current Assets:		
Restricted:		
Gifts Receivable - Pledges	\$ 1,306,508.72	\$ -
Investments	117,541,413.76	61,560,416.24
Total Non-Current Assets	<u>\$ 118,847,922.48</u>	<u>\$ 61,560,416.24</u>
Total Assets and Deferred Outflows	<u>\$ 119,642,884.64</u>	<u>\$ 63,603,017.52</u>
LIABILITIES AND DEFERRED INFLOWS		
Liabilities:		
Accounts Payable	\$ 326,207.98	\$ -
Annuities Payable-Current	31,231.84	-
Total Current Liabilities	<u>\$ 357,439.82</u>	<u>\$ -</u>
Non-Current Liabilities:		
Annuities Payable-Non-Current	\$ 222,976.41	\$ -
Total Non-Current Liabilities	<u>\$ 222,976.41</u>	<u>\$ -</u>
Total Liabilities and Deferred Inflows	<u>\$ 580,416.23</u>	<u>\$ -</u>
NET POSITION		
Restricted for:		
Funds Held as Permanent Investments:		
Non-Expendable	\$ 70,838,155.00	\$ 36,948,770.00
Expendable	47,043,457.10	26,654,247.52
Unrestricted	1,180,856.31	-
Total Net Position	<u>\$ 119,062,468.41</u>	<u>\$ 63,603,017.52</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

TEXAS STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position for the Fiscal Year ended August 31, 2021

	Discrete Component Units	
	Texas State Development Foundation	Emmett and Miriam McCoy College of Business Administration Development Foundation
OPERATING REVENUES		
Total Operating Revenues	\$ 0.00	\$ 0.00
OPERATING EXPENSES		
Academic Programs	\$ 1,721,163.49	\$ -
Scholarship and Fellowships	2,107,063.64	573,057.03
Administrative Expenses:		
Salaries and Wages		129,992.33
Professional Fees	1,057,883.92	122,651.37
Travel		238.63
Materials and Supplies	17,345.02	2,504.76
Communications and Utilities		1,050.00
Other Operating Expenses	268,268.31	11,310.97
Total Operating Expenses	\$ 5,171,724.38	\$ 840,805.09
Operating Income (Loss)	\$ (5,171,724.38)	\$ (840,805.09)
NONOPERATING REVENUES (EXPENSES)		
Gifts, Pledges, and Donations	\$ 919,502.76	\$ -
Investment Income	26,321,070.30	13,206,024.73
Total Nonoperating Revenues (Expenses)	\$ 27,240,573.06	\$ 13,206,024.73
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	\$ 22,068,848.68	\$ 12,365,219.64
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS		
Additions to Permanent and Term Endowments	\$ 1,179,483.64	\$ 509,871.19
Total Other Revenues, Expenses, Gains/Losses and Transfers	\$ 1,179,483.64	\$ 509,871.19
Change in Net Position	\$ 23,248,332.32	\$ 12,875,090.83
Net Position, September 1	\$ 95,814,136.09	\$ 50,727,926.69
Net Position, August 31	\$ 119,062,468.41	\$ 63,603,017.52

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

TEXAS STATE UNIVERSITY

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

NATURE OF OPERATIONS AND HISTORY

Texas State University (Texas State) is a doctoral-granting, student-centered institution dedicated to excellence and innovation in teaching, research, including creative expression, and service. The university strives to create new knowledge, to embrace a diversity of people and ideas, to foster cultural and economic development, and to prepare its graduates to participate fully and freely as citizens of Texas, the nation, and the world.

The university was first authorized by the Texas legislature in 1899, and Southwest Texas State Normal School opened its doors in 1903. Over the years, the school has broadened its scope and changed its name a few times as well:

- 1918: Southwest Texas State Normal College
- 1923: Southwest Texas State Teachers College
- 1959: Southwest Texas State College
- 1969: Southwest Texas State University
- 2003: Texas State University-San Marcos
- 2013: Texas State University

Each name reflects the evolution from a small teaching institution to a major, multi-purpose university. Through the nine academic colleges, Texas State offers more than 200 undergraduate and post-graduate degrees to serve the needs of future generations of Texans.

Texas State is the only university in Texas to have graduated a U.S. president or vice president. President Johnson's memory remains alive on campus through the LBJ Student Center, the university's Lyndon Baines Johnson Distinguished Lecture Series and the LBJ Statue. Johnson returned to Texas State many times. In 1965, he returned to his alma mater to sign the Higher Education Act, which opened the doors of higher education to many who could not previously afford it.

REPORTING ENTITY

Texas State University is a part of the legal entity and primary government of the State of Texas and is governed by the Texas State University System (TSUS) nine-member Board of Regents appointed by the governor and confirmed by the Senate. Texas State University's financial activity is consolidated along with the remaining seven components of the system into the system-wide financial report of TSUS. The system-wide report is further consolidated into the Comprehensive Annual Financial Report (CAFR) for the State of Texas. CAFRs for the State of Texas may be obtained from the Texas Comptroller of Public Accounts website: <https://www.comptroller.texas.gov/transparency/reports/comprehensive-annual-financial>. Texas State University System is reported as a proprietary fund within the statewide CAFR. The State Auditor expresses an opinion on the CAFR, but not on the financial statements of individual state agencies or universities contained therein.

This financial report includes all activities and programs for which Texas State University exercises fiscal control and responsibility and includes all funds that comprise the university's financial reporting entity. The financial reporting entity consists of Texas State University's funds, as the primary government, plus any closely related entities for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship would be misleading to exclude. As a result of their relationships with Texas State University, the Texas State University Research Foundation and the Harold M. Freeman Educational Foundation are included in the financial statements of Texas State as blended component units. The University has two discrete component units – the Texas State University Development Foundation and the Emmett and Miriam McCoy College of Business Administration Development Foundation. Statements for the discretely presented component units appear separately at the end of the financial statements. Another entity is reported as an affiliated organization and is not included in the basic financial statements. More details on these foundations and organizations may be found in the Financial Reporting Entity note later in this section.

Copies of this Annual Financial Report may be obtained by contacting Texas State University, Director of Accounting, General Accounting Office, 601 University Drive, JCK 589, San Marcos, TX 78666-4684.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

Texas State University's accounts are organized on the basis of funds, each of which is considered a separate accounting entity according to governmental accounting. The operations of each fund are accounted for with a self-balancing set of accounts that

Notes to the Financial Statements

comprise its assets, liabilities, revenues, and expenses. As a special-purpose government engaged only in business-type activities, the operating funds are presented in a single **enterprise fund** column for financial reporting purposes. Three primary financial statements are presented with supporting schedules: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows and the supporting schedule Matrix of Operating Expenses Reported by Function. Accounting principles similar to those used by private-sector businesses are applied in accounting for these funds.

Custodial Funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds or private-purpose trust funds. Balances and activities are recorded using the accrual basis of accounting and represent amounts held for individuals, organizations or other governments. Two primary financial statements are presented: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These statements were new in fiscal year 2020 with the implementation of GASB 84 *Fiduciary Activities*.

The accompanying statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) using the economic resources measurement focus and accrual basis of accounting as prescribed by the Governmental Accounting Standards Board (GASB), with the exception of the items described below, and in accordance with state statutes and regulations. The Texas Comptroller of Public Accounts issues the *Reporting Requirements for Annual Financial Reports (AFRs) of State Agencies and Universities* for purposes of consolidation at the state-wide level. As an individual university, Texas State's AFR complies with the State Comptroller's requirements.

Certain elements of a typical stand-alone report are omitted at the individual level in accordance with the *Reporting Requirements for Annual Financial Reports (AFRs)*, because they are reported at the system-level of TSUS or at the consolidated Texas Comprehensive Annual Financial Report (CAFR) level. These reporting requirements do not require components of university systems to record their portion of pension liabilities under *GASB 67 Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27* or their retiree healthcare liabilities under *GASB 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Instead the related liabilities are recorded at the system level in the TSUS report described above.

The basis of accounting determines when revenues and expenses are recognized and reported in the financial statements. Under the accrual basis, revenues are recognized when earned and expenses are recognized when the liability is incurred. The enterprise or business-type activities are financed in whole or in part by fees charged to external parties for goods or services and focus on determining operating income, changes in net position, financial position, and cash flows. Operating items are distinguished from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the principle of ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All significant inter-fund transactions have been eliminated.

BUDGETS, APPROPRIATIONS AND RESTRICTED RESOURCES

The administrative costs and capital asset outlay for the university are controlled by annual budgets approved by university management and the TSUS Board of Regents. As a state university, Texas State University received appropriations from the state for a portion of its operations in the form of Legislative Revenue and Legislative Transfers In or Out. State appropriations are authorized biennially by the Texas legislature and approved by the governor in the General Appropriations Act. Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they are appropriated. State Appropriations represented approximately 21.0% and 22.2% of total revenues from operations for fiscal years ended August 31, 2021 and 2020, respectively. When both restricted and unrestricted resources are available for use, restricted resources are generally used first, then unrestricted resources are used as needed.

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

In response to the Coronavirus (COVID-19) pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the CARES Act for the Higher Education Emergency Relief Fund (HEERF), which provides budgetary relief to higher education institutions through numerous provisions. The act provides economic grants to offset some additional expenses and forgone revenue as a result of the pandemic. Texas State received \$37,866,603 in direct federal revenue from this program in fiscal year 2021. Some additional funds have been awarded but not drawn.

TEXAS STATE UNIVERSITY

Notes to the Financial Statements

USE OF ESTIMATES IN THE PREPARATION OF BASIC FINANCIAL STATEMENTS

The preparation of financial statements and related notes to the financial statements requires management to make estimates and assumptions that affect the reported amounts for assets and liabilities at the date of the financial statements and the reported amounts for revenues and expenses during the reporting period. Actual results could differ from those estimates.

A significant estimate for scholarship discounts and allowances is made by the university. Allowances are determined by using the Alternate Method as issued by the National Association of College and University Business Officers in the *Advisory Report 2000-05*. The Alternate Method acknowledges that in reality most institutions do not post financial aid on a case-by-case basis but rather as of a certain date; therefore, institutions are allowed to use a rational, documented allocation methodology to calculate discounts and allowances. This approach is referred to as the Alternate Method. As of August 31, 2020 and 2019, this method resulted in estimates of \$119,664,877.42 and \$115,477,826.84, respectively, for the university's discounts and allowances related to tuition and fees.

CURRENT AND NON-CURRENT ASSETS

Current assets are those considered available for appropriation and expenditure within one fiscal year. Examples of expendable financial resources include cash, various receivables, and short-term investments. All other assets are considered non-current.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash in local banks, cash in transit, and cash in the treasury. Cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near maturity that the risk of changes in value due to changes in interest rates is insignificant. Only investments with an original maturity of three months or less are considered cash equivalents. TexPool, a Local Government Investment Pool, is valued at a stable \$1.00 share price and is reported at amortized cost.

ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for student tuition and fees, grant and contract expense reimbursements, various sales and services provided to students and third parties, loans receivable, investment related transactions, and gifts receivable. Federal accounts include amounts from sponsored program activity as well as financial aid. Gifts receivable represent amounts pledged to the university by donors. Other accounts receivable include year-end revenue accruals or accounts not included in the other categories. Certain accounts are recorded net of allowances. The allowances for those accounts by receivable type and fiscal year are as follows:

<u>Allowances by Receivable Type</u>	<u>2021</u>	<u>2020</u>
Student Accounts	\$2,516,775.74	\$2,121,408.86
Current and Noncurrent Gift Receivables	491,505.72	459,413.45
Loans Receivable	671,736.16	527,888.50

INVESTMENTS

Investments are reported at fair value in the Statement of Net Position in accordance with GASB Statement Number 72, *Fair Value Measurement and Application*. Fair value is defined by GASB 72 as the "price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

INVENTORIES AND PREPAID ITEMS

Inventories, including both merchandise and consumable inventories, are valued at cost and expensed when consumed. Payments made for services benefiting periods beyond the current accounting period are recorded as prepaid items. Prepaid scholarships represent funds paid in the current fiscal year relating to the subsequent year.

Notes to the Financial Statements

RESTRICTED ASSETS

Restricted assets represent resources that are constrained to a particular purpose, such as for endowments, academic programs or construction projects, and either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

CAPITAL ASSETS AND RELATED DEBT ACTIVITY

Purchases of assets with (a) an estimated useful life in excess of one year and that (b) exceed the university's capitalization thresholds are recorded as capital assets at their acquisition cost on the date of acquisition. Donated assets with (a) an estimated useful life in excess of one year and that (b) exceed the university's capitalization thresholds are recorded as capital assets at their fair market value on the date of acquisition. Intangible capital assets are defined as assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Routine repairs and maintenance that do not increase building values are charged to operating expenses in the year in which the expenses are incurred.

The university's capitalization thresholds are:

Asset Category	Capitalization Threshold
Land, land improvements, and permanent land use rights	All acquisitions are capitalized
Books and materials for the university's academic and research library	All acquisitions are capitalized
Works of art and historical treasures not held for financial gain	All acquisitions are capitalized
Furniture, equipment, and vehicles	\$5,000
Buildings, building improvements, facilities, and other improvements	\$100,000
Purchased computer software and term ^(A) land use rights	\$100,000
Infrastructure	\$500,000
Internally generated computer software	\$1,000,000

(A) Applies only to land use rights considered to have a limited useful life

Assets are depreciated or amortized over the estimated useful life of the asset using the straight-line method as follows:

Asset Category	Estimated Useful Life
Furniture and Equipment	4-15 years
Purchased and Internally Developed Software	5 years
Vehicles	5-10 years
Other Tangible Assets	10 years
Term Land Use Rights	10 years
Buildings, Infrastructure, and Facilities	10-30 years
Other Assets	15 years

All land, land improvements, land use rights, and works of art and historical treasures not held for financial gain are considered to have an indefinite useful life. Because these assets are inexhaustible, they are not depreciated.

Bonded indebtedness is issued by the TSUS Revenue Financing System. The Revenue Financing System is comprised of the TSUS administration and the component institutions within TSUS. Although the university must repay debt issued on its behalf, the associated bond liability is reported in total by the TSUS administration and is not included in the liabilities of the university on its financial statements. Debt service requirements reported by the TSUS administration which are attributable to Texas State are disclosed in Note 5, Bonded Indebtedness.

ACCOUNTS PAYABLE

Accounts Payable represents the liability for the value of assets or services received at the Statement of Net Position date for which payment is pending.

OTHER PAYABLES

Other payables are the accruals at year-end of expense transactions not included in any of the other payable descriptions.

TEXAS STATE UNIVERSITY

Notes to the Financial Statements

UNEARNED REVENUES

Unearned Revenues represents payments received in advance of providing goods or services.

NON-CURRENT LIABILITIES

Non-current liabilities may arise from debt issuances or other commitments with an expected liquidation date of more than one year from fiscal year end.

EMPLOYEES' COMPENSABLE LEAVE BALANCES

State employees are entitled to be paid for all unused vacation time accrued in the event of resignation, dismissal, or separation from State employment provided the employee has been continuously employed with the State for six months. An expense and liability are recorded as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Compensable leave liabilities are reported as either current or non-current in the Statement of Net Position. The current portion is that which is expected to be paid within one year. The non-current portion has an expected payment date of more than one year.

INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributed to the acquisition, construction, or improvement of those assets.

RESTRICTED NET POSITION

Restricted net position consists of restricted assets less liabilities and deferred inflows of resources related to those assets. This represents resources that are constrained to a particular purpose, such as for endowments, academic programs or construction projects, and 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 is the residual amount of total net position less investment in capital assets and restricted net position. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified. Substantially, all unrestricted net assets are designated for capital projects as well as academic and research programs and initiatives.

An aerial photograph of a concrete bridge with a metal railing, spanning a body of water. Several people are walking on the bridge. Below the bridge, two people are kayaking in the water. The water is a vibrant green color, and there are some rocks visible in the lower part of the image.

17 FACULTY MEMBERS

HAVE EARNED
NATIONAL SCIENCE
FOUNDATION
CAREER AWARDS

TEXAS STATE UNIVERSITY

Notes to the Financial Statements

NOTE 2: Capital Assets

Changes in capital assets for the fiscal year ended August 31, 2021 are summarized as follows:

	Balance 9/1/2020	Adjustments	Completed CIP
Non-Depreciable Assets:			
Land and Land Improvements	\$ 53,050,432.60	\$ -	\$ -
Construction in Progress	43,018,650.39	-	(47,191,796.17)
Other Assets	9,867,854.76	-	-
Total Non-Depreciable Assets	\$ 105,936,937.75	\$ -	\$ (47,191,796.17)
Depreciable Assets:			
Buildings and Building Improvements	\$ 1,309,008,698.97	\$ -	\$ 38,240,262.38
Infrastructure	89,903,308.82	-	-
Facilities & Other Improvements	173,248,837.58	-	8,951,533.79
Furniture and Equipment	86,722,207.06	-	-
Vehicle, Boats & Aircraft	10,857,903.75	-	-
Other Assets	91,644,398.48	-	-
Total Depreciable Assets at Historical Costs	\$ 1,761,385,354.66	\$ -	\$ 47,191,796.17
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ (550,482,443.93)	\$ -	\$ -
Infrastructure	(41,483,154.23)	-	-
Facilities & Other Improvements	(75,725,135.54)	-	-
Furniture and Equipment	(63,486,162.76)	-	-
Vehicles, Boats & Aircraft	(6,679,068.33)	-	-
Other Assets	(38,333,904.64)	-	-
Total Accumulated Depreciation	\$ (776,189,869.43)	\$ -	\$ -
Depreciable Assets, Net	\$ 985,195,485.23	\$ -	\$ 47,191,796.17
Amortizable Assets - Intangible:			
Computer Software	\$ 28,750,999.59	\$ -	\$ -
Total Amortizable Assets - Intangible	\$ 28,750,999.59	\$ -	\$ -
Less Accumulated Amortization for:			
Computer Software	\$ (28,264,748.50)	\$ -	\$ -
Total Accumulated Amortization	\$ (28,264,748.50)	\$ -	\$ -
Amortizable Assets - Intangible, Net	\$ 486,251.09	\$ -	\$ -
Capital Assets, Net	\$ 1,091,618,674.07	\$ -	\$ -

Notes to the Financial Statements

Interagency Transfers In	Transfers Out	Additions	Deletions	Balance 8/31/2021
\$ -	\$ -	\$ -	\$ (2,397.00)	\$ 53,048,035.60
-	-	26,647,204.45	-	22,474,058.67
-	-	948,149.19	-	10,816,003.95
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,595,353.64</u>	<u>\$ (2,397.00)</u>	<u>\$ 86,338,098.22</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,347,248,961.35
-	-	-	-	89,903,308.82
-	-	-	-	182,200,371.37
33,058.17	-	6,196,967.08	(3,515,436.07)	89,436,796.24
-	-	365,392.89	(272,202.99)	10,951,093.65
-	-	5,751,953.73	(178,899.51)	97,217,452.70
<u>\$ 33,058.17</u>	<u>\$ -</u>	<u>\$ 12,314,313.70</u>	<u>\$ (3,966,538.57)</u>	<u>\$ 1,816,957,984.13</u>
\$ -	\$ -	\$ (47,290,479.43)	\$ -	\$ (597,772,923.36)
-	-	(2,762,714.33)	-	(44,245,868.56)
-	-	(8,079,371.31)	-	(83,804,506.85)
(33,058.17)	-	(6,819,691.71)	3,472,312.02	(66,866,600.62)
-	-	(852,884.33)	272,202.99	(7,259,749.67)
-	-	(6,134,347.53)	166,910.64	(44,301,341.53)
<u>\$ (33,058.17)</u>	<u>\$ -</u>	<u>\$ (71,939,488.64)</u>	<u>\$ 3,911,425.65</u>	<u>\$ (844,250,990.59)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,625,174.94)</u>	<u>\$ (55,112.92)</u>	<u>\$ 972,706,993.54</u>
\$ -	\$ -	\$ -	\$ (585,615.15)	\$ 28,165,384.44
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (585,615.15)</u>	<u>\$ 28,165,384.44</u>
\$ -	\$ -	\$ (128,425.16)	\$ 585,615.15	\$ (27,807,558.51)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (128,425.16)</u>	<u>\$ 585,615.15</u>	<u>\$ (27,807,558.51)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (128,425.16)</u>	<u>\$ -</u>	<u>\$ 357,825.93</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,158,246.46)</u>	<u>\$ (57,509.92)</u>	<u>\$ 1,059,402,917.69</u>

TEXAS STATE UNIVERSITY

Notes to the Financial Statements

NOTE 2: Capital Assets

Changes in capital assets for the fiscal year ended August 31, 2020 are summarized as follows:

	Balance 9/1/2019	Adjustments	Completed CIP
Non-Depreciable Assets:			
Land and Land Improvements	\$ 52,508,014.87	\$ -	\$ 542,417.73
Construction in Progress	60,268,628.64	-	(77,961,615.40)
Other Assets	9,500,483.80	-	-
Total Non-Depreciable Assets	\$ 122,277,127.31	\$ -	\$ (77,419,197.67)
Depreciable Assets:			
Buildings and Building Improvements	\$ 1,241,374,578.88	\$ -	\$ 67,634,120.09
Infrastructure	81,264,818.95	-	8,638,489.87
Facilities & Other Improvements	172,102,249.87	-	1,146,587.71
Furniture and Equipment	81,717,890.11	-	-
Vehicle, Boats & Aircraft	10,549,526.79	-	-
Other Assets	86,474,805.68	-	-
Total Depreciable Assets at Historical Costs	\$ 1,673,483,870.28	\$ -	\$ 77,419,197.67
Less Accumulated Depreciation for:			
Buildings and Improvements	\$ (506,514,278.42)	\$ -	\$ -
Infrastructure	(38,919,272.81)	-	-
Facilities & Other Improvements	(67,921,337.13)	-	-
Furniture and Equipment	(58,701,747.12)	-	-
Vehicles, Boats & Aircraft	(5,894,567.09)	-	-
Other Assets	(33,478,886.18)	-	-
Total Accumulated Depreciation	\$ (711,430,088.75)	\$ -	\$ -
Depreciable Assets, Net	\$ 962,053,781.53	\$ -	\$ 77,419,197.67
Amortizable Assets - Intangible:			
Computer Software	\$ 28,713,203.91	\$ -	\$ -
Total Amortizable Assets - Intangible	\$ 28,713,203.91	\$ -	\$ -
Less Accumulated Amortization for:			
Computer Software	\$ (28,536,739.07)	\$ -	\$ -
Total Accumulated Amortization	\$ (28,536,739.07)	\$ -	\$ -
Amortizable Assets - Intangible, Net	\$ 176,464.84	\$ -	\$ -
Capital Assets, Net	\$ 1,084,507,373.68	\$ -	\$ -

Notes to the Financial Statements

Interagency Transfers In	Transfers Out	Additions	Deletions	Balance 8/31/2020
\$ -	\$ -	\$ -	\$ (2,397.00)	\$ 53,048,035.60
-	-	60,711,637.15	-	43,018,650.39
-	-	367,370.96	-	9,867,854.76
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,079,008.11</u>	<u>\$ -</u>	<u>\$ 105,936,937.75</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,309,008,698.97
-	-	-	-	89,903,308.82
-	-	-	-	173,248,837.58
-	-	6,960,752.24	(1,956,435.29)	86,722,207.06
-	-	391,030.69	(82,653.73)	10,857,903.75
-	-	6,246,303.96	(1,076,711.16)	91,644,398.48
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,598,086.89</u>	<u>\$ (3,115,800.18)</u>	<u>\$ 1,761,385,354.66</u>
\$ -	\$ -	\$ (43,968,165.51)	\$ -	\$ (550,482,443.93)
-	-	(2,563,881.42)	-	(41,483,154.23)
-	-	(7,803,798.41)	-	(75,725,135.54)
-	-	(6,616,886.89)	1,832,471.25	(63,486,162.76)
-	-	(865,602.80)	81,101.56	(6,679,068.33)
-	-	(5,786,478.89)	931,460.43	(38,333,904.64)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (67,604,813.92)</u>	<u>\$ 2,845,033.24</u>	<u>\$ (776,189,869.43)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (54,006,727.03)</u>	<u>\$ (270,766.94)</u>	<u>\$ 985,195,485.23</u>
\$ -	\$ -	\$ 370,319.50	\$ (332,523.82)	\$ 28,750,999.59
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,319.50</u>	<u>\$ (332,523.82)</u>	<u>\$ 28,750,999.59</u>
\$ -	\$ -	\$ (60,533.25)	\$ 332,523.82	\$ (28,264,748.50)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,533.25)</u>	<u>\$ 332,523.82</u>	<u>\$ (28,264,748.50)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,786.25</u>	<u>\$ -</u>	<u>\$ 486,251.09</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,382,067.33</u></u>	<u><u>\$ (270,766.94)</u></u>	<u><u>\$ 1,091,618,674.07</u></u>

TEXAS STATE UNIVERSITY

Notes to the Financial Statements

NOTE 3: Deposits, Investments, and Repurchase Agreements

Deposits

As of August 31, 2021 and 2020, the carrying amount of deposits was \$8,263,990.55 and \$7,394,584.33, respectively, as presented below:

	<u>2021</u>	<u>2020</u>
Cash in Bank - Carrying Value	\$ 8,263,990.55	\$ 7,394,584.33
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent	-	-
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	-	-
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	-	-
Cash in Bank per AFR	<u>\$ 8,263,990.55</u>	<u>\$ 7,394,584.33</u>
Current Assets Cash in Bank*	\$ 7,413,698.96	\$ 7,389,910.62
Current Assets Restricted Cash in Bank	<u>850,291.59</u>	<u>4,673.71</u>
Cash in Bank per AFR	<u>\$ 8,263,990.55</u>	<u>\$ 7,394,584.33</u>

* Includes proprietary and fiduciary Cash in Bank.

As of August 31, 2021 and 2020, the total bank balances were \$13,165,865.42 and \$10,466,823.36, respectively.

Investments

Texas State is authorized to invest Operating and Endowment Funds as a prudent person in obligations and instruments as defined in the Texas State University System Investment Policy.

TexPool Investments at Amortized Cost

Investments in TexPool Prime money market funds that maintain a stable \$1.00 share price are reported at amortized cost. TexPool Prime has a very conservative investment policy and aligns with Rule 2a-7 money-market practices. TexPool Prime invests conservatively in US Government Securities, repurchase agreements, AAA rated money market mutual funds, commercial paper, and certificates of deposit to provide a safe, efficient, and liquid investment option. The fund is rated AAAM by Standard & Poor's, the highest rating a local government investment pool can achieve. There is no penalty or limit for withdrawal, however, a courtesy one-day notification is requested for withdrawals exceeding approximately \$20 million.

TexPool Prime is one of two portfolios developed on behalf of Texas entities to provide for the creation of investment pools for public funds and to allow eligible governmental entities to jointly invest their funds in authorized investments. The TexPool Prime portfolio was created to allow for an investment alternative that incorporates into its investment framework commercial paper and certificates of deposit, as well as U.S. Treasury and U.S. government agency securities. TexPool Prime commenced operations on December 27, 2002. The Texas Treasury Safekeeping Trust Company, under the guidance of the Texas Comptroller of Public Accounts, administers the TexPool portfolios as public fund investment pools.

Fair Value of Investments

Texas State measures and records investments using fair value measurement guidelines in accordance with GASB Statement 72, *Fair Value Measurement and Application*. GASB 72 recognizes a three-level fair value hierarchy for inputs to valuation techniques; however, due to the transition to an investment pool administered by System Administration values are presented in summary below. Detailed investment holdings at the component level are no longer available as Texas State holds units of the pool. This transition occurred during fiscal year 2021; therefore, historical detailed information for fiscal year 2020 is shown below. For more detailed fair value information refer to the System Administration consolidated report.

Notes to the Financial Statements

As of August 31, 2021, the valuation of investments was:

	2021 No. of Units	2021 Value
Fair Value		
Fixed Income Money Market		\$ 61,844.35
Operating Equity	586,275.756	74,569,693.00
Operating Fixed Income	1,394,909.585	144,504,830.21
Endowments	952,637.548	116,891,338.35
Long-Term Investments		\$ 336,027,705.91
Amortized Cost		
Other Commingled Funds (TexPool)		\$ 330,226,072.78
Cash Equivalents		\$ 330,226,072.78

As of August 31, 2020, the valuation of investments was:

	Fair Value Hierarchy				2020 Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value	
Fair Value					
U.S. Government:					
U.S. Treasury Securities	\$ 50,173.10	\$ 4,044,026.06	\$ -	\$ -	\$ 4,094,199.16
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, etc.)	-	4,962,293.26	-	-	4,962,293.26
Corporate Obligations	-	21,564,521.58	-	-	21,564,521.58
Corporate Asset and Mortgage Backed Securities	-	9,574,444.53	-	-	9,574,444.53
Equity	98,031,030.02	-	5,832,696.78	-	103,863,726.80
Equity-Preferred Securities	100,534.00	-	-	-	100,534.00
International Equity	15,753,610.94	-	-	-	15,753,610.94
Fixed Income Money Market and Bond Mutual Fund	121,560,086.14	-	-	-	121,560,086.14
Other Commingled Funds	269,578.19	-	-	-	269,578.19
Long-Term Investments	\$ 235,765,012.39	\$ 40,145,285.43	\$ 5,832,696.78	-	\$ 281,742,994.60
Amortized Cost					
Other Commingled Funds (TexPool)					\$ 313,757,652.03
Cash Equivalents					\$ 313,757,652.03

Deposit and Investment Risk Factors

The following paragraphs describe various types of risk related to Deposits and Investments.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the university will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The university's investment policy limits holding of securities by counterparties to those involved with securities lending. As of August 31, 2021, Texas State University had no investments subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The TSUS investment policy requires that investments in debt securities have credit ratings recognized by the agencies of Standard and Poor's, Finch, and/or Moody's. For operating, a short-intermediate term funds portfolio, average credit quality of the entire portfolio is to be greater than or equal to A-, as defined by S&P (A- by Finch, A3 for Moody's). The minimum credit quality of any diversified fund vehicle must be investment grade at the time of purchase. Operating Long-Term funds portfolios are intended to be invested in a similar manner to Endowment funds, but no more than 20% of the global fixed income and credit may be rated below investment grade, and no more than 15% of the total Long-Term Operating Portfolio may be invested in emerging/frontier markets, a sub-set of international. An Operating Long-Term funds portfolio may only invest up to 50% of the market value of its total operating

TEXAS STATE UNIVERSITY

Notes to the Financial Statements

funds portfolio, exclusive of bond proceeds, in this type of investment strategy. In order to invest with managers who utilize alternative investments, Texas State must retain an investment consultant. For the endowment portfolio, risk is controlled through the portfolio diversification of market sector and maturity. Risk is further defined by prohibited investments and activities, and limited by maximum single purchase and maximum aggregate position percentages. The credit quality distributions for securities with credit risk exposures are disclosed in the System's Investment Note.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. Government, and investments in mutual funds, external investment pools, and other pooled investments are excluded from this disclosure requirement. Texas State University, by following the TSUS Investment Policy, limits the Operating Short-Intermediate fund for mutual funds, commingled vehicles, and registered Exchange Traded Funds (ETFs) portfolio holdings be no more than 10% of the total assets of a single fund, commingled vehicle or ETF. For Operating Short-Intermediate and Operating Long fund combined excluding pooled vehicles, mutual funds, ETFs or Managed Accounts which are multi-strategy and multi-manager products, no more than 40% of the portfolio may be invested in a single mutual fund or manager. As of August 31, 2021, Texas State University was not subject to concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Usually, a longer maturity results in a greater degree of price volatility. The university minimizes interest rate risk on investments by managing maturities to cash flow. Interest rate risk is reduced by investing in fixed income securities with varying maturities. The weighted average maturity of the entire short-intermediate term funds portfolio is to be less than or equal to 36 months. There is no maximum maturity of any single issue. Operating Long funds are intended to be invested in a similar manner to endowment funds. The long term objective of the Endowment portfolio is to preserve the intergenerational equity of the endowment while providing for appropriate current spending. All operating long and endowment funds are managed by the "prudent person standard". Although all long-term investments are subject to some interest rate risk due to various economic forces, as of August 31, 2021, Texas State University had limited the exposure to interest rate risk through asset allocation. Global fixed income/credit is intended to offset the volatility of equities, particularly during market downturns, as well as provide deflation protection.

Reverse Repurchase, Securities Lending and Derivative Investing

The university did not participate in Reverse Repurchase Agreements, Securities Lending, or Derivative Investing during fiscal year 2021.

NOTE 4: Long-Term Liabilities

Employees' Compensable Leave

Accrued compensable leave is the Institution's liability for unpaid overtime accrued by classified employees and unused vacation time for all employees. Obligations to personnel are paid at the time of dismissal, resignation, or separation from the university, provided the employee has at least six months of continuous employment with the state. An expense and liability are recorded annually as the benefits accrue to employees. For the fiscal years ended August 31, 2021 and 2020 the accrued liability for vacation and overtime totaled \$13,559,904.75 and \$13,637,467.19, respectively. During the same periods, the university made lump sum payments totaling \$1,955,597.00 and \$1,972,749.54 for accrued vacation and overtime to employees who separated from state service. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and paid only when an employee is off due to illness or to the estate of an employee in the event of his/her death. The maximum leave that may be paid to an employees' estate is the lesser of (a) one-half of the employees' accumulated entitlement or (b) 336 hours.

The following changes occurred in long-term liabilities during the fiscal years ended August 31, 2021 and 2020:

Employees' Compensable Leave	2021	2020
Balance, September 1	\$ 13,637,467.19	\$ 12,594,665.29
Additions	1,878,034.56	3,015,551.44
Reductions	(1,955,597.00)	(1,972,749.54)
Balance, August 31	\$ 13,559,904.75	\$ 13,637,467.19
Amounts Due Within One Year	\$ 7,835,494.78	\$ 8,078,392.53
Amounts Due Thereafter	5,724,409.97	5,559,074.66
Total Due	\$ 13,559,904.75	\$ 13,637,467.19

Notes to the Financial Statements

NOTE 5: Bonded Indebtedness

All bonded indebtedness for Texas State University is issued by System Administration through the Texas State University System Revenue Financing System. System Administration and each component institution within the system are members of the Revenue Financing System. The Board of Regents pledged all of the funds (revenues) and balances derived or attributable to any member of the Revenue Financing System that is lawfully available to the Board for payments on Parity Debt.

System Administration issued the debt; therefore, the bonds payable attributable to the institution are included with the Bonds Payable reported by System Administration. The Institution must repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented for informational purposes only.

Debt Service Requirements			
Year	Principal	Interest	Total
2022	38,220,000.00	21,782,587.14	60,002,587.14
2023	36,970,000.00	20,216,688.44	57,186,688.44
2024	37,410,000.00	18,665,851.84	56,075,851.84
2025	38,960,000.00	17,110,041.88	56,070,041.88
2026	40,605,000.00	15,466,980.58	56,071,980.58
2027-2031	181,465,000.00	52,265,688.48	233,730,688.48
2032-2036	111,340,000.00	19,673,557.12	131,013,557.12
2037-2041	40,050,000.00	3,714,396.76	43,764,396.76
2042-2050	3,155,000.00	258,492.62	3,413,492.62
Totals	528,175,000.00	169,154,284.86	697,329,284.86

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. For fiscal years ended August 31, 2021 and 2020, the institution was appropriated \$16,777,480 and \$17,369,676, respectively, for Tuition Revenue Bond debt service. The institution expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

NOTE 6: Leases

Operating Leases

Texas State has entered into various operating leases for buildings, land, and vehicles. Rental expenses for operating leases for the fiscal years ended August 31, 2021 and 2020 were \$404,464.84 and \$364,798.11, respectively.

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year, as of August 31, 2021 and 2020, were as follows:

Fiscal Year	2021	Fiscal Year	2020
2022	\$ 255,836.71	2021	\$ 259,650.05
2023	197,760.90	2022	184,943.38
2024	185,264.82	2023	163,393.68
2025	164,122.17	2024	161,485.65
2026	166,758.66	2025	164,122.17
2027-2031	126,551.97	2026 - 2030	293,310.63
Total	<u>\$ 1,096,295.23</u>	Total	<u>\$ 1,226,905.56</u>

TEXAS STATE UNIVERSITY

Notes to the Financial Statements

NOTE 7: Pension Plans and Fringe Benefits Paid by the State

The state established an optional retirement program (ORP) for institutions of higher education. Participation in the ORP is in lieu of participation in the Teacher Retirement System and is available to certain eligible employees. Employee member and employer contributions were as follows for the fiscal years ended August 31, 2021 and 2020:

<u>Contributions</u>	<u>2021</u>	<u>2020</u>
Member Contributions	\$ 5,414,824	\$ 5,657,072
Employer Contributions	5,718,085	6,042,108
Total	\$ 11,132,909	\$ 11,699,180

For the fiscal year ended August 31, 2021, the state provided on-behalf unemployment contributions of \$52,229. Other paid-on-behalf amounts pertain to pension and OPEB contributions and liabilities which are covered by System reporting.

NOTE 8: Interfund Activity and Transactions

Texas State experienced routine transfers with other state agencies, consistent with the activities of the fund making the transfer and as a result of various grants and contract activities. In addition to transfers, Texas State recorded assets and liabilities for future amounts due from/to other state agencies. Repayment of interagency balances will occur within one year from the date of the financial statements.

The university also experiences other interagency activity, which is classified as transfers in/out or legislative transfers in/out. These transfers pertained to the receipt of bond proceeds and debt service payments from/to TSUS. Legislative transfer activity is directly attributable to bonds authorized by the Legislature and historically funded by means of special line items in the university's General Revenue appropriations.

<u>Agency Name</u>	<u>Agency Number</u>	<u>D23 Fund</u>	<u>2021</u>		<u>2020</u>	
			<u>Due From Other State Agencies</u>	<u>Due to Other State Agencies</u>	<u>Due From Other State Agencies</u>	<u>Due to Other State Agencies</u>
Federal						
General Land Office	305	0027	\$ 89,239.31	\$ -	\$ 43,334.30	\$ -
General Land Office	305	0001	-	-	12,264.82	-
Texas State Library & Archives	306	0118	-	5,057.23	-	-
Texas Workforce Commission	320	5026	-	-	6,822.88	-
Department of Agriculture	551	5026	1,658.96	-	746.53	-
Texas A&M AgriLife Research	556	7999	-	30,005.06	14,956.56	-
Texas Division of Emergency Management	575	0092	-	-	780,157.23	-
Texas Division of Emergency Management	575	0109	597,932.97	-	-	-
Texas Commission on Environmental Quality	582	1535	186,617.59	-	237,769.35	-
Texas Department of Transportation	601	0006	47,997.18	-	33,539.72	-
Texas Education Agency	701	0148	39,123.94	-	100,197.91	-
Texas A&M University	711	7999	-	-	-	-
Texas A&M Engineering Extension Service	716	7999	163,032.85	-	18,197.94	109,738.78
Texas Southern University	717	7999	3,131.16	-	-	3,093.73
University at Texas Austin	721	7999	48,247.91	24,158.03	20,160.86	13,480.14
Texas Tech University	733	7999	11,882.97	-	33,416.88	-
University of Texas at San Antonio	743	7999	316,613.26	30,455.15	107,684.35	6,204.60
University of Texas Health Science Center at San Antonio	745	7999	111,549.45	9,503.21	67,138.15	4,874.19
University of Texas Rio Grande Valley	746	7999	14,385.41	9,200.89	-	-

Notes to the Financial Statements

<u>Agency Name</u>	<u>Agency Number</u>	<u>D23 Fund</u>	2021		2020	
			<u>Due From Other State Agencies</u>	<u>Due to Other State Agencies</u>	<u>Due From Other State Agencies</u>	<u>Due to Other State Agencies</u>
Sam Houston State University	753	7999	36,996.04	-	-	-
Texas Higher Education Coordinating Board	781	0325	-	1,430,165.03	-	-
Parks and Wildlife Department	802	0931	40,128.49	-	102,579.17	-
Parks and Wildlife Department	802	0951	98,669.73	-	85,556.27	-
Parks and Wildlife Department	802	3049	-	-	-	-
State Governor – Fiscal	300	0421	39,829.76	-	8,773.26	-
Health and Human Services	529	0001	197,525.43	-	181,087.39	-
Department of State Health Services	537	0001	331,173.74	-	179,019.33	-
Department of State Health Services	537	5044	-	-	477,875.62	-
Texas Water Development Board	580	7999	-	-	38,803.92	-
University of Texas System	720	7999	-	-	-	6,999.37
University of Texas – Rio Grande Valley	746	7999	-	-	-	2,756.34
Texas Higher Education Coordinating Board	781	0001	7,360.97	169,745.64	18,086.33	174,342.44
Texas Higher Education Coordinating Board	781	2824	15,348.01	-	-	-
Parks and Wildlife Department	802	0014	13,261.58	-	33,557.07	-
Parks and Wildlife Department	802	4673	28.90	-	818.01	-
Total Due From / Due To			\$ 2,425,998.23	\$ 1,708,290.24	\$ 2,602,543.85	\$ 321,489.59
Texas State University System	758	7999	-	1,977.16	-	-
Total Due From / Due To Other Components			\$ -	\$ 1,977.16	\$ -	\$ -

<u>Agency Name</u>	<u>Agency Number</u>	<u>D23 Fund</u>	2021		2020	
			<u>Transfers In</u>	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Comptroller – Fiscal-Hazlewood	902	0210	\$ -	\$ -	\$ 807,416.00	\$ -
Texas State University System for Bond Proceeds	758	7999	-	-	33,000,000.00	-
Texas State University System for Debt Service and Billings	758	7999	285,547.31	43,211,298.97	314,594.65	44,950,954.99
Texas Dept of Motor Vehicles for License Plate	608	0802	22,879.33	-	22,492.72	-
Total Transfers			\$ 308,426.64	\$ 43,211,298.97	\$ 34,144,503.37	\$ 44,950,954.99

<u>Agency Name</u>	<u>Agency Number</u>	<u>D23 Fund</u>	2021		2020	
			<u>Legislative Transfers In</u>	<u>Legislative Transfer Out</u>	<u>Legislative Transfers In</u>	<u>Legislative Transfers Out</u>
Texas Veterans Commission for Reimbursement TVC	902	0001	\$ 1,166,184.00	\$ -	\$ 1,389,375.00	\$ -
Texas State University System for Debt Service	758	0001	-	22,343,790.16	-	22,452,402.24
Total Legislative Transfers			\$ 1,166,184.00	\$ 22,343,790.16	\$ 1,389,375.00	\$ 22,452,402.24

TEXAS STATE UNIVERSITY

Notes to the Financial Statements

NOTE 9: Contingencies and Commitments

As of August 31, 2021 and 2020, various lawsuits and claims involving Texas State were pending. While the ultimate liability with respect to litigation and other claims asserted against the university cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the university.

NOTE 10: Risk Management

WORKERS' COMPENSATION

The state's Workers' Compensation program is administered by the State Office of Risk Management (SORM). As a participating agency, Texas State is assessed an annual charge for Workers' Compensation coverage for employees according to a set formula. The assessment for all fund sources was \$531,732.21 for the fiscal year ended August 31, 2021 and \$585,041.50 for the fiscal year ended August 31, 2020.

UNEMPLOYMENT COMPENSATION

The state provides an Unemployment Compensation program; actual claims are paid from several funding sources as determined by the Comptroller of Public Accounts. The Unemployment Compensation program is on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. The assessment for all fund sources for the fiscal year ended August 31, 2021 and 2020 were \$519,619.11 and \$571,407.86, respectively.

PROPERTY AND OTHER INSURANCE COVERAGE

Property insurance is obtained through Arthur J. Gallagher Risk Management Services, Inc (Gallagher) to include fire and flood coverage for all university buildings valued in excess of \$100,000. Texas State's other property, vehicle, and special events insurance policies are also obtained through Gallagher, which is a participant in the SORM's statewide insurance program.

VEHICLE INSURANCE

The Texas Motor Vehicle Safety Responsibility Act (Texas Transportation Code, Chapter 601) requires that every non-governmental vehicle operated on a state highway be insured for minimum limits of liability in the amount of \$30,000/\$60,000 (bodily injury) and \$25,000 (property damage). There is coverage of \$1,000,000 combined single liability. The coverage exceeds the extent of the waivers of state immunity in the Tort Claims Act.

Auto insurance is obtained through Gallagher to include liability coverage for all university-owned vehicles as well as hired and non-owned vehicles. Liability coverage is subject to a \$5,000 deductible. Vehicles rented or leased have additional comprehensive and collision coverage subject to a \$1,000 deductible.

FOREIGN TRAVEL INSURANCE

Foreign travel accident and sickness as well as liability coverage is obtained through Gallagher. This policy covers all students, faculty, and staff of the university that travel abroad for approved university business or instruction. The coverage offers out-of-country medical benefits of \$200,000, emergency medical of \$10,000, accidental death and dismemberment, emergency medical evacuation, emergency reunion, security evacuation, chaperone replacement, and war risk. The policy provides general liability coverage of \$1,000,000/\$2,000,000 and auto liability of \$1,000,000 single limit BI/PD and one accident.

Notes to the Financial Statements

OTHER

Texas State University is exposed to a variety of civil claims resulting from the performance of its duties. It is the university's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. Liabilities are reported when it is both probable a loss has occurred, and the amount of that loss can be reasonably estimated. There were no liabilities outstanding as of August 31, 2021 and 2020.

<u>Claims and Judgments</u>	<u>2021</u>	<u>2020</u>
Balance, September 1	\$ -	\$ -
Increases	84,387.92	4,367,879.68
Decreases	(84,387.92)	(4,367,879.68)
Balance, August 31	\$ -	\$ -

NOTE 11: The Financial Reporting Entity

Component Units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, Component Units can be other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would create misleading or incomplete financial statements. The legally separate entities having the closest relationships with the University are reported as blended component units, and those having slightly more separation or independence from the University are reported as discrete component units. Both are described below.

COMPONENT UNITS

Blended Component Units

The financial transactions and records of the following component units are blended with the financial transactions and records of the University due to the significance of their operational or financial relationship with the University.

The **Texas State University Research Foundation** (Research Foundation) was formed as an independent 501(c)(3) organization on July 22, 2010. The Research Foundation was formed to support the university's mission and objectives of promoting higher education, conducting research, providing public service, and assisting in economic development in Texas. The Research Foundation is exclusively associated with the university and its fiscal year end concludes on the final day of February.

The Research Foundation is included in Texas State's financial statements as a blended component unit in accordance with GASB Statement 14, as amended. Texas State's key business officers comprise the entirety of the Research Foundation's officers and directors, thereby enabling Texas State to impose its will on the Research Foundation. Condensed financial information appears below. Separate financial statements may be obtained by contacting Texas State University, Director of Accounting, General Accounting Office, 601 University Drive, JCK 589, San Marcos, TX 78666-4684.

The **Harold M. Freeman Education Foundation** (Freeman Foundation) is a legally separate entity formed through a trust to make the use of Freeman Ranch available exclusively to Texas State. The Freeman Center is used and operated solely for farm, ranch and game management, education, and research purposes in connection with the educational activities of Texas State. There is no formal governing board for the Freeman Foundation. Texas State acts as an active co-trustee to operate the Center. Frost Bank operates as an inactive trustee to ensure the provisions of the trust are followed. Based on the Freeman Foundation's close relation to Texas State, it is included as a blended component unit. Separate financial statements are not issued by the Freeman Foundation. Information about the Freeman Foundation may be obtained by contacting Texas State University, Director of Accounting, General Accounting Office, 601 University Drive, JCK 589, San Marcos, TX 78666-4684.

TEXAS STATE UNIVERSITY

Notes to the Financial Statements

Condensed Financial Information for Blended Component Units

	Research Foundation	Freeman Foundation
Condensed Statement of Net Position		
Assets		
Current Assets	\$ 2,793.83	\$ 17,497.53
Capital Assets, Net		123,896.92
Total Assets	2,793.83	141,394.45
Liabilities		
Current Liabilities	1.00	1,182.18
Total Liabilities	1.00	1,182.18
Net Position		
Capital Assets, Net of Related Debt		122,714.74
Restricted, Expendable		17,497.53
Unrestricted	2,792.83	
Total Net Position	\$ 2,792.83	\$ 140,212.27
Condensed Statement of Revenues, Expenses and Changes in Net Position		
Operating Revenues	\$ 12,500.00	\$ 94,077.34
Depreciation Expense		39,967.09
Operating Expenses	10,447.17	329,618.69
Operating Income/(Loss)	2,052.83	(275,508.44)
Non-Operating Revenues		258,675.99
Transfers In		
Change in Net Position	2,052.83	(16,832.45)
Net Position, Beginning	740.00	157,044.72
Net Position, Ending	\$ 2,792.83	\$ 140,212.27
Condensed Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	\$ 2,052.83	\$ (234,359.17)
Non-Capital Financing Activities		253,893.09
Capital and Related Financing Activities		(25,500.00)
Investing Activities		4,782.90
Beginning Cash Equivalents	741.00	18,680.71
Ending Cash Equivalents	\$ 2,793.83	\$ 17,497.53

Discrete Component Units

The financial statements for the following entities are included at the end of the financial statement section as discretely presented component units of the University. The **Texas State University Development Foundation** (Development Foundation) was formed in 1977 to support the educational, scientific, and research mission of Texas State. The Development Foundation raises and manages endowment funds designated for scholarships and other support for the university. The forty-seven member Board of Trustees is comprised of a cross-section of alumni and notable leaders who assist in the development and support of Texas State University. The fiscal year end is June 30, and audited financial statements can be obtained at the following url. <https://www.ua.txstate.edu/about/development-foundation/Financials/Accountability.html>

The **Emmett and Miriam McCoy College of Business Development Foundation** (McCoy Foundation) is a 501(c)(3), founded in 2004, dedicated exclusively to the support of the McCoy College of Business Administration at Texas State. The McCoy Foundation's ten member Board of Directors manages its investments and determines McCoy's annual funding to support chairs, professorships, undergraduate scholarships, and graduate fellowships, as well as the development of faculty, programs, and students. Board composition includes the University President, Dean of the McCoy College and two employees of the College of Business Administration. The fiscal year end is August 31, and audited financial statements can be obtained at the following url. <https://www.mccoycollegefoundation.org/>

Notes to the Financial Statements

RELATED ORGANIZATIONS

The **Texas State Alumni Association** (Association) while not a component unit, is disclosed due to its close relationship with the university. The Association is an affiliated organization which is controlled by a separate board of directors, pays their own expenses, and is not included in the basic financial statements of the university as the primary government. Instead, information about their financial activities is shown below.

The Alumni Association's efforts and funds are dedicated to the university, and are used to provide student scholarships, campus support, and alumni outreach or engagement activities. Financial activity as of and for the years ended August 31, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Student Scholarships	\$ 67,000.00	\$ 159,300.00
Deposits Held in Trust at the University	\$ 217,808.40	\$ 142,515.38

Deposits held in trust at the university are considered Custodial Funds in the university's financial statements.

NOTE 12: Stewardship, Compliance, and Accountability

Texas State's administration is not aware of any non-compliance items or material violations of finance-related legal and contract provisions. Per the laws of the State of Texas, Texas State cannot spend amounts in excess of appropriations granted by the Texas Legislature and there are no deficits reported in net position.

NOTE 13: Donor Restricted Endowments

Net appreciation classified as restricted, expendable on the Statement of Net Position is as follows:

	<u>2021</u>	<u>2020</u>
	\$ 31,507,584.07	\$ 22,835,664.06

For fiscal year 2021 there was an increase in fair market value (FMV) totaling \$6,224,112.47 compared to the increase in fair value of \$1,309,021.69 for 2020. The amount reported as net appreciation represents net appreciation on investments of donor restricted endowments available for authorization for expenditure. Pursuant to the Uniform Prudent Management of Institutional Funds Act (Property Code Chapter 163.001), net appreciation (realized and unrealized) in the fair market value of the endowment assets in excess of historical dollar value of the gifts may be distributed to the extent prudent.

Distributions are calculated using a 60-month FMV rolling average times a 3.25% distribution. The individual endowments own units in a restricted investment pool and the annual distribution is allocated on a per unit basis. Changes from prior year balances for expendable and non-expendable balances were as follows:

<u>True Endowment Funds</u>	<u>2021</u>	<u>2020</u>	<u>Reason for Change</u>
Expendable Balances	\$ 8,671,920	\$ 1,432,060	Fair value fluctuations, earnings, fees and distributions.
Non-Expendable Balances	\$ 278,022	\$ 320,745	New gifts

NEXT IS NOW

THE PUBLIC PHASE OF TEXAS STATE'S
CAPITAL CAMPAIGN LAUNCHED IN
OCTOBER 2021 WITH A \$250 MILLION GOAL.

funds raised since 2014

\$172 MILLION TOTAL

\$94 MILLION

for student scholarships and enrichment programs

\$39 MILLION

for research and teaching

\$27 MILLION

for construction and renovation

\$12 MILLION

for athletic facilities and programs

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