



Combined Annual Financial Report

For the Year Ended August 31, 2021



November 18, 2021

Honorable Greg Abbott
Governor of Texas

Honorable Glenn Hegar
Texas Comptroller of Public Accounts

Mr. Jerry McGinty
Director, Legislative Budget Board

Ms. Lisa Collier
State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of The Texas State University System for the year ended August 31, 2021, in compliance with Texas Government Code Annotated, Section 2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

Should you have any questions, please contact Daniel Harper, Vice Chancellor and Chief Financial Officer at (512) 463-1808.

Sincerely,

Brian McCall
Chancellor

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The Texas State University System Table of Contents For the Year Ended August 31, 2021

Organizational Data.....	1
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Combined Financial Statements

Proprietary Fund Statements:

Combined Statement of Net Position.....	2
Combined Statement of Revenues, Expenses and Changes in Net Position	6
Combined Matrix of Operating Expenses Reported by Function.....	8
Combined Statement of Cash Flows.....	12

Notes to the Combined Financial Statements

Notes to the Combined Financial Statements	16
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Combined Supplemental Information

Schedule 2A Miscellaneous Bond Information	57
Schedule 2B Changes in Bonded Indebtedness	58
Schedule 2C Debt Service Requirements	60
Schedule 2D Analysis of Funds Available for Debt Service	63
Schedule 2E Defeased Bonds Outstanding	64
Schedule 2F Early Extinguishment and Refunding	65
Schedule 3 Reconciliation of Cash in the State Treasury.....	66

Fiduciary Financial Statements

Statement of Fiduciary Net Position	68
Statement of Changes in Fiduciary Net Position	69

Discretely Presented Component Unit Financial Statements

Statement of Net Position	72
Statement of Changes Revenues, Expenses and Changes in Net Position	74

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The Texas State University System Organizational Data For the Year Ended August 31, 2021

Board of Regents

Name	City (Texas)	Term Expires
Charlie Amato, Chairman	San Antonio	February 1, 2025
Duke Austin, First Vice Chairman	Houston	February 1, 2023
Garry Crain, Second Vice Chairman	The Hills	February 1, 2023
Sheila Faske	Rose City	February 1, 2027
Dionicio (Don) Flores	El Paso	February 1, 2025
Nicki Harle	Baird	February 1, 2023
Stephen Lee	Beaumont	February 1, 2027
William F. Scott	Nederland	February 1, 2025
Alan L. Tinsley	Madisonville	February 1, 2027
Camile Settegast, Student Regent	Horseshoe Bay	May 31, 2022

System Administration

Name	Title
Dr. Brian McCall	Chancellor
Dr. John Hayek	Vice Chancellor for Academic and Health Affairs
Nelly Herrera	Vice Chancellor and General Counsel
Sean Cunningham	Vice Chancellor for Governmental Relations
Daniel Harper	Vice Chancellor and Chief Financial Officer
Mike Wintemute	Vice Chancellor for Marketing and Communications
Carole Fox	Chief Audit Executive

Component Presidents

Name	Component
Dr. Jaime Taylor	Lamar University
Dr. Alisa White	Sam Houston State University
Dr. Pete Gallego	Sul Ross State University
Dr. Denise M. Trauth	Texas State University
Dr. Lonnie L. Howard	Lamar Institute of Technology
Dr. Thomas Johnson	Lamar State College - Orange
Dr. Betty Reynard	Lamar State College - Port Arthur

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**The Texas State University System
Combined Statement of Net Position
For the Year Ended August 31, 2021**

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash and Cash Equivalents:		
Cash on Hand (Including Petty Cash)	\$ 83,684.28	\$ 80,317.10
Cash in Bank (Note 3)	66,008,433.05	42,302,706.92
Cash in Transit/Reimb Due From Treasury	1,370,052.79	2,116,899.61
Cash in State Treasury (Schedule 3)	61,992,840.22	58,992,902.13
Cash Equivalents (Note 3)	411,194,551.08	427,756,930.87
Restricted:		
Cash and Cash Equivalents:		
Cash on Hand	160.00	360.00
Cash in Bank (Note 3)	12,065,034.49	10,298,017.54
Cash in State Treasury (Schedule 3)	2,319,080.20	-
Cash Equivalents (Note 3)	21,673,415.34	44,442,382.37
Short Term Investments (Note 3)	12,973,392.36	12,775,127.29
Legislative Appropriations	160,509,923.05	140,987,133.58
Receivables:		
Federal	37,901,738.96	21,398,783.91
Other Intergovernmental	2,789,536.85	1,649,172.10
Interest	27,956.82	38,085.00
Accounts – Tuition	151,024,048.92	157,554,416.09
Allowance Accounts	(29,734,534.31)	(30,507,105.94)
Accounts – Other Revenue	2,191,667.14	1,808,931.17
Gifts/Pledges	1,085,658.15	2,063,691.60
Other	8,292,191.20	5,725,040.02
Due From Other Agencies (Note 12)	4,927,274.15	4,041,483.34
Consumable Inventories	1,572,164.75	1,343,497.90
Merchandise Inventories	519,637.86	571,858.68
Prepaid Items	62,071,880.43	57,095,912.13
Loans and Contracts	29,146,117.57	31,294,129.83
Allowance-Loans & Contracts	(7,972,828.39)	(8,374,267.80)
Other Current Assets	18,428,920.88	15,992,898.96
Total Current Assets	\$ 1,032,461,997.84	\$ 1,001,449,304.40

UNAUDITED

**The Texas State University System
Combined Statement of Net Position
For the Year Ended August 31, 2021**

	<u>2021</u>	<u>2020</u>
Noncurrent Assets		
Restricted:		
Cash and Cash Equivalents:		
Cash in Bank (Note 3)	\$ 2,572,390.74	\$ 2,768,777.43
Cash Equivalents (Note 3)	9,425,546.80	12,009,335.18
Investments (Note 3)	257,954,591.44	200,943,134.77
Receivables	78,051.43	683,869.82
Other Restricted Non-Current Assets	-	26,000.00
Loans and Contracts	132,611.84	143,900.28
Investments (Note 3)	456,761,704.87	324,160,658.34
Receivables:		
Gifts/Pledges	3,525,368.56	2,485,843.59
Capital Assets: (Note 2)		
Non-Depreciable or Non-Amortizable		
Land and Land Improvements	125,086,556.25	126,895,217.14
Construction in Progress	241,119,492.46	329,867,746.08
Other Capital Assets	16,482,386.87	15,517,837.68
Depreciable or Amortizable		
Building and Building Improvements	2,679,091,134.91	2,504,237,709.89
Less Accumulated Depreciation	(1,266,141,717.60)	(1,167,698,902.83)
Infrastructure	149,001,407.03	149,001,407.03
Less Accumulated Depreciation	(73,524,577.11)	(68,684,048.02)
Facilities and Other Improvements	272,583,570.59	262,567,375.22
Less Accumulated Depreciation	(129,526,040.62)	(118,408,272.88)
Furniture and Equipment	194,418,533.55	187,095,412.50
Less Accumulated Depreciation	(145,402,314.22)	(137,030,092.79)
Vehicles, Boats, and Aircraft	23,221,419.47	22,752,014.59
Less Accumulated Depreciation	(15,989,504.37)	(14,791,870.41)
Computer Software – Intangible	35,855,082.09	36,050,076.99
Less Accumulated Amortization	(34,485,814.87)	(34,707,561.67)
Other Capital Assets	148,455,351.40	142,268,730.07
Less Accumulated Depreciation	(87,651,753.18)	(80,560,848.12)
Total Noncurrent Assets	<u>\$ 2,863,043,478.33</u>	<u>\$ 2,697,593,449.88</u>
 Total Assets	 <u><u>\$ 3,895,505,476.17</u></u>	 <u><u>\$ 3,699,042,754.28</u></u>

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**The Texas State University System
Combined Statement of Net Position
For the Year Ended August 31, 2021**

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Unamortized Loss on Refunding Debt (Note 28)	\$ 3,275,013.47	\$ 4,035,627.01
Deferred Outflow of Resources - Pension (Note 28)	126,453,925.00	167,553,817.00
Deferred Outflow of Resources - OPEB (Note 28)	369,227,517.00	505,618,739.00
	<u> </u>	<u> </u>
Total Deferred Outflows of Resources	<u><u>\$ 498,956,455.47</u></u>	<u><u>\$ 677,208,183.01</u></u>
 Liabilities		
Current Liabilities:		
Payables from:		
Accounts Payable	\$ 85,795,429.95	\$ 71,293,752.86
Payroll Payable	35,913,291.31	39,599,813.69
Federal	-	56,196.59
Interest Payable	17,182,005.63	17,046,134.04
Due to Other Agencies (Note 12)	4,622,392.17	1,924,331.14
Unearned Revenues	443,290,847.05	419,582,479.60
Short Term Debt (Note 4)	26,318,000.00	94,840,000.00
Net OPEB Liability (Note 5, 11)	22,020,197.00	21,977,785.00
Employees' Compensable Leave (Note 5)	14,473,285.19	15,085,448.19
Revenue Bonds Payable (Note 5, 6)	74,060,000.00	69,555,000.00
Unamortized Premiums on Rev Bonds (Note 5, 6)	6,619,561.91	6,827,372.05
Funds Held for Others	5,176,611.38	4,305,364.29
Other Current Liabilities	2,348,773.85	2,076,970.49
	<u> </u>	<u> </u>
Total Current Liabilities	<u><u>\$ 737,820,395.44</u></u>	<u><u>\$ 764,170,647.94</u></u>
 Noncurrent Liabilities		
Employees' Compensable Leave (Note 5)	\$ 15,317,757.31	\$ 14,964,653.98
Revenue Bonds Payable (Note 5, 6)	961,965,000.00	950,755,000.00
Unamortized Premiums on Rev Bonds (Note 5, 6)	104,568,797.63	102,898,109.53
Net OPEB Liability (Note 5, 11)	638,128,421.00	671,450,463.00
Net Pension Liability (Note 5, 9)	237,117,068.00	276,584,908.00
Other Non-Current Liabilities	1,678,515.48	1,648,627.83
	<u> </u>	<u> </u>
Total Non-Current Liabilities	<u><u>\$ 1,958,775,559.42</u></u>	<u><u>\$ 2,018,301,762.34</u></u>
	<u> </u>	<u> </u>
Total Liabilities	<u><u>\$ 2,696,595,954.86</u></u>	<u><u>\$ 2,782,472,410.28</u></u>

UNAUDITED

**The Texas State University System
Combined Statement of Net Position
For the Year Ended August 31, 2021**

	<u>2021</u>	<u>2020</u>
Deferred Inflows of Resources		
Unamortized Gain on Refunding Debt (Note 28)	\$ 4,931,361.97	\$ 4,644,451.85
Deferred Inflow of Resources - OPEB (Note 28)	204,092,612.00	202,526,786.00
Deferred Inflow of Resources - Pension (Note 28)	93,652,761.00	84,701,073.00
	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u><u>\$ 302,676,734.97</u></u>	<u><u>\$ 291,872,310.85</u></u>
 Net Position		
Net Investment in Capital Assets	\$ 959,035,853.11	\$ 929,159,969.30
Restricted for:		
Debt Retirement	-	10,184.36
Capital Projects	21,710,976.44	41,312,731.74
Other	74,704,682.02	66,743,780.80
Funds Held as Permanent Investments:		
Nonexpendable:		
Endowment Funds	159,507,291.93	156,322,358.42
Expendable:		
Endowment Funds	120,431,126.61	72,548,368.08
Unrestricted	<u>\$ 59,799,311.70</u>	<u>\$ 35,808,823.46</u>
	<u> </u>	<u> </u>
Total Net Position	<u><u>\$ 1,395,189,241.81</u></u>	<u><u>\$ 1,301,906,216.16</u></u>

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**The Texas State University System
Combined Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2021**

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Tuition and Fees – Pledged	\$ 830,578,548.91	\$ 801,427,110.54
Tuition and Fees – Discounts/Allowances	(227,387,432.34)	(225,253,319.65)
Auxiliary Enterprise – Pledged	145,475,517.81	153,401,225.37
Auxiliary Enterprise – Discounts/Allowances	(7,581,390.40)	(10,308,558.98)
Other Sales of Goods and Svcs – Pledged	16,475,084.30	18,645,467.11
Federal Revenue	53,407,549.72	46,828,774.25
Federal Pass Through Revenue	21,410,805.55	9,013,930.75
State Grant Revenue	3,381,156.30	943,426.86
State Grant Pass Through Revenue	58,925,021.60	65,397,658.52
Other Contract and Grants – Non-Pledged	11,799,849.36	13,450,295.89
Other Operating Revenues – Pledged	8,054,642.73	8,165,885.32
Total Operating Revenues	<u>\$ 914,539,353.54</u>	<u>\$ 881,711,895.98</u>
Operating Expenses:		
Instruction	\$ 452,575,253.20	\$ 483,295,031.73
Research	86,213,414.10	84,449,655.07
Public Service	23,093,178.49	21,544,280.91
Hospitals and Clinics	1,106,436.94	1,313,640.97
Academic Support	160,288,058.40	168,122,673.14
Student Services	86,123,150.43	94,130,466.25
Institutional Support	145,915,066.12	134,896,808.47
Operation and Maintenance of Plant	109,623,497.85	102,893,942.80
Scholarships and Fellowships	219,727,181.05	205,821,623.68
Auxiliary	150,127,803.72	161,165,107.22
Depreciation & Amortization	134,704,648.61	123,670,307.34
Total Operating Expenses	<u>\$ 1,569,497,688.91</u>	<u>\$ 1,581,303,537.58</u>
Operating Income (Loss)	\$ (654,958,335.37)	\$ (699,591,641.60)
Nonoperating Revenues (Expenses):		
Legislative Revenue (GR)	\$ 262,974,300.00	\$ 284,074,568.00
Additional Appropriations (GR)	69,889,207.96	73,822,016.88
Federal Revenue	233,024,233.28	191,080,067.92
State Pass Through Revenue	200,000.00	3,549,162.00
Gifts – Pledged	137,427.98	788,145.23
Gifts – Non-Pledged	30,535,131.85	26,194,080.56
Investment Income – Non-Pledged	25,787,301.54	6,041,199.13

UNAUDITED

**The Texas State University System
Combined Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2021**

	2021	2020
Investment Income – Pledged	23,358,128.77	13,458,999.06
Investing Activities Expenses	-	-
Gain/Loss Sale Capital Assets	(2,418,049.56)	(448,790.23)
Net Increase (Decrease) Fair Value – Pledged	16,580,071.69	1,788,368.99
Net Increase (Decrease) Fair Value – Non-Pledge	43,054,044.41	19,375,408.66
Judgments and Settlements	3,106,155.22	4,138,646.78
Interest Expenses and Fiscal Charges	(38,143,115.95)	(39,552,037.79)
Other Nonoperating Revenues – Non-Pledged	479,367.91	658,549.64
Other Nonoperating Revenues – Pledged	2,258,284.32	1,482,738.12
Other Nonoperating Expenses	(3,888,352.53)	(3,922,142.25)
Total Nonoperating Revenues (Expenses)	\$ 666,934,136.89	\$ 582,528,980.70
Income (Loss) before Capital Contributions, Endowments and Transfers	\$ 11,975,801.52	\$ (117,062,660.90)
Capital Contributions, Endowments and Transfers		
Capital Appropriations (HEF)	\$ 77,867,711.00	\$ 77,573,404.00
Additions to Permanent and Term Endowments	3,312,727.81	3,740,928.07
Transfers-In (Note 12)	7,186,197.63	3,987,840.66
Transfers-Out (Note 12)	(177,024.57)	(619,590.21)
Legislative Transfer-In (Note 12)	1,916,648.00	3,413,565.00
Legislative Appropriations Lapsed	293,869.07	(1,200,593.82)
Total Capital Contributions, Endowments and Transfers	\$ 90,400,128.94	\$ 86,895,553.70
Change in Net Position	\$ 102,375,930.46	\$ (30,167,107.20)
Total Net Position, September 1	\$ 1,301,906,216.16	\$ 1,330,092,819.98
Restatements	(9,092,904.81)	1,980,503.38
Total Net Position, September 1 as Restated	\$ 1,292,813,311.35	\$ 1,332,073,323.36
Total Net Position, August 31	<u>\$ 1,395,189,241.81</u>	<u>\$ 1,301,906,216.16</u>

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**The Texas State University System
Combined Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2021**

For the Year Ended August 31, 2021

Operating Expenses	Instruction	Research	Public Service	Hospitals and Clinics	Academic Support
Cost of Goods Sold	\$ 13,556.65	\$ 378.50	\$ 24,112.31	\$ -	\$ 20,973.82
Salaries and Wages	302,721,222.96	44,045,403.43	10,943,915.36	321,104.79	63,544,777.93
Payroll Related Costs	93,669,160.44	10,390,962.91	3,637,797.64	104,197.14	18,493,998.74
Professional Fees and Services	5,252,137.30	13,173,980.26	1,031,912.50	117,501.60	26,267,841.53
Federal Pass-Through Expense	-	1,016,939.16	-	-	-
State Pass-Through Expense	-	148,671.97	-	-	-
Travel	383,160.67	768,962.20	102,943.62	-	188,922.15
Materials and Supplies	9,967,836.75	6,510,407.91	1,593,003.75	160,521.64	26,781,276.20
Communications and Utilities	646,854.43	240,443.86	228,841.19	4,128.22	3,602,135.29
Repairs and Maintenance	868,426.42	317,141.97	201,929.43	1,055.00	3,925,634.80
Rentals and Leases	396,645.67	569,210.21	1,048,570.74	233,744.35	217,508.34
Printing and Reproduction	571,095.71	474,618.56	43,229.29	198.81	246,091.53
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	(1,264,371.10)	(53,551.33)	(75,721.41)	1,857.13	(371,699.50)
Interest	170.03	305.78	1.32	-	119.77
Scholarships	0.00	-	-	-	-
Claims and Judgments	-	-	-	-	-
Net OPEB Expense	33,029,429.61	6,291,947.85	1,685,365.05	80,748.96	11,697,995.20
Net Pension Expense	3,338,417.92	635,952.60	170,346.66	8,161.62	1,182,363.65
Other Operating Expenses	2,981,509.74	1,681,638.26	2,456,931.04	73,217.68	4,490,118.95
Total Operating Expenses	\$ 452,575,253.20	\$ 86,213,414.10	\$ 23,093,178.49	\$ 1,106,436.94	\$ 160,288,058.40

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**The Texas State University System
Combined Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2021**

Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
\$ 25,227.13	\$ (33,299.67)	\$ -	\$ -	\$ 2,412,571.24	\$ -	\$ 2,463,519.98
46,319,814.76	67,827,612.72	30,563,078.87	1,265,921.95	39,916,716.41	-	607,469,569.18
14,665,398.60	20,991,421.92	10,993,945.56	21,365.75	12,405,149.39	-	185,373,398.09
5,826,383.27	6,818,287.21	8,069,336.00	66,329.52	12,877,825.00	-	79,501,534.19
-	-	-	-	-	-	1,016,939.16
-	-	-	-	-	-	148,671.97
706,130.05	274,088.73	46,072.87	-	4,535,478.82	-	7,005,759.11
5,944,407.36	7,957,281.86	12,305,473.62	337,574.10	39,188,680.99	-	110,746,464.18
1,026,057.21	2,414,229.79	21,801,772.03	-	14,165,781.32	-	44,130,243.34
555,447.91	3,273,452.01	7,582,998.19	-	4,480,863.24	-	21,206,948.97
267,722.43	947,682.87	1,602,465.22	-	788,590.63	-	6,072,140.46
768,911.87	667,018.47	58,079.37	-	399,910.00	-	3,229,153.61
-	-	-	-	-	134,704,648.61	134,704,648.61
(695,113.46)	(208,272.23)	(40.48)	528,941.52	975,575.72	-	(1,162,395.14)
4.02	9,013.89	1,615.98	-	3.13	-	11,233.92
0.00	-	-	199,696,938.57	-	-	199,696,938.57
-	179,343.05	-	-	2,924.76	-	182,267.81
6,285,360.31	10,649,038.74	8,000,440.99	16,035,926.42	10,956,488.87	-	104,712,742.00
635,286.77	1,076,341.38	808,636.90	1,620,815.89	1,107,416.61	-	10,583,740.00
3,792,112.20	23,071,825.38	7,789,622.73	153,367.33	5,913,827.59	-	52,404,170.90
\$ 86,123,150.43	\$ 145,915,066.12	\$ 109,623,497.85	\$ 219,727,181.05	\$ 150,127,803.72	\$ 134,704,648.61	\$ 1,569,497,688.91

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**The Texas State University System
Combined Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2021**

For the Year Ended August 31, 2020

Operating Expenses	Instruction	Research	Public Service	Hospitals and Clinics	Academic Support
Cost of Goods Sold	\$ (2,374.70)	\$ -	\$ 85,383.70	\$ -	\$ 5,961.14
Salaries and Wages	312,100,153.04	40,986,461.69	10,014,668.44	321,817.58	69,856,233.49
Payroll Related Costs	95,109,850.76	9,274,433.44	3,167,087.78	106,454.34	19,367,810.44
Professional Fees and Services	4,535,397.31	12,126,431.39	1,738,771.28	117,113.85	21,438,260.02
Federal Pass-Through Expense	-	976,827.34	-	-	-
State Pass-Through Expense	-	(1,684.91)	-	-	-
Travel	2,811,394.01	2,351,376.21	231,192.36	-	1,192,914.31
Materials and Supplies	11,725,275.24	6,549,156.60	1,146,027.00	373,790.73	27,525,078.29
Communications and Utilities	282,787.98	129,313.84	207,505.95	26,211.78	3,463,606.75
Repairs and Maintenance	1,317,003.35	403,842.68	160,456.76	3,112.48	4,020,070.00
Rentals and Leases	504,374.23	525,243.17	671,317.49	168,081.79	345,540.86
Printing and Reproduction	637,617.96	424,209.80	42,581.94	432.00	325,291.14
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	1,311,055.51	26,642.26	39,013.56	1,066.47	(64,656.45)
Interest	138.65	1,152.70	29.99	-	111.23
Scholarships	0.00	-	-	-	-
Claims and Judgments	18,131.40	284,060.70	8,734.47	-	13,859.18
Net OPEB Expense	38,734,502.84	6,768,361.33	1,726,703.06	105,283.99	13,474,477.77
Net Pension Expense	11,527,303.49	2,014,249.56	513,863.06	31,332.29	4,009,975.17
Other Operating Expenses	2,682,420.66	1,609,577.27	1,790,944.07	58,943.67	3,148,139.80
Total Operating Expenses	\$ 483,295,031.73	\$ 84,449,655.07	\$ 21,544,280.91	\$ 1,313,640.97	\$ 168,122,673.14

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**The Texas State University System
Combined Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2021**

Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
\$ 48,082.71	\$ 87,641.03	\$ -	\$ -	\$ 411,583.06	\$ -	\$ 636,276.94
47,707,415.47	71,709,746.03	33,670,680.68	1,757,569.91	42,928,920.13	-	631,053,666.46
14,723,772.14	20,877,956.64	12,547,536.31	901.09	13,306,554.49	-	188,482,357.43
5,826,817.72	6,065,141.99	6,157,600.77	-	13,120,284.87	-	71,125,819.20
-	-	-	-	-	-	976,827.34
-	-	-	-	-	-	(1,684.91)
997,086.52	854,885.38	59,108.64	109.80	5,946,945.85	-	14,445,013.08
7,797,044.20	7,087,396.51	7,484,310.79	41,407.93	44,224,446.62	-	113,953,933.91
974,551.15	1,306,413.55	19,855,246.69	-	12,422,420.34	-	38,668,058.03
733,393.20	2,151,672.84	8,571,362.38	-	5,361,210.39	-	22,722,124.08
364,918.70	1,169,738.41	1,184,817.06	-	720,652.28	-	5,654,683.99
827,216.20	669,217.60	73,673.82	-	761,681.17	-	3,761,921.63
-	-	-	-	-	123,670,307.34	123,670,307.34
909,745.59	93,660.91	283.24	(34,933.07)	618,446.92	-	2,900,324.94
8.45	16,751.98	2,123.08	-	18.92	-	20,335.00
(0.00)	-	-	182,627,772.65	-	-	182,627,772.65
220,611.43	245,239.14	-	-	(91,448.71)	-	699,187.61
7,544,246.42	10,811,534.30	8,246,610.16	16,495,924.32	12,916,851.81	-	116,824,496.00
2,245,151.27	3,217,489.01	2,454,173.18	4,909,151.07	3,844,026.90	-	34,766,715.00
3,210,405.08	8,532,323.15	2,586,416.00	23,719.98	4,672,512.18	-	28,315,401.86
\$ 94,130,466.25	\$ 134,896,808.47	\$ 102,893,942.80	\$ 205,821,623.68	\$ 161,165,107.22	\$ 123,670,307.34	\$ 1,581,303,537.58

UNAUDITED

**The Texas State University System
Combined Statement of Cash Flows
For the Year Ended August 31, 2021**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 12,480,168.09	\$ 14,464,972.30
Proceeds from Tuition and Fees	561,382,307.45	526,017,276.01
Proceeds from Research Grants and Contracts	133,262,224.21	131,261,994.10
Proceeds from Loan Programs	6,609,614.94	7,544,212.54
Proceeds from Auxiliaries	143,440,099.40	139,342,570.86
Proceeds from Other Operating Revenues	14,574,753.57	16,530,683.27
Payments to Suppliers for Goods and Services	(276,059,749.41)	(286,380,821.74)
Payments to Employees for Salaries	(609,525,423.84)	(622,521,725.34)
Payments to Employees for Benefits	(132,663,591.51)	(125,331,811.66)
Payments for Loans Provided	(4,642,414.65)	(7,280,646.60)
Payments for Other Operating Expenses	(183,952,759.54)	(152,420,321.79)
Net Cash Provided by Operating Activities	<u>\$ (335,094,771.29)</u>	<u>\$ (358,773,618.05)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	\$ 343,833,365.84	\$ 377,871,876.05
Proceeds from Gifts	29,887,268.81	28,532,803.21
Proceeds from Endowments	2,876,883.36	3,392,082.97
Proceeds of Transfers from Other Funds	6,982,185.27	3,241,678.27
Proceeds from Grant Receipts	237,665,639.57	195,042,244.13
Proceeds from Other Noncapital Financing Activities	6,167,125.43	14,319,566.83
Payments for Transfers to Other Funds	(125,524.36)	(897,244.25)
Payments for Other Noncapital Financing Uses	(3,631,917.42)	(12,922,814.49)
Net Cash Provided by Noncapital Financing Activities	<u>\$ 623,655,026.50</u>	<u>\$ 608,580,192.72</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from the Sale of Capital Assets	\$ -	\$ 59,014.72
Proceeds from Debt Issuance	399,199,302.89	908,414,610.80
Payments for Additions to Capital Assets	(127,094,105.65)	(175,836,745.35)
Payments of Principal on Debt	(443,444,732.95)	(885,399,724.28)
Payments of Interest on Debt Issuance	(42,839,244.29)	(40,254,157.16)
Payments of Other Costs of Debt Issuance	(910,741.75)	(1,912,571.79)
Net Cash Provided by Capital and Related Financing Activities	<u>\$ (215,089,521.75)</u>	<u>\$ (194,929,573.06)</u>

UNAUDITED

**The Texas State University System
Combined Statement of Cash Flows
For the Year Ended August 31, 2021**

	<u>2021</u>	<u>2020</u>
Cash Flow from Investing Activities		
Proceeds from Sales of Investments	\$ 322,083,196.93	\$ 153,766,312.57
Proceeds from Interest Income	121,243.12	5,031,546.86
Proceeds from Investment Income	27,861,116.02	14,617,974.96
Payments to Acquire Investments	(435,599,729.69)	(103,083,973.10)
Net Cash Provided by Investing Activities	<u>\$ (85,534,173.62)</u>	<u>\$ 70,331,861.29</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (12,063,440.16)	\$ 125,208,862.90
Cash and Cash Equivalents, September 1	\$ 600,768,629.15	\$ 477,676,885.59
Restatements to Beginning Cash and Cash Equivalents	<u>-</u>	<u>(2,117,119.34)</u>
Cash and Cash Equivalents, September 1 - Restated	<u>600,768,629.15</u>	<u>475,559,766.25</u>
Cash and Cash Equivalents, August 31	<u><u>\$ 588,705,188.99</u></u>	<u><u>\$ 600,768,629.15</u></u>

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

Operating Income (Loss)	\$ (654,958,335.37)	\$ (699,591,641.60)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Amortization and Depreciation	134,704,648.61	123,670,307.34
Bad Debt Expense	(1,162,395.14)	2,900,324.94
Pension and OPEB Expense	115,296,482.00	151,591,211.00
On-Behalf Benefit Payments	49,585,580.72	50,039,936.18
Operating Income (Loss) and Cash Flow Categories: Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(14,350,286.09)	(9,996,380.62)
(Increase) Decrease in Due from Other Funds	(838,889.16)	254,774.60
(Increase) Decrease in Inventories	(176,446.03)	(155,230.65)
(Increase) Decrease in Prepaid Expenses	(4,580,691.15)	939,802.21
(Increase) Decrease in Notes Receivable	1,239,737.14	(2,329,628.66)
(Increase) Decrease in Loans & Contracts	1,648,065.46	698,977.10
(Increase) Decrease in Other Assets	(2,410,022.38)	527,147.93

UNAUDITED**The Texas State University System
Combined Statement of Cash Flows
For the Year Ended August 31, 2021**

	2021	2020
Increase (Decrease) in Payables	18,563,443.53	10,651,055.87
Increase (Decrease) in Deposits	(12,276.10)	(4,849.00)
Increase (Decrease) in Due to Other Funds	1,799,877.54	893,818.52
Increase (Decrease) in Unearned Revenue	23,809,282.99	3,967,632.05
Increase (Decrease) in Compensated Absence Liability	(424,394.98)	2,806,990.84
Increase (Decrease) in Benefits Payable	(3,876,399.42)	4,340,480.30
Increase (Decrease) in Other Liabilities	1,048,246.54	21,653.60
Total Adjustments	<u>\$ 319,863,564.08</u>	<u>\$ 340,818,023.55</u>
Net Cash Provided by Operating Activities	<u><u>\$ (335,094,771.29)</u></u>	<u><u>\$ (358,773,618.05)</u></u>
Non Cash Transactions		
Donation of Capital Assets	\$ 1,713,954.25	\$ 226,723.34
Net Change in Fair Value of Investments	\$ 59,634,116.10	\$ 21,163,777.65
Loss on Sale of Capital Assets	\$ (2,659,159.17)	\$ (478,095.43)

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The Texas State University System

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

The Texas State University System (TSUS), founded in 1911, is the first higher education system established in Texas. Beginning as an administrative means to consolidate the support and management of state teacher colleges, the System has evolved into a network of higher education institutions stretching from the Texas–Louisiana border to the Big Bend region of west Texas.

Today, seven component institutions offer a broad range of academic and career opportunities. Those institutions are located throughout the state and include Lamar University, Sam Houston State University, Sul Ross State University, Texas State University, Lamar Institute of Technology, Lamar State College-Orange, and Lamar State College-Port Arthur. Throughout the System, faculty and staff are preparing students to work in and contribute to our global society.

The Texas State University System is governed by a nine-member Board of Regents appointed by the Governor. In addition, a nonvoting student regent is appointed annually to the board. The Texas State University System Administration (System Administration), which is headed by a board-appointed chancellor, is based in Austin, where it provides support to the System components and state government.

The financial records of TSUS comply with state statutes and regulations, including compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for State Institutions of Higher Education*. However, due to the statewide requirements embedded in Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements of the statement. TSUS's annual financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Fund Structure

The accompanying financial statements are presented on the basis of funds. A fund is considered a separate accounting entity. The fund designation for institutions of higher education is a Business Type Activity within the Proprietary Fund Type.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

Business Type Activity funds account for activities financed through the charging of fees and sales for goods or services to the ultimate user. Institutions of higher education report their financial activities as business type because the institution's funding comes primarily through charges to students, sales of goods and services, and grant revenues.

TSUS holds funds for external entities for which TSUS has no direct administrative or financial involvement and where the funds exclusively benefit the external entities. In accordance with GASB Statement No. 84, *Fiduciary Activities*, (GASB 84) these fiduciary activities are reported in a separate statement of fiduciary net position and a separate statement of changes in fiduciary net position (Fiduciary Statements). The Fiduciary Statements are reported as Custodial Funds and are presented at the end of the TSUS combined report.

Component Units

TSUS reports both blended and discretely presented component units identified by analysis of the component units' significance to the financial statements of the System. The financial transactions of discretely presented CUs are included as separately presented financial statements at the end of the combined report. Additional information about component units may be found in Note 19.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Both Business Type Activity funds and Custodial funds are accounted for using the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the accounting period when they are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Budget and Budgetary Accounting

The operating budget is prepared annually and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act) and other revenues generated by System components. Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Cash and Cash Equivalents

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

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

Securities Lending Collateral

Investments are stated at fair value in all funds except pension trust funds in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. For pension trust funds, investments are required to be reported at fair value using the accrual basis of accounting in accordance with GASB Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the Operating Statement. These costs are reported at gross.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the proprietary fund types. The cost of these items is expensed when the items are consumed.

Capital Assets and Related Debt

Purchases of assets with an estimated useful life in excess of one year exceeding TSUS's capitalization thresholds are recorded as capital assets at their acquisition cost on the date of acquisition. Donated assets with an estimated useful life in excess of one year exceeding the 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 the value of buildings are charged to operating expense in the year in which the expense was incurred.

TSUS's capitalization thresholds are:

<u>Asset Category</u>	<u>Threshold</u>
Land, land improvements, and land use rights	All acquisitions
Books and materials for academic and research libraries	All acquisitions
Works of art and historical treasures not held for financial gain	All acquisitions
Furniture, equipment, and vehicles	\$5,000

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

Buildings and building, facilities, and other improvements	\$100,000
Purchased computer software and land use rights (A)	\$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 (TERM.)

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

<u>Asset Category</u>	<u>Useful Life</u>
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 Texas State University System Revenue Financing System, which is comprised of System Administration and each component institution within the system. Debt service requirements are disclosed in Note 6, Bonded Indebtedness.

Current Receivables - Other

Other receivables include year-end revenue accruals not included in any other receivable category.

Deferred Outflows of Resources

For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Certain changes in the collective net pension liability of the Teacher Retirement System of Texas (TRS) Plan are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions. See Note 9, *Defined Benefit Pension Plan and Defined Contribution Plan*, for a description of the TRS Plan.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

The effect on TSUS's proportionate share of the total pension liability of changes of economic and demographic assumptions or of other inputs that decrease the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

Decreases in TSUS's proportion of the collective net pension liability are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

TSUS's contributions during the measurement period that are less than its proportionate share of total of contributions are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

The effect on TSUS's proportionate share of the collective net pension liability of more actual earnings on pension plan investments than projected is amortized as a component of pension expense using the straight-line method over a period of five years.

Accounts Payable

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

Current Payables – Other

Other payables are the accrual at year end of expenditure transactions not included in any of the other payable descriptions.

Bonds Payable - General Obligation Bonds and Revenue Bonds

General obligation and revenue bonds are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or non-current in the Statement of Net Position. Bond proceeds and principal payments are reported in the Statement of Cash Flows.

Employees' Compensable Leave Balances

Employees' compensable leave balances represent the liability that becomes due upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the Statement of Net Position.

Capital Lease Obligations

Capital lease obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

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

Net Pension Liability

The fiduciary net position of the TRS Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. The measurement of the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the TRS Plan, and additions to/deductions from the TRS Plan's fiduciary net position has been determined on the same basis as reported by TRS. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The framework for measuring fair value is based on a hierarchy that gives the highest priority to the use of observable inputs in an active market and lowest priority to the use of unobservable inputs.

Deferred Inflows of Resources

Certain changes in the collective net pension liability of the TRS Plan are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions, depending on the type of change. See the section of this note titled *Deferred Outflows of Resources* for an explanation of the accounting treatment.

Net Position

The difference between assets and liabilities is Net Position.

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 bond, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position

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

Unrestricted Net Position

Unrestricted Net Position consist of net assets which do not meet the definition of the two *preceding* categories. Unrestricted Net Position often has constraints on resources, which are imposed by management, but can be removed or modified.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

Interfund Activities and Balances

TSUS has the following types of transactions among funds:

Transfers

Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund.

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

Interfund Receivables and Payables

Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as “Current”, repayment for two (or more) years is classified as “Noncurrent.”

Interfund Sales and Purchases

Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

CARES Act

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. The CARES Act authorized more than \$2 trillion in relief to individuals, businesses, and nonprofit and government organizations impacted by COVID-19.

Governor’s Emergency Education Relief Fund (GEERF) funding, awarded to the State of Texas Governor’s Office and passed through the Texas Higher Education Coordinating Board to TSUS Components, provides direct financial assistance to support students’ efforts to continue or restart their progress toward earning a post-secondary credential or degree. Initial GEERF awards are to maintain need-based financial aid programs and keep more students enrolled at colleges and universities. The initial awards are followed by emergency student support to allow students whose families have been severely financially impacted by COVID-19 to stay enrolled in higher education.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

Higher Education Emergency Relief Fund (HEERF) funding, awarded directly to TSUS Components, provides support to prevent, prepare for, and respond to COVID-19. Under the terms of the grant agreements, at least 50% of the funds are used to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to COVID-19. The remainder of the award may be used to cover costs associated with significant changes to the delivery of instruction due to COVID-19, subject to certain restriction outlined in the grant agreements.

In addition to the programs above, certain TSUS components received other federal stimulus funding through programs such as the Minority Serving Institutions Program, Strengthening Institutions Program, Promoting Postbaccalaureate Opportunities for Hispanic Americans Program, and the Corporation for Public Broadcasting.

The revenues from these programs are earned by fulfilling the terms and conditions of the agreements with the funding agencies and are therefore recognized when qualifying expenditures are incurred and eligibility requirements are met.

A summary of CARES Act funding awarded, expensed as of August 31, 2021, and the balance of the unearned amounts are presented below:

Program	Awarded	Expensed	Unearned
GEERF – Student Financial Aid	\$ 4,193,777	\$ 3,910,375	\$ 283,402
GEERF – Emergency Student Financial Aid	7,140,507	7,140,507	-
HEERF – Student Allocation	152,064,746	67,815,543	84,249,203
HEERF – Institutional Allocation	194,758,393	73,818,662	120,939,731
Others	19,296,438	5,074,718	14,221,720
Total	<u>\$377,453,861</u>	<u>\$157,759,805</u>	<u>\$219,694,056</u>

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2021 is presented as follows:

	Balance 09/01/2020	Adjustments	Completed CIP
Non-depreciable Assets			
Land and Land Improvements	\$ 126,895,217.14	\$ (3,835,678.39)	\$ 0.00
Construction in Progress	329,867,746.08	(346,778.16)	(184,760,005.26)
Other Intangible Capital Assets	15,517,837.68	0.00	0.00
Total Non-depreciable Assets	\$ 472,280,800.90	\$ (4,182,456.55)	\$(184,760,005.26)
Depreciable Assets			
Building and Building Improvements	\$ 2,504,237,709.89	\$ 3,611,734.74	\$ 174,829,306.74
Infrastructure	149,001,407.03	0.00	0.00
Facilities and Other Improvements	262,567,375.22	0.00	9,901,195.37
Furniture and Equipment	187,095,412.50	(7,694.00)	29,503.15
Vehicles, Boats, and Aircraft	22,752,014.59	0.00	0.00
Other Capital Assets	142,268,730.07	0.00	0.00
Total Depreciable Assets	\$ 3,267,922,649.30	\$ 3,604,040.74	\$ 184,760,005.26
Accumulated Depreciation			
Building and Building Improvements	\$(1,167,698,902.83)	\$ (8,521,692.34)	\$ 0.00
Infrastructure	(68,684,048.02)	0.00	0.00
Facilities and Other Improvements	(118,408,272.88)	0.00	0.00
Furniture and Equipment	(137,030,092.79)	7,203.34	0.00
Vehicles, Boats, and Aircraft	(14,791,870.41)	0.00	0.00
Other Capital Assets	(80,560,848.12)	0.00	0.00
Total Accumulated Depreciation	\$(1,587,174,035.05)	\$ (8,514,489.00)	\$ 0.00
Amortizable Assets – Intangible			
Computer Software	\$ 36,050,076.99	\$ 0.00	\$ 0.00
Total Amortizable Assets – Intangible	\$ 36,050,076.99	\$ 0.00	\$ 0.00
Accumulated Amortization			
Computer Software	\$ (34,707,561.67)	\$ 0.00	\$ 0.00
Total Accumulated Amortizable	\$ (34,707,561.67)	\$ 0.00	\$ 0.00
Capital Assets, Net	\$ 2,154,371,930.47	\$ (9,092,904.81)	\$ 0.00

UNAUDITED

**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2021**

Interagency Transfer-in	Interagency Transfer-out	Additions	Deletions	Balance 08/31/2021
\$ 0.00	\$ 0.00	\$ 2,056,824.50	\$ (29,807.00)	\$ 125,086,556.25
0.00	0.00	97,054,225.70	(695,695.90)	241,119,492.46
0.00	0.00	964,549.19	0.00	16,482,386.87
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 100,075,599.39</u>	<u>\$ (725,502.90)</u>	<u>\$ 382,688,435.58</u>
\$ 0.00	\$ 0.00	\$ 3,677,746.59	\$ (7,265,363.05)	\$ 2,679,091,134.91
0.00	0.00	0.00	0.00	149,001,407.03
0.00	0.00	115,000.00	0.00	272,583,570.59
33,058.17	0.00	13,408,087.53	(6,139,833.80)	194,418,533.55
20,986.07	0.00	1,074,000.04	(625,581.23)	23,221,419.47
0.00	0.00	6,389,184.80	(202,563.47)	148,455,351.40
<u>\$ 54,044.24</u>	<u>\$ 0.00</u>	<u>\$ 24,664,018.96</u>	<u>\$ (14,233,341.55)</u>	<u>\$ 3,466,771,416.95</u>
\$ 0.00	\$ 0.00	\$ (95,264,200.84)	\$ 5,343,078.41	\$(1,266,141,717.60)
0.00	0.00	(4,840,529.09)	0.00	(73,524,577.11)
0.00	0.00	(11,117,767.74)	0.00	(129,526,040.62)
(33,058.17)	0.00	(14,278,233.56)	5,931,866.96	(145,402,314.22)
(20,986.07)	0.00	(1,753,608.52)	576,960.63	(15,989,504.37)
0.00	0.00	(7,281,479.66)	190,574.60	(87,651,753.18)
<u>\$ (54,044.24)</u>	<u>\$ 0.00</u>	<u>\$(134,535,819.41)</u>	<u>\$ 12,042,480.60</u>	<u>\$(1,718,235,907.10)</u>
\$ 0.00	\$ 0.00	\$ 390,620.25	\$ (585,615.15)	\$ 35,855,082.09
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 390,620.25</u>	<u>\$ (585,615.15)</u>	<u>\$ 35,855,082.09</u>
\$ 0.00	\$ 0.00	\$ (363,868.35)	\$ 585,615.15	\$ (34,485,814,.87)
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (363,868.35)</u>	<u>\$ 585,615.15</u>	<u>\$ (34,485,814,.87)</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (9,769,449.16)</u>	<u>\$ (2,916,363.85)</u>	<u>\$ 2,132,593,212.65</u>

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

NOTE 3: Deposits, Investments, & Repurchase Agreements

Deposits of Cash in Banks

As of August 31, 2021, actual bank balances totaled \$92,235,578.04. The carrying value is presented below.

Cash in Bank – Carrying Value	<u>\$ 83,921,394.71</u>
Proprietary Funds:	
Current Assets – Cash in Bank	\$ 66,008,433.05
Current Restricted Assets – Cash in Bank	12,065,034.49
Noncurrent Restricted Assets – Cash in Bank	<u>2,572,390.74</u>
Cash in Bank per Combined Statement of Net Position	<u>\$ 80,645,858.28</u>
Fiduciary Funds:	
Current Assets – Cash in Bank	<u>\$ 2,005,020.20</u>
Cash in Bank per Statement of Fiduciary Net Position	<u>\$ 2,005,020.02</u>
Discretely Presented Component Units:	
Current Assets – Cash in Bank	<u>\$ 1,270,516.23</u>
Cash in Bank per Statement of Net Position	<u>\$ 1,270,516.23</u>

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, TSUS will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. TSUS's policy is that all deposits are governed by a bank depository agreement between TSUS and the respective banking institution. This agreement provides that TSUS's deposits, to the extent such deposits exceed the maximum insured limit under deposit insurance provided by the Federal Deposit Insurance Corporation (the "FDIC"), shall at all times be collateralized with government securities.

As of August 31, 2021, TSUS had no bank balances exposed to custodial credit risk.

Investments

The TSUS *Investment Policy for Operating and Endowment Funds*, adopted by the TSUS Board of Regents, governs TSUS investments. In accordance with the policy, TSUS invests its operating funds in a manner that provides security of invested principal, provides liquidity for operating requirements which may be reasonably anticipated,

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

manages interest-rate and market risk, maximizes total return within established risk constraints, and provides for diversification of investment assets. Additionally, TSUS invests its endowment funds in a manner that provides security of invested principal, provides for appreciation of principal, provides a continuing and dependable cash payout within market constraints, provides for planned liquidity for anticipated cash flow purposes, manages market risks, maximizes overall total return within the established risk constraints, and provides for diversification of investment assets.

Pursuant to Texas Education Code §51.0031(d), the prudent person standard guides all investment functions in the context of both individual transactions and management of the overall portfolio. Furthermore, TSUS invests endowment funds in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Texas Property Code Chapter 163.

Investments are recorded at fair value as of year-end and are categorized in accordance with GASB Statement Number 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 defines fair value 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 and establishes a fair value hierarchy. The fair value hierarchy is based upon valuation inputs used to measure fair value of the assets. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following levels are used to measure fair value:

- Level 1* Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2* Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information).
- Level 3* Unobservable inputs for an asset or liability.

Investments with readily available fair values are primarily valued based on market valuations provided by independent pricing services.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

As of August 31, 2021, investments of Proprietary Funds, at fair market value, consisted of the following:

	Value at 08/31/2021	Fair Value Measurements			NAV
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
U.S. Government:					
U.S. Treasury Securities	\$ 1,073,761.36	\$ 1,073,761.36	\$ -	\$ -	\$ -
Corporate Obligations	1,519,506.45	1,519,506.45	-	-	-
Corporate Asset and Mortgage Backed Securities	21,181,166.62	21,181,166.62	-	-	-
Equity	106,378,537.46	106,378,537.46	-	-	-
International Obligations (Govt and Corp)	173,508.79	173,508.79	-	-	-
International Equity	97,423,040.69	97,423,040.69	-	-	-
Domestic Mutual Funds	103,376,487.51	103,376,487.51	-	-	-
International Mutual Funds	77,853,883.36	77,853,883.36	-	-	-
Fixed Income Money Market and Bond Mutual Fund	223,012,551.03	223,012,551.03	-	-	-
Other Commingled Funds	24,612,508.48	20,599,940.40	-	-	4,012,568.08
Externally Managed Investments - Domestic	73,528,016.00	-	-	73,528,016.00	-
Externally Managed Investments – International	1,569,289.00	-	-	1,569,289.00	-
Total Investments	\$731,702,256.75	\$652,592,383.67	\$ -	\$ 75,097,305.00	\$ 4,012,568.08

Total Cash Equivalents Reported at Net Asset Value

Other Commingled Funds – TexPool	\$438,280,945.14
Total Cash Equivalents	\$438,280,945.14

Total Investments and Cash Equivalents	\$1,169,983,201.89
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Proprietary Funds:

Current Unrestricted Assets - Cash Equivalents	\$ 411,194,551.08
Current Restricted Assets - Cash Equivalents	21,673,415.34
Current Restricted Assets - Short Term Investments	12,973,392.36
Noncurrent Restricted Assets - Cash Equivalents	9,425,546.80
Noncurrent Restricted Assets - Investments	257,954,591.44
Noncurrent Assets – Investments	456,761,704.87
Total per Combined Statement of Net Position	\$1,169,983,201.89

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

As of August 31, 2021, investments of Discretely Presented Components Units, at fair market value, consisted of the following:

	Value at 08/31/2021	Fair Value Measurements			NAV
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Domestic Mutual Funds	\$ 163,795,975.18	\$ 163,795,975.18	\$ -	\$ -	\$ -
Fixed Income Money Market and Bond Mutual Fund	768,999.00	768,999.00			
Other Commingled Funds	16,034,944.03	14,651,042.03	-	\$1,383,902.00	-
Total Investments	\$ 180,599,918.21	\$ 179,216,016.21	\$ -	\$1,383,902.00	\$ -

Discretely Presented Component Units:

Current Unrestricted Assets - Cash Equivalents	\$ 1,498,088.21
Noncurrent Restricted Assets - Investments	179,101,830.00
Total per Statement of Net Position	\$ 180,599,918.21

Private Investments

TSUS invests in limited partnerships with external investment managers or general partners who invest primarily in private equity securities. These investments are illiquid and typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from underlying fund investments. Risks associated with these investments include liquidity risk, key personnel risk, limited transparency risk, and investment strategy risk. TSUS has committed \$20,250,164 of future funding to various private investments as of August 31, 2021. The fair value of private investment funds, are estimated using the investment's capital account balance at the closest available reporting date, as communicated by the investment manager, adjusted for contributions and withdrawals subsequent to the latest available reporting date, as well as consideration of any other information which has been provided by the investment manager or other sources.

Amounts Reported at NAV

TSUS invests a portion of its excess working capital in TexPool and TexPool Prime (TexPool). TexPool investments consist exclusively of U. S. Government securities, repurchase agreements collateralized by U. S. Government securities, and AAA-rated no-load money market mutual funds. TexPool Prime invests in the above plus, commercial paper and certificates of deposits. TexPool and TexPool Prime are each rated AAAM by Standard & Poor's. No limitations or restrictions on redemptions exist and redemptions can occur at any time. There are no unfunded commitments.

TSUS invests a portion of its excess working capital in Texas CLASS. The fund only invests in investments legally permitted under Texas State Law (Public Funds Investment Act). The fund is rated AAAM by Standard & Poor's. No limitations or restrictions on redemptions exist and redemptions can occur at any time. There are no unfunded commitments.

UNAUDITED

**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2021**

Credit Risk for Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using the rating assigned by Standard & Poor's. At year-end, the TSUS's credit quality ratings for securities with credit risk exposure were:

	<u>Rating</u>	<u>Amount</u>
Corporate Obligations	AAA	23,750.54
	AA	75,801.71
	A	523,986.66
	BBB	793,182.89
	BB	6,168.78
	B	557.53
	NR	96,058.34
Corporate Asset and Mortgage-Backed Securities	AAA	44,777.54
	AA	170,370.94
	A	765,034.51
	BBB	5,745,771.28
	BB	5,154,745.84
	B	5,577,959.79
	NR	3,722,506.72
International Obligations (Govt and Corp)	AAA	2,882.61
	AA	9,200.07
	A	63,417.40
	BBB	95,126.10
	NR	2,882.61
Fixed Income Money Market and Bond Mutual Funds	AAA	97,912,539.40
	AA	5,165,670.46
	A	31,087,577.79
	BBB	47,309,476.42
	BB	2,758,188.06
	B	8,985,233.91
	NR	29,793,864.99
Externally Managed Investments	NR	75,097,305.00
Total		\$320,984,037.89

UNAUDITED

**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2021**

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, TSUS will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of August 31, 2021, TSUS did not have any investments that are exposed to custodial credit risk.

NOTE 4: Short-Term Debt

On May 22, 2014 the Board of Regents, Texas State University System adopted the Eighteenth Supplemental Resolution to the Master Resolution Establishing the Texas State University System Revenue Financing System Commercial Paper Program, Series A. The Eighteenth Supplement authorizes the issuance of Commercial Paper Notes by the Texas State University System in an aggregate principal amount not to exceed \$240,000,000 at any one time outstanding for the purpose of financing project costs of eligible projects and to refinance, renew, or refund commercial paper notes, prior encumbered obligations and parity debt, including interest thereon. Non-taxable commercial paper was issued during the fiscal year to finance various construction projects. All commercial paper outstanding at year end will mature within the next fiscal year or will be rolled into a long-term bond. Commercial paper has short maturities up to 270 days with interest rates ranging during the fiscal year from 0.09% to 0.50%.

The following changes occurred in short-term debt during the fiscal year:

	Balance 09/01/20	Increases	Decreases	Balance 08/31/21
Extendable Commercial Paper	\$94,840,000.00	\$272,152,000.00	\$340,674,000.00	\$26,318,000.00

NOTE 5: Summary of Long-Term Liabilities

During the year ended August 31, 2021, the following changes occurred in long-term liabilities:

	Balance 09/01/20	Additions	Reductions	Balance 08/31/21	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds	\$1,020,310,000.00	\$115,905,000.00	\$100,190,000.00	\$1,036,025,000.00	\$74,060,000.00	\$961,965,000.00
Unamortized Bond Premiums	109,725,481.58	10,833,876.25	9,370,998.29	111,188,359.54	6,619,561.91	104,568,797.63
Compensable Leave	30,050,102.17	5,539,322.29	5,798,381.96	29,791,042.50	14,473,285.19	15,317,757.31
Net Pension Liability	276,584,908.00	0.00	39,467,840.00	237,117,068.00	0.00	237,117,068.00
Net OPEB Liability	693,428,248.00	96,111,085.00	129,390,715.00	660,148,618.00	22,020,197.00	638,128,421.00
Totals	\$2,130,098,739.75	\$228,389,283.54	\$284,217,935.25	\$2,074,270,088.04	\$117,173,044.10	\$1,957,097,043.94

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

Revenue Bonds Payable

Scheduled principal and interest payments for revenue bonds issued and outstanding as of August 31, 2021 are as follows:

Year(s)	Principal	Interest	Total Debt Service
2022	\$ 74,060,000.00	\$ 43,390,133.42	\$ 117,450,133.42
2023	67,580,000.00	39,868,404.12	107,448,404.12
2024	68,650,000.00	36,927,165.62	105,577,165.62
2025	71,325,000.00	33,971,880.80	105,296,880.80
2026	74,435,000.00	30,869,090.22	105,304,090.22
2027-2031	335,500,000.00	107,283,421.86	442,783,421.86
2032-2036	213,115,000.00	44,054,195.56	257,169,195.56
2037-2041	91,495,000.00	13,050,005.82	104,545,005.82
2042-2046	28,545,000.00	3,671,742.62	32,216,742.62
2047-2050	11,320,000.00	643,837.50	11,963,837.50
Total	\$ 1,036,025,000.00	\$ 353,729,877.54	\$ 1,389,754,877.54

See Note 6, *Bonded Indebtedness*, for a further discussion of Revenue Bonds Payable.

Employees' Compensable Leave

Accrued compensable leave is TSUS's liability for unpaid overtime accrued by classified employees and unused vacation time for all employees. Any obligation to TSUS personnel is paid at the time an employee is dismissed, resigns, or separates from the university, provided the employee has had six months of continuous employment with the State of Texas in their lifetime. An expense and liability are recorded annually as the benefits accrue to employees. Accrued sick leave is only paid when an employee is off due to illness or to the estate of an employee in the event of his/her death. No liability is recorded for these non-vesting rights to sick pay benefits.

Claims and Judgments

See Note 15, *Contingencies and Commitments*, for more information on claims and judgements.

Net Pension Liability

See Note 1, *Summary of Significant Accounting Policies*, and Note 9, *Defined Benefit Pension Plans and Defined Contribution Plan*, for more information on the Net Pension Liability.

Net OPEB Liability

See Note 11, *Post Employment Health Care and Life Insurance Benefits* for more information on the Net OPEB Liability.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

Notes and Loans Payable

TSUS had no notes and loans payable for the year ended August 31, 2021.

Capital Leases

TSUS had no capital leases for the year ended August 31, 2021.

NOTE 6: Bonded Indebtedness

The Board of Regents approved the order establishing the Master Resolution for the Texas State University System Revenue Financing System in August 1998. The Master Resolution provides a financing structure under which revenue supported indebtedness of the Revenue Financing System can be incurred. Each component institution and the System Administration of TSUS are members of the Revenue Financing System. The Board 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. Specifically exempted from pledged revenues are:

- (a) Amounts received on behalf of any member under Article 7, Section 17 of the Constitution of the State of Texas, including the income there from and any balances relating thereto, and
- (b) General Revenue Fund appropriations, except to the extent so specifically appropriated for debt service to the Board by the Legislature of the State of Texas.

Members may use the Revenue Financing System to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure. An institution's request for the use of the Revenue Financing System is evaluated for an adequate revenue stream and bonding capacity for the specific institution prior to Board approval of issuing additional parity debt.

Each component institution receives its portion of the bond proceeds and accounts for the earnings and disbursements of the bond proceeds. Assets created and/or acquired as a result of the Revenue Financing System bond proceeds expended and subsequently capitalized are reported on the component institutions' Financial Reports. The associated bond liability and debt service activities are reported in total by System Administration.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

The following outstanding bonds have been issued utilizing the Revenue Financing System:

Bonds	Purpose	Revenue Source for Debt Service	Issue Date	Interest Rates	Amount Issued
Revenue Financing Revenue Bonds, Series 2011	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.	RFS	06/14/2011	2.00% - 5.00%	\$86,775,000
Revenue and Refunding Bonds, Series 2012	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.	RFS, GR (TRB)	02/14/2012	2.00% - 5.00%	\$27,860,000
Revenue and Refunding Bonds, Series 2013	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.	RFS	02/12/2013	2.00% - 5.00%	\$87,060,000
Revenue and Refunding Bonds, Series 2014	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.	RFS	07/02/2014	1.00% - 5.00%	\$88,415,000
Revenue and Refunding Bonds, Series 2015A	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.	RFS, GR (TRB)	03/18/2015	2.50% - 5.00%	\$183,560,000
Revenue and Refunding Bonds, Series 2015B	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.	RFS	03/18/2015	0.40% - 3.78%	\$132,160,000
Revenue and Refunding Bonds, Series 2017A	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure; to refund a portion of outstanding obligations, and to pay certain costs related to the issuance of the bonds.	RFS, GR (TRB)	01/31/2017	4.00% - 5.00%	\$425,545,000
Revenue Bonds, Series 2017B (Taxable)	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay certain costs related to the issuance of the bonds.	RFS	01/31/2017	0.89% - 3.91%	\$30,980,000

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

Bonds	Purpose	Revenue Source for Debt Service	Issue Date	Interest Rates	Amount Issued
Revenue and Refunding Bonds, Series 2019A	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads or related infrastructure for certain members of the Revenue Financing System, refund a portion of outstanding Commercial Paper Notes, refund a portion of outstanding obligations for debt service savings, and pay certain costs of issuing the bonds.	RFS, GR (TRB)	12/17/2019	3.00% - 5.00%	\$176,055,000
Refunding Bonds, Series 2019B (Taxable)	To provide funds to refund a portion of outstanding obligations for debt service savings and pay certain costs of issuing the bonds.	RFS	11/21/2019	1.76% - 3.29%	\$149,480,000
Revenue and Refunding Bonds, Series 2021A	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads or related infrastructure for certain members of the Revenue Financing System, refund a portion of outstanding Commercial Paper Notes, and pay certain costs of issuing the bonds.	RFS	02/02/2021	2.20% - 5.00%	\$83,705,000
Refunding Bonds, Series 2021B (Taxable)	To provide funds to refund a portion of outstanding obligations for debt service savings and pay certain costs of issuing the bonds.	RFS	02/02/2021	0.35% - 2.77%	\$32,200,000

Defeased Bonds

A portion of the proceeds from Revenue and Refunding Bonds, Series 2021B issued on February 2, 2021, were used to refund a portion of Revenue and Refunding Bonds, Series 2014. Revenue and Refunding Bonds, Series 2021B bonds were issued at a par value of \$32,200,000.00. \$31,928,134.50 of the proceeds were placed into an irrevocable trust with an escrow agent to provide for all future debt service on \$30,105,000.00 in principal of Revenue and Refunding Bonds, Series 2014 and the liability has been removed from the Statement of Net Position.

The refunding resulted in an economic gain of \$6,005,982.66, representing the net present value of the decrease in cash flows required to service the new debt. An accounting gain of \$757,598.45 was realized as the net carrying amount of \$32,685,732.95 exceeded the reacquisition price of \$31,928,134.50.

Funds Available for Debt Service

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, as amended, makes a basic

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

distinction between sales of receivables and future revenues and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing).

System Administration's pledged revenues consist of unrestricted gifts, investment income, and other nonoperating revenues. The following table provides the pledged revenue information for the System's revenue bonds:

Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$ 1,389,754,877.54
Term of Commitment Year Ending 8/31	2050
Percentage of Pledged Revenue	100%
Current Year Pledged Revenue	\$ 807,948,883.77
Current Year Principal and Interest Paid	\$ 113,344,075.17

NOTE 7: Derivative Instruments

TSUS had no activity to report related to derivative instruments for the year ended August 31, 2021.

NOTE 8: Leases

Expenditures related to rent paid or due under operating lease obligations are included in the financial statements. Rental expenses for operating leases for the fiscal year ended August 31, 2021 was \$3,616,291.45.

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

Fiscal Year Ending August 31,	Amount
2022	\$ 3,462,016.58
2023	2,144,348.20
2024	1,975,823.29
2025	1,826,800.05
2026	358,921.92
2027-2031	426,551.97
2032-2036	300,000.00
2037-2041	300,000.00
2042-2046	300,000.00
2047-2051	300,000.00
2052-2068	985,000.00
Total Minimum Future Lease Rental Payments	\$ 12,379,462.01

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

NOTE 9: Defined Benefit Pension Plan and Defined Contribution Plan

Teacher Retirement System of Texas (TRS) Plan

TSUS participates in a cost-sharing, multi-employer, defined benefit pension plan with a special funding situation, administered by TRS. The employers of the TRS plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, and community and junior colleges. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard workload and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS plan.

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

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

During the measurement period of 2020 for fiscal 2021 reporting, the amount of TSUS's contributions recognized by the plan was \$18,267,154. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the employer and the members in the measurement period are 7.5% and 7.7% respectively.

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2020 measurement date.

Actuarial Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Market Value
Actuarial Assumptions:	

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

Discount Rate	7.25%
Investment Rate of Return	7.25%
Long-term Expected Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.33% *
Inflation	2.30%
Salary Increase	3.05% to 9.05% including inflation
Mortality:	
Active	90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality.
Post-Retirement	2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP.
Ad Hoc Post-Employment Benefit Changes	None

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

The actuarial assumptions used in the valuation were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2017 and adopted in July 2018. The mortality rates were based on 90% of the RP 2014 employee Mortality Tables for males and females. The post-retirement mortality rates were based on 2018 TRS Healthy Pensioner Mortality Tables with full generational projection using Scale U-MP.

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of Aug. 31, 201 with no changes since the prior measurement date.

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

The discount rate of 7.25% was applied to measure the total pension liability. The discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projected cash flows into and out of the pension plan assumed that active members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% over the next several years. This includes a factor for all employer and state contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

UNAUDITED

**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2021**

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

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

Asset Class	Target Allocation*	Long-Term Expected Geometric Real Rate of Return**
Global Equity		
U.S.	18.00%	3.90%
Non-U.S. Developed	13.00%	5.10%
Emerging Markets	9.00%	5.60%
Private Equity	14.00%	6.70%
Stable Value		
U.S. Treasury	16.00%	(0.70)%
Absolute Return		1.80%
Stable Value Hedge Funds	5.00%	1.90%
Real Return		
Real Assets	15.00%	4.60%
Energy, Natural Resources and Infrastructure	6.00%	6.00%
Commodities		0.80%
Risk Parity		
Risk Parity	8.00%	3.00%
Asset Allocation Leverage Cash	2.00%	(1.50)%
Asset Allocation Leverage	(6.00)%	(1.30)%
Total	<u>100.00%</u>	

* Target allocations are based on fiscal year 2020 policy model.

** Capital Market assumptions come from Aon Hewitt (as of 08/31/220)

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

**Sensitivity of TSUS's Proportionate Share of the Net
Pension Liability to Changes in the Discount Rate**

<u>1% Decrease (6.25%)</u>	<u>Current Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
\$365,630,275	\$237,117,068	\$132,702,902

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

The pension plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2020 ACFR.

At August 31, 2021, TSUS reported a liability of \$237,117,068 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TSUS's proportion at August 31, 2021 was 0.4427% percent which was a decrease from the 0.5321% percent measured at the prior measurement date. TSUS's proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2019 through August 31, 2020.

For the year ending August 31, 2021, TSUS recognized pension expense of \$30,248,972. At August 31, 2021, TSUS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 432,956	\$ 6,617,309
Changes of assumptions	55,019,596	23,393,949
Net difference between projected and actual investment return	4,800,233	-
Change in proportion and contribution difference	47,479,836	63,641,503
Contributions subsequent to the measurement date	18,721,304	-
Total	\$126,453,925	\$93,652,761

The \$18,721,304 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2022.

UNAUDITED

**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2021**

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

<u>Year ended August 31,</u>	<u>Expense</u>
2022	\$ 2,958,226
2023	11,853,297
2024	12,085,823
2025	(705,236)
2026	(10,218,942)
Thereafter	<u>(1,893,308)</u>
Total	<u>\$ 14,079,860</u>

Optional Retirement Program (ORP)

The State has also established the Optional Retirement Program (ORP) for institutions of higher education, which is available to certain eligible employees in lieu of participation in the TRS Plan. Employees eligible for participation in ORP are defined in Texas Administrative Code § 25.4.

ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. Depending upon the source of funding for the employee's compensation, TSUS may be required to make the employer contributions in lieu of the State.

Employee and employer contribution rates are established by the State Legislature. Fiscal year 2021 contributions were made by participants at a rate of 6.65 percent of annual compensation. The State provides an option for a local supplement on top of the state base rate. Each component of TSUS may elect to adopt and fund this local supplement at their discretion. Employer contributions are therefore comprised of the state base rate of 6.60 percent plus up to a 1.90 percent local supplement as elected by each component.

Contributions made by participants and TSUS for the fiscal year ended August 31, 2021, were as follows:

Participant contributions	\$11,403,755
Employer contributions	<u>\$11,973,448</u>
Total	<u>\$23,377,203</u>

Since contributions are invested in individual annuity contracts, neither the State nor TSUS have any additional or unfunded liability for this program.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

NOTE 10: Deferred Compensation

The state of Texas offers a deferred compensation plan to all state employees. This plan is in accordance with Internal Revenue Code Section 457 and permits employees to defer a portion of their salary until future years. The deferred compensation funds are not available to employees until distribution due to termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are held in trust by the Employees Retirement System (ERS) Board of Trustees for the exclusive benefit of participants and their beneficiaries and may not be used for, or diverted to, any other expense, except to defray the reasonable expenses of administering the plan.

The Board of Trustees is not liable to participating employees for the diminution in value or loss of all or part of the participating employees' deferred amounts or investment income because of market conditions or the failure, insolvency or bankruptcy of a qualified vendor.

The state also administers the Texa\$aver 401(k) plan. The assets of this plan do not belong to the state and the state has no liability related to this plan.

As the administering agency, the Employees Retirement System reports the plans, balances, and liabilities.

NOTE 11: Post Employment Health Care and Life Insurance Benefits

ERS plan

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

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

The SRHP provides postemployment health care, life and dental insurance benefits to retirees. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

requirements and have at least 10 years of service at retirement to participate in the plan. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments.

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

During the measurement period of 2020 for fiscal 2021 reporting, the amount of TSUS's contributions recognized by the plan was \$60,055,658. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. The contribution requirements for the state and the members in the measurement period are presented in the table below:

Employer Contribution Rates Retiree Health and Basic Life Premium

Retiree Only	\$ 624.82
Retiree & Spouse	\$1,340.82
Retiree & Children	\$1,104.22
Retiree & Family	\$1,820.22

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2020 measurement date.

Actuarial Methods and Assumptions

	SRHP
Actuarial Valuation Date	August 31, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	2.20% *
Inflation	2.30%
Salary Increase	2.30% to 9.50%, including inflation
HealthSelect	8.80% for FY 2022, 5.25% for FY 2023, 5.00% for FY 2024, 4.75% for FY 2025, 4.60% for FY 2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2029 and later years

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

HealthSelect Medicare Advantage	(53.30)% for FY 2022, 0.00% for FY 2023, 66.67% for FY 2024, 24.00% for FY 2025, 4.60% for FY 2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2029 and later years
Pharmacy	10.00% for FY 2022 and FY 2023, decreasing 100 basis points per year to 5.00% for FY 2028, and 4.30% for FY 2029 and later years
Aggregate Payroll Growth	2.70%
Retirement Age Mortality	Experience-based tables of rates that are specific to the class of employee
State Agency Members	
Service Retirees, Survivors and Other Inactive Members	2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020
Disabled Retirees	2020 State Retirees of Texas Mortality table with a 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, respectively, and Ultimate MP Projection Scale projected from the year 2020
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP Projection Scale from the year 2010
Higher Education Members	
Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disabled Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from year 2018 using a 3-year set

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

Active Members	forward and minimum mortality rates of four per 100 male members and two per 100 female members Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014
Ad Hoc Post-Employment Benefit Changes	None

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

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

The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

- a. Demographic assumptions (including rates of preretirement and post-disability mortality for all State Agency members; assumed rates of termination and retirement for certain members who are Certified Peace Officers/Custodial Officers (CPO/CO); and assumed salary, aggregate payroll increases and the assumed rate of general inflation) have been updated to reflect assumptions recently adopted by the System's Board of Trustees;
- b. Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short term expectations;
- c. The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence. The percentage of future female retirees assumed to be married and electing coverage for their spouse;
- d. The proportion of future retirees assumed to cover dependent children have been updated to reflect recent plan experience and expected trends. Moreover, the

UNAUDITED

**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2021**

PCORI fees payable under the ACA have been updated to reflect IRS Notice 2020-44; and,

- e. The discount rate was changed from 2.97% as of August 31, 2019 to 2.20% as of August 31, 2020 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The only benefit revisions that have been adopted since the prior valuation for retirees and dependents are minor benefit changes that will become effective January 1, 2021, since these changes were communicated to plan members in advance of the preparation of this report. These changes are not expected to have a significant impact on plan costs for fiscal year 2021 and are provided for in the 2021 Assumed Per Capital Health Benefit Costs.

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 2.20% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 2.97%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay as you go basis and is not intended to accumulate assets, there is no long-term expected rate of return. ERS' board of trustees adopted an amendment to the investment policy in August 2017 to require that all funds in this plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments be at least 2.4%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 2.97%.

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

Sensitivity of TSUS's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate (\$ thousands)

1% Decrease (1.20%)	Current Discount Rate (2.20%)	1% Increase (3.20%)
<hr/> \$784,633	<hr/> \$660,149	<hr/> \$562,626

UNAUDITED

**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2021**

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

**Sensitivity of TSUS's Proportionate Share of the Net OPEB Liability to Changes
in the Healthcare Cost Trend Rate (\$ thousands)**

1% Decrease	Current Healthcare Cost	1% Increase
HS/HSMA/Pharmacy:	Trend Rates	HS/HSMA/Pharmacy:
7.80/-54.30/9.00 %	HS/HSMA/Pharmacy:	9.80/-52.30/11.00 %
decreasing to 3.30%	8.80/-53.30/10.00 %	decreasing to 5.30%
decreasing to 3.30%	decreasing to 4.30%	decreasing to 5.30%
\$552,501	\$660,149	\$801,263

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2020 ACFR.

At August 31, 2021, TSUS reported a liability of \$ 660,148,618 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of August 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. TSUS's proportion at August 31, 2020 was 1.9977 percent. TSUS's proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2019 through August 31, 2020.

UNAUDITED

**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2021**

For the year ending August 31, 2021, TSUS recognized OPEB expense of \$108,497,907. At August 31, 2021, TSUS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		\$ 25,818,742
Changes of assumptions	\$ 8,218,016	142,234,822
Net difference between projected and actual investment return	197,018	-
Effect of change in proportion and contribution difference	327,027,318	36,039,048
Contributions subsequent to the measurement date	3,785,165	-
Total	<u>\$369,227,517</u>	<u>\$204,092,612</u>

The \$3,785,165 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending August 31, 2022.

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

Year ended August 31:	
2022	\$ 56,406,532
2023	75,338,699
2024	49,697,941
2025	(13,125,717)
2026	(6,967,715)
Thereafter	\$ -

NOTE 12: Interfund Activity and Transactions

TSUS experienced routine transfers with other State agencies, which were consistent with the activities of the fund making the transfer. Repayment of interagency balances will occur within one year from the date of the financial statements.

NOTE 13: Continuance Subject to Review

TSUS is not subject to the Texas Sunset Act.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

NOTE 14: Adjustments to Fund Balances and Net Position

During fiscal year 2021, components of TSUS had adjustments to beginning net position as follows:

	<u>Proprietary</u>
Adjustments to prior year capital asset balances	\$ (9,092,904.81)
Total Restatement	<u><u>\$ (9,092,904.81)</u></u>

The restatements of beginning net position on the Statement of Revenues, Expenses and Changes in Net Position and Changes in Fiduciary Net Position are as follows:

	<u>Proprietary</u>
Net Position, August 31, 2020 as Previously Reported	\$1,301,906,216.16
Total Restatement	(9,092,904.81)
Net Position, August 31, 2020 as Restated	<u><u>\$1,292,813,311.35</u></u>

NOTE 15: Contingencies and Commitments

At August 31, 2021, various lawsuits and claims involving TSUS were pending. While the ultimate liability with respect to litigation and other claims asserted cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is unlikely to have a material effect on TSUS. Under Texas law, TSUS, as an agency of the State of Texas, enjoys immunity from most causes of action. Most claims are dismissed prior to trial.

TSUS has made capital commitments with investment managers for funding of private investments in limited partnerships with external investment managers or general partners who invest primarily in private equity transactions. As of August 31, 2021, the remaining commitment to these private investments totaled \$20,250,164.

NOTE 16: Subsequent Events

On September 15, 2021, the TSUS Revenue Financing System (RFS) rolled the outstanding balance of Tax-Exempt Commercial Paper Notes totaling \$26,318,000.00 and issued an additional \$6,090,000.00 in Tax-Exempt Commercial Paper Notes to finance capital projects at TSUS components. Subsequent to the issuance, \$32,408,000.00 of Tax-Exempt Commercial Paper Notes were outstanding.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

On November 17, 2021, the TSUS Revenue Financing System (RFS) rolled the outstanding balance of Tax-Exempt Commercial Paper Notes totaling \$32,408,000.00 and issued an additional \$10,683,000.00 in Tax-Exempt Commercial Paper Notes to finance capital projects at TSUS components. Subsequent to the issuance, \$43,091,000.00 of Tax-Exempt Commercial Paper Notes were outstanding.

NOTE 17: Risk Management

TSUS may be subject to a variety of civil claims or complaints arising from the performance of its duties; however, no claims or complaints are currently pending against TSUS for actions arising from performance of its duties. It is TSUS's policy periodically to assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. Currently purchase of commercial insurance is not planned, nor is TSUS involved in any risk pool with other government entities for these risks.

Changes in the claims liabilities during the current and prior fiscal years were:

Fiscal Year	Beginning Balance	Additions	Reductions	Ending Balance
2021	\$0.00	\$182,267.81	\$182,267.81	\$0.00
2020	\$0.00	\$699,187.61	\$699,187.61	\$0.00

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

Although MD&A is a required part of the basic financial statements, MD&A is omitted because TSUS is reported as a component of the State of Texas in the Annual Comprehensive Financial Report (ACFR) for the State of Texas. MD&A, as it relates to TSUS, can be found in the State of Texas ACFR.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

NOTE 19: The Financial Reporting Entity

The combined Texas State University System has the following component units and related parties.

Component Units

Governmental Accounting Standards Board guidance establishes criteria for determining when certain organizations are reported as component units (CUs) based on the nature and significance of their relationship to TSUS. CUs are presented as either blended CUs or discretely presented CUs. The financial transactions of blended CUs are blended with the financial transactions and records of the TSUS in the financial statements. The financial transactions of discretely presented CUs are included as separately presented financial statements after the TSUS combined report and Fiduciary Financial Statements.

Texas State University has the following blended component units:

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 Texas State University's (Texas State) 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 the financial statements as a blended component unit in accordance with GASB Statement 14 as amended by GASB Statement 39. 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.

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 University (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

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

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 has the following discretely presented component units:

The **Texas State University Development Foundation (Development Foundation)** is a 501(c)(3) formed in 1977 to support the educational, scientific, and research mission of Texas State University. 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 University. 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 may be obtained at the following URL:

<https://www.mccoycollegefoundation.org/>.

Related Organization

The following foundation, while not a component unit, is disclosed due to its significant relationship with the System.

The Texas State University System Foundation, Inc. was established in 1977 by the Board of Regents to assist the System in gaining private financial support, and to help component institutions pursue additional education-related activities and outreach. It is a nonprofit corporation that exists solely for the benefit of the Texas State University System. It has an independent board of directors that governs Foundation activities and manages Foundation funds. For the fiscal year ended August 31, 2021, the Foundation had net assets of \$7,781,209. The Foundation provided \$126,006 in scholarships and faculty/staff awards, as well as assistance to constituent schools, the Chancellor and Board of Regents.

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

NOTE 20: Stewardship, Compliance and Accountability

TSUS is not aware of any non-compliance items or material violations of finance related legal and contract provisions.

NOTE 21: Not Applicable

NOTE 22: Donor Restricted Endowments

Net appreciation of \$72,548,358.25 related to true and term endowments were classified as restricted, expendable on the Statement of Net Position.

Donor Restricted Endowment	Amount of Net Appreciation
True Endowments – Expendable	\$ 58,917,081.59
Term Endowments – Expendable	59,138,480.99
Total	<u>\$ 118,055,562.58</u>

The amount reported as net appreciation represents net appreciation on investments of donor restricted endowments that are 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.

Each component determines a prudent amount to distribute that aligns spending needs, investment objectives, and protecting the value of the endowment corpus. Generally, the targeted distribution rate ranges from 3% to 5%.

The net appreciation included a fair value adjustment of \$26,013,369.30 for fiscal year 2021. Changes from prior year balances for expendable and non-expendable balance of true endowments for the year ended August 31, 2021 were:

Net Position Category	Increase/(Decrease)	Reason for Change
True Endowments		
Restricted, expendable	\$ 42,229,870.85	Earnings, fair value changes, fees, and distributions
Restricted, non-expendable	\$ 2,984,788.47	Additions to corpus
Term Endowments		
Restricted, expendable	\$ 3,049,839.61	Earnings, fair value changes, fees, and distributions
Restricted, non-expendable	\$ 1,132,736.86	Additions to corpus

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

NOTE 23: Extraordinary and Special Items

For the year ended August 31, 2021, TSUS had no extraordinary items or special items.

NOTE 24: Disaggregation of Receivable and Payable Balances

Net Other Receivables reported on the Statement of Net Position at August 31, 2021 are comprised of:

	Amount
Current Assets:	
Receivables:	
Accounts – Other Revenue	\$ 2,191,667.14
Other:	<u>8,292,191.20</u>
Total	<u>\$10,483,858.34</u>
Composition:	
Receivables related to grants and sponsored programs	\$ 5,235,028.66
Receivables related to insurance settlements	1,511,046.54
Receivables and advances due from employees	329,712.63
Receivables from affiliated organizations	598,206.92
Receivables related to sales and services	911,630.19
Receivables related to agreements with vendors	1,547,787.08
Receivables related to various activities	<u>350,446.32</u>
Total Other	<u>\$10,483,858.34</u>

NOTE 25: Termination Benefits

TSUS provided no termination benefits during the fiscal year ended August 31, 2021.

NOTE 26: Segment Information

TSUS has no segments to report for the year ended August 31, 2021.

NOTE 27: Service Concession Arrangements

TSUS had no service concession arrangements for the year ended August 31, 2021.

UNAUDITED

The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2021

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

System Administration recorded deferred outflows and deferred inflows of resources related to unamortized losses and gains from bond refunding transactions, as well as deferred outflows and deferred inflows related to pension obligations. As of August 31, 2021, the deferred outflows and deferred inflows of resources were:

Deferred Outflows

Unamortized Losses on Refunding of Debt	\$ 3,275,013.47
Related to Pension Obligations	126,453,925.00
Related to OPEB Obligations	<u>369,227,517.00</u>
Total Deferred Outflows	<u>\$ 498,956,455.47</u>

Deferred Inflows

Unamortized Gains on Refunding of Debt	\$ 4,931,361.97
Related to Pension Obligations	204,092,612.00
Related to OPEB Obligations	<u>93,652,761.00</u>
Total Deferred Inflows	<u>\$ 302,676,734.97</u>

See Note 1, *Summary of Significant Accounting Policies*, Note 6, *Bonded Indebtedness*, Note 9, *Defined Benefit Pension Plan and Defined Contribution Plan*, and Note 11, *Post Employment Health Care and Life Insurance Benefits* for additional details.

NOTE 29: Troubled Debt Restructuring

TSUS had no troubled debt restructuring to report for the year ended August 31, 2021.

NOTE 30: Non-Exchange Financial Guarantees

TSUS had no non-exchange financial guarantees to report for the year ended August 31, 2021.

NOTE 31: Tax Abatements

TSUS had no tax abatements to report for the year ended August 31, 2021.

NOTE 32: Fund Balances

TSUS had no governmental funds for the year ended August 31, 2021.

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The Texas State University System

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**The Texas State University System
Schedule 2A
Miscellaneous Bond Information
For the Year Ended August 31, 2021**

Description	Bonds	Range of	Scheduled Maturities		First	
	Issued to Date	Interest Rates	First Year	Last Year	Call Date	
Revenue Financing System Bonds						
The Texas State University System						
Series 2011	\$ 86,775,000	2.00% - 5.00%	2012	2042	03/15/2021	
Series 2012	27,860,000	2.00% - 5.00%	2013	2032	03/15/2021	
Series 2013	87,060,000	2.00% - 5.00%	2013	2042	03/15/2023	
Series 2014	88,415,000	1.00% - 5.00%	2015	2034	03/15/2024	
Series 2015A	183,560,000	2.50% - 5.00%	2016	2045	03/15/2025	
Series 2015B	132,160,000	0.40% - 3.78%	2016	2045	03/15/2025	
Series 2017A	425,545,000	4.00% - 5.00%	2017	2036	03/15/2027	
Series 2017B	30,980,000	0.89% - 3.91%	2017	2036	03/15/2027	
Series 2019A	176,055,000	3.00% - 5.00%	2020	2039	03/15/2029	
Series 2019B	149,480,000	1.76% - 3.29%	2020	2040	03/15/2029	
Series 2021A	83,705,000	2.20% - 5.00%	2022	2050	03/15/2031	
Series 2021B	<u>32,200,000</u>	0.35% - 2.77%	2021	2042	03/15/2031	
TOTAL	<u>\$ 1,503,795,000</u>					

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**The Texas State University System
Schedule 2B
Changes in Bonded Indebtedness
For the Year Ended August 31, 2021**

Description	Bonds Outstanding Sep 1, 2020	Bonds Issued	Bonds Matured
Revenue Financing System Bonds			
The Texas State University System			
Series 2011			
Par Value	\$ 2,780,000.00	\$ -	\$ 2,780,000.00
Premium	176,390.79	-	176,390.79
Series 2012			
Par Value	4,090,000.00	-	4,090,000.00
Premium	405,001.28	-	405,001.28
Series 2013			
Par Value	9,610,000.00	-	3,045,000.00
Premium	1,188,679.08	-	396,226.36
Series 2014			
Par Value	71,055,000.00	-	2,450,000.00
Premium	6,193,758.86	-	258,073.28
Series 2015A			
Par Value	151,860,000.00	-	3,835,000.00
Premium	22,955,112.55	-	918,204.50
Series 2015B	104,335,000.00	-	6,685,000.00
Series 2017A			
Par Value	332,630,000.00	-	28,490,000.00
Premium	53,042,333.63	-	3,280,358.32
Series 2017B	25,980,000.00	-	1,000,000.00
Series 2019A			
Par Value	170,440,000.00	-	14,595,000.00
Premium	25,764,205.39	-	1,356,010.81
Series 2019B	147,530,000.00	-	2,585,000.00
Series 2021A			
Par Value	-	83,705,000.00	-
Premium	-	10,833,876.25	-
Series 2021B	-	32,200,000.00	530,000.00
Total	\$ 1,130,035,481.58	\$ 126,738,876.25	\$ 76,875,265.34

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**The Texas State University System
Schedule 2B
Changes in Bonded Indebtedness
For the Year Ended August 31, 2021**

Bonds Refunded or Extinguished	Bonds Outstanding Aug 31, 2021	Amounts Due Within One Year
<hr/>		
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	6,565,000.00	3,205,000.00
-	792,452.72	396,226.36
30,105,000.00	38,500,000.00	2,560,000.00
2,580,732.95	3,354,952.63	258,073.28
-	148,025,000.00	13,785,000.00
-	22,036,908.05	918,204.50
-	97,650,000.00	6,835,000.00
-	304,140,000.00	20,850,000.00
-	49,761,975.31	3,317,465.02
-	24,980,000.00	1,080,000.00
-	155,845,000.00	13,875,000.00
-	24,408,194.58	1,356,010.81
-	144,945,000.00	9,730,000.00
-	83,705,000.00	1,625,000.00
-	10,833,876.25	373,581.94
-	31,670,000.00	515,000.00
<hr/>		
\$ 32,685,732.95	\$ 1,147,213,359.54	\$ 80,679,561.91
<hr/>		

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**The Texas State University System
Schedule 2C
Debt Service Requirements
For the Year Ended August 31, 2021**

Description	Year	Principal	Interest
Revenue Financing System Bonds			
The Texas State University System			
Series 2013	2022	\$ 3,205,000.00	\$ 328,250.00
	2023	3,360,000.00	168,000.00
		<u>\$ 6,565,000.00</u>	<u>\$ 496,250.00</u>
Series 2014	2022	\$ 2,560,000.00	\$ 1,878,275.00
	2023	2,700,000.00	1,750,275.00
	2024	2,835,000.00	1,615,275.00
	2025	2,975,000.00	1,473,525.00
	2026	3,115,000.00	1,324,775.00
	2027-2031	14,165,000.00	4,497,625.00
	2032-2036	10,150,000.00	1,031,500.00
		<u>\$ 38,500,000.00</u>	<u>\$ 13,571,250.00</u>
Series 2015A	2022	\$ 13,785,000.00	\$ 6,924,362.52
	2023	14,490,000.00	6,235,112.52
	2024	15,200,000.00	5,510,612.52
	2025	15,980,000.00	4,750,612.52
	2026	16,760,000.00	3,951,612.52
	2027-2031	32,370,000.00	11,015,662.60
	2032-2036	13,705,000.00	6,874,737.56
	2037-2041	13,170,000.00	4,134,800.00
	2042-2050	12,565,000.00	1,281,200.00
		<u>\$ 148,025,000.00</u>	<u>\$ 50,678,712.76</u>
Series 2015B	2022	\$ 6,835,000.00	\$ 3,440,770.76
	2023	7,030,000.00	3,258,823.06
	2024	7,230,000.00	3,059,803.78
	2025	7,450,000.00	2,844,277.48
	2026	7,675,000.00	2,613,253.00
	2027-2031	42,405,000.00	8,936,445.18
	2032-2036	14,755,000.00	2,318,810.94
	2037-2041	2,165,000.00	735,169.68
	2042-2050	2,105,000.00	229,460.12
		<u>\$ 97,650,000.00</u>	<u>\$ 27,436,814.00</u>

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**The Texas State University System
Schedule 2C
Debt Service Requirements
For the Year Ended August 31, 2021**

Description	Year	Principal	Interest
Series 2017A	2022	\$ 20,850,000.00	\$ 15,207,000.00
	2023	21,905,000.00	14,164,500.00
	2024	22,995,000.00	13,069,250.00
	2025	23,795,000.00	11,919,500.00
	2026	24,985,000.00	10,729,750.00
	2027-2031	131,585,000.00	33,960,500.00
	2032-2036	58,025,000.00	7,221,000.00
		<u>\$ 304,140,000.00</u>	<u>\$ 106,271,500.00</u>
Series 2017B	2022	\$ 1,080,000.00	\$ 903,697.76
	2023	1,115,000.00	877,205.36
	2024	1,180,000.00	846,375.62
	2025	1,260,000.00	811,624.62
	2026	1,340,000.00	772,854.42
	2027-2031	8,070,000.00	3,128,392.68
	2032-2036	10,935,000.00	1,382,759.80
		<u>\$ 24,980,000.00</u>	<u>\$ 8,722,910.26</u>
Series 2019A	2022	\$ 13,875,000.00	\$ 7,026,400.00
	2023	6,370,000.00	6,332,650.00
	2024	6,690,000.00	6,014,150.00
	2025	7,015,000.00	5,679,650.00
	2026	7,375,000.00	5,328,900.00
	2027-2031	41,830,000.00	20,772,000.00
	2032-2036	49,345,000.00	9,679,500.00
	2037-2041	23,345,000.00	1,414,200.00
		<u>\$ 155,845,000.00</u>	<u>\$ 62,247,450.00</u>
Series 2019B	2022	\$ 9,730,000.00	\$ 3,808,355.34
	2023	8,035,000.00	3,629,420.56
	2024	9,845,000.00	3,465,265.48
	2025	10,060,000.00	3,258,225.16
	2026	10,280,000.00	3,031,774.52
	2027-2031	48,500,000.00	11,411,853.60
	2032-2036	30,965,000.00	5,661,590.96
	2037-2041	17,530,000.00	1,237,321.84
		<u>\$ 144,945,000.00</u>	<u>\$ 35,503,807.46</u>

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**The Texas State University System
Schedule 2C
Debt Service Requirements
For the Year Ended August 31, 2021**

Description	Year	Principal	Interest
Series 2021A	2022	\$ 1,625,000.00	\$ 3,158,982.66
	2023	2,055,000.00	2,740,670.00
	2024	2,155,000.00	2,637,920.00
	2025	2,265,000.00	2,530,170.00
	2026	2,375,000.00	2,416,920.00
	2027-2031	13,795,000.00	10,178,600.00
	2032-2036	17,140,000.00	6,822,250.00
	2037-2041	18,150,000.00	4,015,230.00
	2042-2050	24,145,000.00	2,775,887.50
		<u>\$ 83,705,000.00</u>	<u>\$ 37,276,630.16</u>
Series 2021B	2022	\$ 515,000.00	\$ 714,039.38
	2023	520,000.00	711,747.62
	2024	520,000.00	708,513.22
	2025	525,000.00	704,296.02
	2026	530,000.00	699,250.76
	2027-2031	2,780,000.00	3,382,342.80
	2032-2036	8,095,000.00	3,062,046.30
	2037-2041	17,135,000.00	1,513,284.30
	2042-2050	1,050,000.00	29,032.50
		<u>\$ 31,670,000.00</u>	<u>\$ 11,524,552.90</u>

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**The Texas State University System
Schedule 2D
Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2021**

Description of Issues	Pledged and Other Sources and Related Expenditures for the Year			
	Net Available for Debt Service			
	Total	Operating Expenses		
	Pledged and	Expenditures and	Debt Service	
	Other Sources	Capital Outlay	Principal	Interest
Revenue Financing System Bonds				
The Texas State University System				
Series 2011			\$ 2,780,000.00	\$ 125,100.00
Series 2012			4,090,000.00	204,500.16
Series 2013			3,045,000.00	480,500.00
Series 2014			2,450,000.00	2,619,997.50
Series 2015A			3,835,000.00	7,116,112.52
Series 2015B			6,685,000.00	3,604,686.96
Series 2017A			28,490,000.00	16,631,500.00
Series 2017B			1,000,000.00	925,827.76
Series 2019A			14,595,000.00	7,610,200.00
Series 2019B			2,585,000.00	3,855,143.84
Series 2021B			530,000.00	85,506.43
Total	\$ 807,948,883.77	\$ 431,629,160.83	\$ 70,085,000.00	\$ 43,259,075.17

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**The Texas State University System
Schedule 2E
Defeased Bonds Outstanding
For the Year Ended August 31, 2021**

Description of Issues	Year Refunded	Par Value Outstanding
Revenue Financing System Revenue Bonds		
The Texas State University System		
Series 2013	2019	\$ 59,475,000.00
Series 2014	2021	<u>30,105,000.00</u>
Total Defeased Bonds		<u><u>\$ 89,580,000.00</u></u>

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**The Texas State University System
Schedule 2F
Early Extinguishment and Refunding
For the Year Ended August 31, 2021**

Description of	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Revenue Financing System Revenue Bonds					
The Texas State University System					
2014	Advance Refunding	\$ 31,105,000.00	\$ 32,200,000.00	\$(10,244,543.19)	\$ 6,005,982.66
Total		\$ 31,105,000.00	\$ 32,200,000.00	\$(10,244,543.19)	\$ 6,005,982.66

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**The Texas State University System
Schedule 3
Reconciliation of Cash in the State Treasury
For the Year Ended August 31, 2021**

Fund No.	Fund Name	Unrestricted	Restricted	Total
0256	Local Revenue Fund; General Revenue - Dedicated	\$ 8,834,043.29	\$ -	\$ 8,834,043.29
0259	Local Revenue Fund; General Revenue - Dedicated	13,245,526.17	-	13,245,526.17
0260	Local Revenue Fund; General Revenue - Dedicated	26,415,839.02	-	26,415,839.02
0262	Local Revenue Fund; General Revenue - Dedicated	1,991,051.51	-	1,991,051.51
0285	Local Revenue Fund; General Revenue - Dedicated	2,594,166.33	-	2,594,166.33
0286	Local Revenue Fund; General Revenue - Dedicated	3,187,318.03	-	3,187,318.03
0287	Local Revenue Fund; General Revenue - Dedicated	2,500,623.57	-	2,500,623.57
0325	Coronavirus Relief Fund	-	2,319,080.20	2,319,080.20
0581	Law Enforcement Management Institute	1,608,953.64	-	1,608,953.64
8070	Funds Held for Others	1,615,318.66	-	1,615,318.66
Total Cash in State Treasury		\$ 61,992,840.22	\$ 2,319,080.20	\$ 64,311,920.42

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The Texas State University System

Fiduciary Financial Statements

UNAUDITED**The Texas State University System
Statement of Fiduciary Net Position
For the Year Ended August 31, 2021**

	2021	2020
Assets		
Cash and Cash Equivalents:		
Cash on Hand (Including Petty Cash)	\$ -	\$ 100.00
Cash in Bank (Note 3)	2,005,020.20	1,856,150.05
Receivables:		
Accounts	14,485.17	17,884.10
Other	966.16	5,730.34
Total Assets	\$ 2,020,471.53	\$ 1,879,864.49
Liabilities		
Payables from:		
Accounts Payable	\$ 188,109.90	\$ 144,361.71
Other Liabilities	17,030.25	15,415.84
Total Liabilities	\$ 205,140.15	\$ 159,777.55
Net Position		
Fiduciary Net Position	\$ 1,815,331.38	\$ 1,720,086.94
Total Net Position	\$ 1,815,331.38	\$ 1,720,086.94

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**The Texas State University System
Statement of Changes in Fiduciary Net Position
For the Year Ended August 31, 2021**

	2021	2020
Additions:		
Contributions:		
Other Contributions	\$ 23,250,037.13	\$ 28,447,479.07
Total Contributions	\$ 23,250,037.13	\$ 28,447,479.07
From Investing Activities:		
Interest, Dividend and Other	\$ 3,217.19	\$ 1,800.65
Total Net Investment Income	\$ 3,217.19	\$ 1,800.65
Other Additions:		
Other Revenue	\$ 8,840.94	\$ 194,137.55
Total Other Additions	\$ 8,840.94	\$ 194,137.55
Total Additions	\$ 23,262,095.26	\$ 28,643,417.27
Deductions:		
Administrative Expenses	\$ 500,790.28	\$ 911,193.93
Other Expenses	22,666,060.54	28,129,255.74
Total Deductions	\$ 23,166,850.82	\$ 29,040,449.67
Increase (Decrease) in Net Position	\$ 95,244.44	\$ (397,032.40)
Net Position:		
Total Net Position, September 1	\$ 1,720,086.94	\$ -
Restatements	-	2,117,119.34
Total Net Position, September 1 as Restated	\$ 1,720,086.94	\$ 2,117,119.34
Total Net Position, August 31	\$ 1,815,331.38	\$ 1,720,086.94

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The Texas State University System

**Discretely Presented Component Unit
Financial Statements**

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**The Texas State University System
Discretely Presented Component Units Statement of Net Position
For the Year Ended August 31, 2021**

	Discrete Component Units	
	Texas State University Development Foundation	Emmett and Miriam McCoy College of Business Development Foundation
Assets		
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>
Noncurrent Assets		
Restricted:		
Investments	\$ 117,541,413.76	\$ 61,560,416.24
Gifts/Pledges	1,306,508.72	-
Total Noncurrent Assets	<u>\$ 118,847,922.48</u>	<u>\$ 61,560,416.24</u>
Total Assets	<u><u>\$ 119,642,884.64</u></u>	<u><u>\$ 63,603,017.52</u></u>
Liabilities		
Current Liabilities:		
Payables from:		
Accounts Payable	\$ 326,207.98	\$ -
Annuities	31,231.84	-
Total Current Liabilities	<u>\$ 357,439.82</u>	<u>\$ -</u>
Noncurrent Liabilities		
Annuities Payable	<u>\$ 222,976.41</u>	<u>\$ -</u>
Total Non-Current Liabilities	<u>\$ 222,976.41</u>	<u>\$ -</u>
Total Liabilities	<u><u>\$ 580,416.23</u></u>	<u><u>\$ -</u></u>

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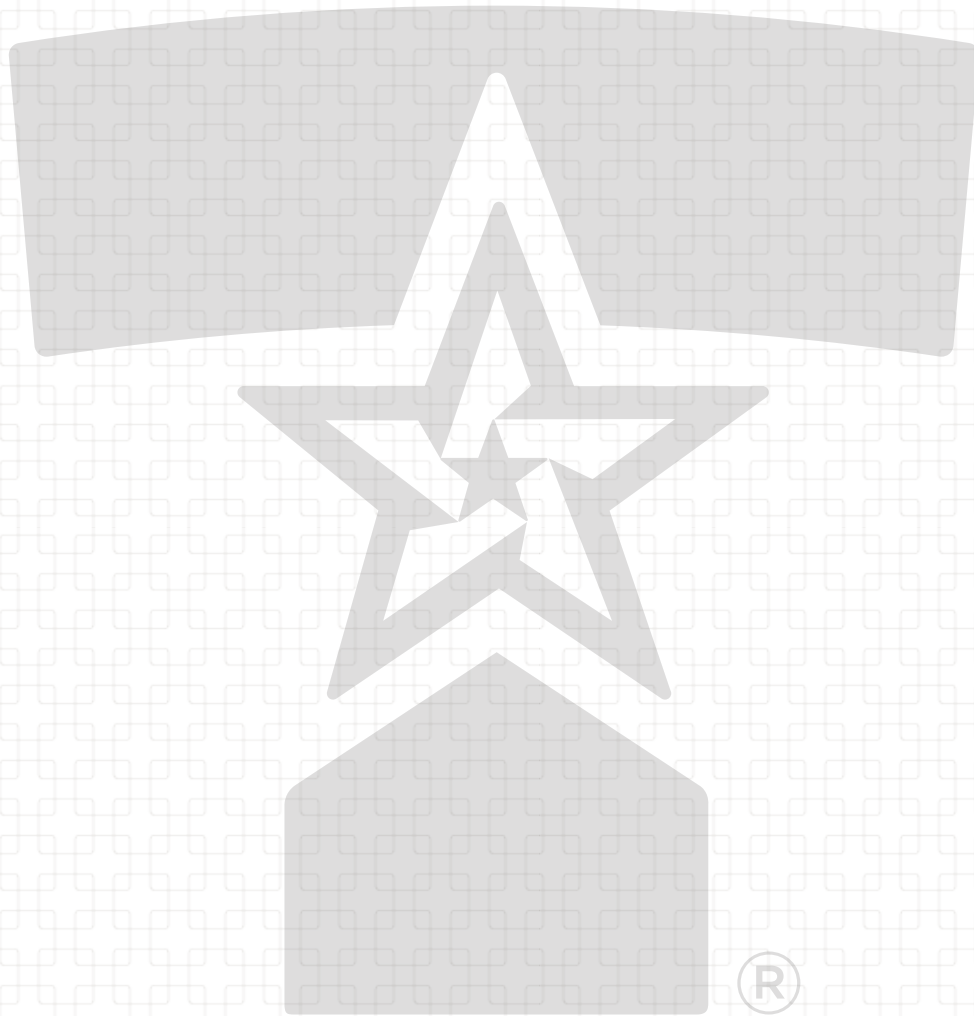
**The Texas State University System
Discretely Presented Component Units Statement of Net Position
For the Year Ended August 31, 2021**

	Discrete Component Units	
	Texas State University Development Foundation	Emmett and Miriam McCoy College of Business Development Foundation
Net Position		
Restricted for:		
Funds Held as Permanent Investments:		
Nonexpendable:		
Endowment Funds	\$ 70,838,155.00	\$ 36,948,770.00
Expendable:		
Endowment Funds	47,043,457.10	26,654,247.52
Unrestricted	1,180,856.31	-
Total Net Position	\$ 119,062,468.41	\$ 63,603,017.52

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**The Texas State University System
Discretely Presented Component Units Statement of Changes
in Revenues, Expenses and Changes in Net Position
For the Year Ended August 31, 2021**

	Discrete Component Units	
	Texas State University Development Foundation	Emmett and Miriam McCoy College of Business Development Foundation
Operating Expenses:		
Academic Programs	\$ 1,721,163.49	\$ -
Scholarships 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	<u>\$ 5,171,724.38</u>	<u>\$ 840,805.09</u>
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)	<u>\$ 27,240,573.06</u>	<u>\$ 13,206,024.73</u>
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 Revenues, Expenses, Gains, Losses, and Transfers	<u>\$ 1,179,483.64</u>	<u>\$ 509,871.19</u>
Change in Net Position	\$ 23,248,332.32	\$ 12,875,090.83
Total Net Position, September 1	\$ 95,814,136.09	\$ 50,727,926.69
Restatements	-	-
Total Net Position, September 1 as Restated	<u>\$ 95,814,136.09</u>	<u>\$ 50,727,926.69</u>
Total Net Position, August 31	<u><u>\$ 119,062,468.41</u></u>	<u><u>\$ 63,603,017.52</u></u>



THE TEXAS  STATE UNIVERSITY SYSTEM.

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