



Sam Houston State University

# Annual Financial Report



**For the Fiscal Year Ended August 31, 2022**

MEMBER THE TEXAS STATE UNIVERSITY SYSTEM





Alisa White

# Sam Houston State University

MEMBER THE TEXAS STATE UNIVERSITY SYSTEM

## OFFICE OF THE PRESIDENT

November 20, 2022

Honorable Greg Abbott, Governor  
Honorable Glenn Hegar, State Comptroller  
Jerry McGinty II, Executive Director, Legislative Budget Board  
Lisa R. Collier, First Assistant State Auditor

Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of Sam Houston State University for the year ended August 31, 2022, in compliance with TEX.GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board 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 Annual Comprehensive Financial Report (ACFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Jennifer Jones, Associate Controller at (936) 294-3405.

Sincerely,

Dr. Alisa White  
President



# **Annual Financial Report**

*for the fiscal year ended August 31, 2022*

*for*

# **Sam Houston State University**

*Huntsville, TX*



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# Sam Houston State University

MEMBER THE TEXAS STATE UNIVERSITY SYSTEM

## CONTROLLER'S OFFICE

November 20, 2022

Dr. Alisa White, President  
Sam Houston State University  
Huntsville, Texas 77341

Dear Dr. White:

Submitted herein is the Annual Financial Report of Sam Houston State University for the fiscal year ended August 31, 2022.

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

The Annual Financial Report will be audited by the State Auditor as part of the audit of the Statewide Annual Comprehensive Financial Report; therefore, an opinion has not been expressed on the statements and related information contained in this report.

If you have any questions, please contact Jennifer Jones, Associate Controller, at (936) 294-3405.

Respectfully submitted,

Jennifer Jones, CPA  
Associate Controller

Approved:

Amanda Withers, CPA  
CFO and Senior Vice President for Operations



**BOARD OF REGENTS  
TEXAS STATE UNIVERSITY SYSTEM  
August 31, 2022**

| <u>Member</u>                | <u>Member's City (Texas)</u> | <u>Term Expiration</u> |
|------------------------------|------------------------------|------------------------|
| Duke Austin, Chairman        | Houston                      | 2023                   |
| Garry Crain, Vice Chairman   | San Marcos                   | 2023                   |
| Alan Tinsley, Vice Chairman  | Madisonville                 | 2027                   |
| Charlie Amato                | San Antonio                  | 2025                   |
| Sheila Faske                 | Rose City                    | 2027                   |
| Don Flores                   | El Paso                      | 2025                   |
| Nicki Harle                  | Baird                        | 2023                   |
| Stephen Lee                  | Beaumont                     | 2027                   |
| William F. Scott             | Nederland                    | 2025                   |
| Gabriel Webb, Student Regent | The Hills                    | 2023                   |

**SENIOR ADMINISTRATIVE OFFICIALS  
TEXAS STATE UNIVERSITY SYSTEM**

|                         |                                                  |
|-------------------------|--------------------------------------------------|
| Dr. Brian McCall, Ph.D. | Chancellor                                       |
| Dr. John Hayek, Ph.D.   | Vice Chancellor for Academic and Health Affairs  |
| Nelly R Herrera, JD     | Vice Chancellor and General Counsel              |
| Sean Cunningham, JD     | Vice Chancellor for Governmental Relations       |
| Daniel Harper, MBA      | Vice Chancellor and Chief Financial Officer      |
| Mike Wintemute          | Vice Chancellor for Marketing and Communications |
| Carole Fox, CPA         | Chief Audit Executive                            |

**ADMINISTRATIVE OFFICIALS  
SAM HOUSTON STATE UNIVERSITY**

**PRESIDENT**

Alisa White, Ph.D.

**FISCAL OFFICE**

|                          |                                         |
|--------------------------|-----------------------------------------|
| Amanda Withers, MBA, CPA | CFO and Sr VP of Finance and Operations |
| Jennifer Jones, CPA      | Associate Controller                    |
| Donna Slott              | Assistant Controller                    |



# **Sam Houston State University**

**Management's Discussion and Analysis**

UNAUDITED

# Sam Houston State University

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

### INTRODUCTION

The following Management's Discussion and Analysis (MD&A) section of Sam Houston State University ("SHSU") annual financial report has been prepared to provide an overview of the activities and the financial performance of SHSU for the fiscal year ended August 31, 2022. This presentation is intended to offer a summary of significant current year activities, resulting changes, and currently known economic conditions and facts. This analysis should be read in conjunction with SHSU's basic financial statements and the notes to the financial statements.

### BACKGROUND

Home to over 21,000 students, SHSU is located in Huntsville, Texas, which is located 70 miles north of Houston, Texas and 170 miles south of Dallas, Texas on Interstate 45. For more than 140 years, SHSU has been preparing students for meaningful lives of achievement. Named for Sam Houston, Texas' greatest hero, SHSU continually strives to honor its historical roots through academic excellence. While embracing its legacy, SHSU also strives to meet the needs of contemporary students, both traditional and online. SHSU offers 90 bachelor's degree programs, 60 master's degree programs, and 10 doctoral programs, including nationally-recognized programs in Business, Fine Arts, Education, Mathematics, and Criminal Justice. SHSU is classified as a "Doctoral University of High Research Activity" by the Carnegie Commission on Higher Education and was recently recognized by U. S. News and World Report for being among the best in the country for online graduate programs. In addition, the Carnegie Commission on Higher Education classified SHSU as a "Community Engaged" university. This honor has been awarded to 311 public institutions, and acknowledges the university's significant commitment to serving the community. SHSU is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools.

SHSU is part of the Texas State University System (TSUS). TSUS was founded in 1911 and is the first higher education system established in Texas. Beginning as an administrative means to consolidate the support and management of state teacher colleges, TSUS has evolved into a network of higher education institutions stretching from the Texas-Louisiana border to the Big Bend region of west Texas. Today, eight component institutions offer a broad range of academic and career opportunities. Those eight 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, Lamar State College-Port Arthur, and Sul Ross State University Rio Grande College.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements for fiscal year 2022 have been prepared in accordance with accounting pronouncements promulgated by the Governmental Accounting Standards Board (GASB). Additionally, these statements conform to reporting requirements of the Texas Comptroller of Public Accounts and to guidelines issued by the National Association of College and University Business Officers. GASB requires SHSU to include three financial statements in the annual financial report. They are (1) the Statement of Net Position; (2) the Statement of Revenues, Expenses, and Changes in Net Position; and (3) the Statement of Cash Flows. The information contained in the financial statements of SHSU is part of and included within TSUS which is included in the State of Texas's Annual Comprehensive Financial Report.

# Sam Houston State University

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

The financial statements of SHSU are presented for the fiscal year ended August 31, 2022. The format of the Texas statewide financial statements presents a comprehensive perspective of the State's financial activities. The State's activities are divided into three types for presentation in the primary financial statements. They are Governmental Activities, Business-type Activities, and Component Units. The financial operations of SHSU are considered a business-type activity because SHSU charges a fee, in the form of tuition, to customers in order to pay for a significant percentage of the cost of the services provided. Under this classification, SHSU financial statements conform to the guidelines and presentation formats prescribed for proprietary funds; revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of when cash is exchanged.

### **Statement of Net Position**

The first schedule presented is the Statement of Net Position. The statement reflects SHSU's financial position as of the conclusion of the fiscal year. This is a point in time financial presentation and presents a snapshot view of the financial status as of August 31, 2022. Assets and liabilities are presented as either current or non-current to provide an indication of their anticipated liquidation. Net position is equal to total assets plus deferred outflows of resources less total liabilities plus deferred inflows of resources. Net position is divided into three major categories. The first, net investment in capital assets, provides SHSU's equity in property, plant, and equipment owned by SHSU. The restricted net position category is subdivided into nonexpendable and expendable classifications. Restricted non-expendable net position consists solely of SHSU's permanent endowment funds and is only available for investment purposes. Restricted expendable net position is available for expenditure by SHSU, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final major category, unrestricted net position, is available to SHSU for any lawful purpose, but may have significant constraints on resources, which are imposed by management or implied by statutes or regulations, but can be removed or modified. Additional net position balances are reserved for specific purposes by nature of their origin.

The Statement of Net Position presents information on all of SHSU's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SHSU is improving or deteriorating. Other non-financial factors, such as SHSU's enrollment and the condition of SHSU's infrastructure, need to be considered in order to assess the overall health of SHSU.

### **Statement of Revenues, Expenses, and Changes in Net Position**

The next statement comprising the primary financial statements is the Statement of Revenues, Expenses, and Changes in Net Position. This schedule identifies operating and non-operating revenues received by SHSU. Additionally, both the operating and non-operating expenses incurred by SHSU during the fiscal year are displayed. Finally, any other gains and losses or other forms of revenue and expenses are reported. The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how SHSU's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Revenues and expenses are classified as either operating or non-operating in the financial statements. Operating revenues are received and recognized as a result of providing services. Tuition and fee revenues

# Sam Houston State University

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

are reported net of any scholarship discounts and allowances. A scholarship allowance is the difference between the stated charge for services provided by SHSU and the amount that is paid by the student or third parties making payments on behalf of the student. Funds received to satisfy student tuition and fee charges are reported as revenue only once. Institutional resources provided to students as financial aid are reported as a scholarship allowances in amounts up to and equal to amounts owed by the students to SHSU. Operating expenses are the costs necessary to provide services to customers and to fulfill the mission of SHSU. Operating expenses are displayed in the statement using the natural method of presentation, which displays operating expenses in a manner that categorizes the objects of expenditure within various cost centers. Non-operating revenues are those received for which no services are directly provided. State appropriations are classified as non-operating revenue because they are provided by the Legislature to SHSU without the Legislature directly receiving goods or services for those revenues. Additionally, certain federal resources for student financial aid, as well as most gift revenue, are classified as non-operating revenue. Significant portions of SHSU's recurring revenue sources are classified as non-operating.

### **Statement of Cash Flows**

The third primary statement included in the financial statements is the Statement of Cash Flows. This schedule explains the change during the fiscal year in cash and cash equivalents, regardless of whether there are restriction on their use. The Statement of Cash Flows should be used in conjunction with related disclosures and information in the other financial statements. The statement can provide relevant information about an entity, such as the ability to generate future net cash flows, the ability to meet obligations when due, or reasons for differences between operating income and associated cash receipts and payments. The statement is comprised of five sections. The first section recognizes the cash flows from operating activities as well as the net cash used by operating activities. The second section identifies the cash flows from non-capital financing activities. The third section reflects the cash flows from capital and related financing activities. The next section details the cash flows from investing activities. The final section reconciles net cash used to the operating loss or income reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

### **Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are the last section of the basic financial statements.

## **FINANCIAL HIGHLIGHTS**

### **Statement of Net Position**

- Investments in capital asset additions were \$100.6 million, of which \$82.2 million consisted of new projects in progress.
- Building Projects capitalized in 2022 include:
  - College of Osteopathic Medicine, \$62.5 million

# Sam Houston State University

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

- In 2022, two buildings were purchased, an office building for \$3.2 million and an apartment complex for \$15 million.

The following table reflects the condensed Statement of Net Position:

| Condensed Statement of Net Position<br>As of August 31 |  | 2022             | 2021             |
|--------------------------------------------------------|--|------------------|------------------|
| <b>ASSETS</b>                                          |  |                  |                  |
| Current Assets                                         |  |                  |                  |
| Cash and Cash Equivalents                              |  | 81,180,699.43    | 78,371,215.05    |
| Restricted Current Assets                              |  | 847,736.86       | 6,195,143.30     |
| Short Term Investments                                 |  | 12,264,754.53    | 12,973,392.36    |
| Legislative Appropriations                             |  | 18,491,523.47    | 20,644,802.71    |
| Receivables                                            |  | 70,178,747.01    | 53,794,241.46    |
| Other Current Assets                                   |  | 36,594,691.87    | 33,028,406.07    |
| Total Current Assets                                   |  | 219,558,153.17   | 205,007,200.95   |
| Non-Current Assets                                     |  |                  |                  |
| Investments                                            |  | 257,038,802.45   | 291,591,163.51   |
| Gifts, Pledges and Donations                           |  | 2,234,718.41     | 1,965,741.75     |
| Capital Assets                                         |  | 709,640,878.71   | 648,942,388.83   |
| Total Non-Current Assets                               |  | 968,914,399.57   | 942,499,294.09   |
| Total Assets                                           |  | 1,188,472,552.74 | 1,147,506,495.04 |
| <b>LIABILITIES</b>                                     |  |                  |                  |
| Current Liabilities                                    |  |                  |                  |
| Payables                                               |  | 28,357,964.39    | 23,419,478.88    |
| Unearned Revenues                                      |  | 137,650,923.78   | 133,846,461.81   |
| Other Current Liabilities                              |  | 10,664,395.49    | 9,991,607.89     |
| Total Current Liabilities                              |  | 176,673,283.66   | 167,257,548.58   |
| Non-Current Liabilities                                |  |                  |                  |
|                                                        |  | 4,382,095.42     | 4,139,417.10     |
| Total Liabilities                                      |  | 181,055,379.08   | 171,396,965.68   |
| <b>NET POSITION</b>                                    |  |                  |                  |
| Invested in Capital Assets, Net of Related Debt        |  | 709,640,878.71   | 648,942,388.83   |
| Restricted For                                         |  |                  |                  |
| Capital Projects                                       |  | 566,739.51       | 5,823,411.31     |
| Funds Held As Permanent Investments:                   |  |                  |                  |
| Non-Expendable                                         |  | 100,650,283.90   | 94,367,165.05    |
| Expendable                                             |  | 44,936,828.85    | 65,154,920.52    |
| Other                                                  |  | 27,231,887.75    | 23,854,086.02    |
| Unrestricted                                           |  | 124,390,554.94   | 137,967,557.63   |
| Total Net Position                                     |  | 1,007,417,173.66 | 976,109,529.36   |

Total assets increased by \$41 million or 3.6%. The growth in capital assets of \$60.7 million was offset by large fair market losses on investments during 2022. Investment income and losses in fair market value of investments represent a \$34.6 million loss in net assets.

### Statement of Revenues, Expenses, and Changes in Net Position

- In fall 2020, SHSU welcomed their first class of 75 students into the College of Osteopathic

# Sam Houston State University

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

Medicine. As each new cohort begins the program, there has been and will continue to be an increase in instruction expenditures.

- ❖ The College of Osteopathic medicine also operates a clinic located in Conroe, Texas. The expenditures related to this are reported in the clinic line of operating expenses. Associated revenues are reported in the auxiliary revenue line.
- Because of unfavorable market conditions, SHSU had a total realized and unrealized investment losses of \$34.8 million.

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Net Position:

|                                                                             | <u>2022</u>             | <u>2021</u>             |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Operating Revenues:</b>                                                  |                         |                         |
| Tuition and Fees – Net                                                      | 189,772,013.77          | 180,964,246.90          |
| Auxiliary Enterprise – Pledged                                              | 40,325,797.35           | 32,415,131.49           |
| Other Operating Revenues                                                    | 51,977,261.56           | 51,701,353.17           |
| <b>Total Operating Revenues</b>                                             | <u>282,075,072.68</u>   | <u>265,080,731.56</u>   |
| <b>Operating Expenses:</b>                                                  |                         |                         |
| Instruction                                                                 | 120,312,527.00          | 110,390,675.68          |
| Research                                                                    | 11,062,371.10           | 10,711,222.87           |
| Public Service                                                              | 22,236,992.03           | 16,145,882.47           |
| Clinic                                                                      | 928,264.16              | 1,017,526.36            |
| Academic Support                                                            | 56,565,908.96           | 48,998,922.30           |
| Student Services                                                            | 33,318,085.75           | 29,339,079.36           |
| Institutional Support                                                       | 28,103,180.51           | 24,667,200.29           |
| Operation and Maintenance of Plant                                          | 22,748,774.85           | 24,792,020.72           |
| Scholarships and Fellowships                                                | 59,633,485.11           | 50,731,128.65           |
| Auxiliary                                                                   | 50,049,870.26           | 43,777,054.38           |
| Depreciation & Amortization                                                 | 40,010,973.41           | 39,583,906.89           |
| <b>Total Operating Expenses</b>                                             | <u>444,970,433.14</u>   | <u>400,154,619.97</u>   |
| <b>Operating Income (Loss)</b>                                              | <u>(162,895,360.46)</u> | <u>(135,073,888.41)</u> |
| <b>Nonoperating (Revenues) Expenses:</b>                                    |                         |                         |
| Legislative Revenue and Appropriations                                      | 77,454,823.03           | 69,852,318.90           |
| Federal Revenue                                                             | 92,987,007.65           | 59,107,886.38           |
| Other Nonoperating Revenue (Expenses) - Net                                 | (28,072,037.48)         | 55,614,978.88           |
| <b>Total Nonoperating Revenues (Expenses)</b>                               | <u>142,369,793.20</u>   | <u>184,575,184.16</u>   |
| <b>Income (Loss) before Capital Contributions, Endowments and Transfers</b> | <u>(20,525,567.26)</u>  | <u>49,501,295.75</u>    |
| <b>Capital Contributions, Endowments and Transfers</b>                      | <u>51,833,211.56</u>    | <u>15,748,289.83</u>    |
| <b>Change in Net Position</b>                                               | <u>31,307,644.30</u>    | <u>65,249,585.58</u>    |
| <b>Beginning Net Position, September 1</b>                                  | 976,109,529.36          | 919,606,466.28          |
| <b>Restatements</b>                                                         | 0.00                    | (8,746,522.50)          |
| <b>Total Net Position, September 1, as Restated</b>                         | <u>976,109,529.36</u>   | <u>910,859,943.78</u>   |
| <b>Total Net Position, August 31</b>                                        | <u>1,007,417,173.66</u> | <u>976,109,529.36</u>   |

# Sam Houston State University

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

During the 2022 fiscal year, SHSU recognized operating revenues of \$282 million and operating expenses of \$445 million. After recognizing nonoperating activities and other gains and losses, SHSU realized a net increase in net position of \$31 million. The disparity between operating revenues and expenses results from legislative appropriations which are utilized to help subsidize public state universities. Legislative appropriations were \$77 million or 17% of operating expenses.

### CAPITAL ASSETS

As fundamental as instruction and research are to SHSU, these endeavors cannot take place without the land, buildings, facilities, equipment, and information technology infrastructure needed to support them. Sustaining these assets requires a significant investment in renovations, improvements, expansion, and maintenance. The goal of expending resources for these investments is achieving a safe, modern, and efficient campus environment that is conducive to learning, teaching, research, and community service. SHSU remains focused on its continuing efforts to implement long-range capital plans.

At the end of the 2022 fiscal year, SHSU had \$709.6 million of capital assets, net of accumulated depreciation and amortization. These assets included land, buildings, infrastructure and improvements, furniture and equipment, library books, computer systems software, and works of art. Several major capital construction projects are in various stages of completion, and the cumulative investment in these assets is reported as construction in progress. As required by GASB reporting standards, SHSU reports accumulated depreciation and amortization on its capital assets. Additionally, SHSU recognizes a current year charge for depreciation and amortization expense.

In 2022, GASB 87 became effective resulting in two leases being capitalized as right to use assets. The net value of these right to lease assets was \$500,823.50 at the end of 2022. Had GASB 87 been effective in 2021, there would have been an increase in right to use assets net of amortization of \$669,294.79 and a corresponding liability of \$677,375.12. The impact to Net Assets would have been a decrease of \$8,080.33.

### DEBT ADMINISTRATION

SHSU engages in the prudent use of debt to finance capital projects as a means of maximizing the management of financial and physical resources. To date, TSUS has issued debt on behalf of SHSU, which is not included within SHSU's financial statements. A portion of TSUS's debt service is funded by biennial State appropriations. SHSU has no debt outstanding.

### CONTACTING SHSU's FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of SHSU's finances. Questions concerning this report or requests for additional financial information should be directed to Jennifer Jones; Associate Controller; Sam Houston State University; PO BOX 2183; Huntsville, TX 77341; Phone: 936.294.3405. General Information about SHSU may be found on the website: [www.SHSU.edu](http://www.SHSU.edu).

# **Sam Houston State University**

## **Proprietary Fund Financial Statements**

UNAUDITED

**Texas State University System  
Sam Houston State University  
Statement of Net Position  
August 31, 2022**

|                                         | <u>2022</u>              | <u>2021</u>              |
|-----------------------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                           |                          |                          |
| <b>Current Assets:</b>                  |                          |                          |
| Cash and Cash Equivalents: (Note 3)     |                          |                          |
| Cash on Hand (Including Petty Cash)     | \$ 17,575.95             | \$ 16,541.00             |
| Cash in Bank                            | 7,912,055.10             | 50,129,509.86            |
| Cash in Transit/Reimburse from Treasury | 1,922,092.03             | 532,264.87               |
| Cash in State Treasury (Schedule 3)     | 16,300,439.14            | 16,469,798.47            |
| Cash Equivalents                        | 55,028,537.21            | 11,223,100.85            |
| Restricted:                             |                          |                          |
| Cash and Cash Equivalents: (Note 3)     |                          |                          |
| Cash in Bank                            | 203,059.35               | 80,063.08                |
| Cash in State Treasury (Schedule 3)     | 504,989.56               | 300,000.00               |
| Cash Equivalents                        | 139,687.95               | 5,815,080.22             |
| Short Term Investments (Note 3)         | 12,264,754.53            | 12,973,392.36            |
| Legislative Appropriations              | 18,491,523.47            | 20,644,802.71            |
| Receivables:                            |                          |                          |
| Federal                                 | 16,041,710.11            | 7,292,077.85             |
| Accounts - Tuition                      | 54,760,957.88            | 48,474,180.27            |
| Allowance Accounts                      | (13,745,043.35)          | (11,460,867.30)          |
| Other                                   | 10,613,769.24            | 7,701,268.36             |
| Due From Other Agencies (Note 12)       | 2,507,353.13             | 1,787,582.28             |
| Merchandise Inventories                 | 391,921.43               | 363,380.30               |
| Prepaid Items                           | 604,124.50               | 142,505.08               |
| Loans and Contracts                     | 14,085,610.36            | 14,099,308.85            |
| Other Current Assets                    | 21,513,035.58            | 18,423,211.84            |
| <b>Total Current Assets</b>             | <b>\$ 219,558,153.17</b> | <b>\$ 205,007,200.95</b> |
| <b>Non-Current Assets:</b>              |                          |                          |
| Restricted:                             |                          |                          |
| Investments (Note 3)                    | \$ 140,962,218.64        | \$ 160,933,601.18        |
| Investments (Note 3)                    | 116,076,583.81           | 130,657,562.33           |
| Receivables:                            |                          |                          |
| Gifts/Pledges                           | 2,234,718.41             | 1,965,741.75             |
| Capital Assets: (Note 2)                |                          |                          |
| Non-Depreciable or Non-Amortizable      |                          |                          |
| Land and Land Improvements              | 47,739,962.74            | 44,577,107.80            |
| Construction in Progress                | 155,764,787.90           | 146,439,899.77           |
| Other Capital Assets                    | 2,353,749.30             | 1,901,665.55             |

## UNAUDITED

**Texas State University System**  
**Sam Houston State University**  
**Statement of Net Position**  
**August 31, 2022**

|                                             | <u>2022</u>                | <u>2021</u>                |
|---------------------------------------------|----------------------------|----------------------------|
| Depreciable or Amortizable                  |                            |                            |
| Buildings and Building Improvements         | 820,891,191.73             | 738,751,066.32             |
| Less Accumulated Depreciation               | (381,467,804.02)           | (349,445,736.20)           |
| Infrastructure                              | 39,229,339.68              | 37,711,183.21              |
| Less Accumulated Depreciation               | (14,879,886.93)            | (13,321,225.96)            |
| Facilities and Other Improvements           | 44,632,334.79              | 44,632,334.79              |
| Less Accumulated Depreciation               | (21,592,743.04)            | (20,004,660.57)            |
| Furniture and Equipment                     | 50,113,275.32              | 48,633,282.46              |
| Less Accumulated Depreciation               | (37,234,913.82)            | (34,818,042.90)            |
| Vehicles, Boats, and Aircraft               | 5,938,638.93               | 5,840,222.63               |
| Less Accumulated Depreciation               | (4,935,492.29)             | (4,761,021.62)             |
| Computer Software - Intangible              | 3,243,398.02               | 3,243,398.02               |
| Less Accumulated Amortization               | (3,243,398.02)             | (3,243,398.02)             |
| Other Capital Assets                        | 12,076,621.89              | 12,189,669.76              |
| Less Accumulated Depreciation               | (9,489,006.97)             | (9,383,356.21)             |
| Right to Use Assets:                        |                            |                            |
| Amortizable                                 |                            |                            |
| Land                                        | 134,472.77                 | -                          |
| Less Accumulated Amortization               | (13,792.08)                | -                          |
| Buildings and Building Improvements         | 543,061.16                 | -                          |
| Less Accumulated Amortization               | (162,918.35)               | -                          |
| <b>Total Non-Current Assets</b>             | <b>\$ 968,914,399.57</b>   | <b>\$ 942,499,294.09</b>   |
| <b>Total Assets</b>                         | <b>\$ 1,188,472,552.74</b> | <b>\$ 1,147,506,495.04</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                            |
| <b>Total Deferred Outflows of Resources</b> | <b>-</b>                   | <b>-</b>                   |
| <b>LIABILITIES</b>                          |                            |                            |
| <b>Current Liabilities:</b>                 |                            |                            |
| Payables from:                              |                            |                            |
| Accounts Payable                            | \$ 20,593,579.17           | \$ 14,624,878.32           |
| Payroll Payable                             | 7,136,986.07               | 6,969,326.22               |
| Interest Payable                            | 756.84                     | -                          |
| Due to Other Agencies (Note 12)             | 626,642.31                 | 1,825,274.34               |
| Unearned Revenues                           | 137,650,923.78             | 133,846,461.81             |
| Employees' Compensable Leave (Note 5)       | 4,654,673.13               | 4,458,393.18               |
| Right to Use Lease Obligations              | 175,326.74                 | -                          |
| Funds Held for Others                       | 4,380,323.32               | 4,292,590.34               |
| Other Current Liabilities                   | 1,454,072.30               | 1,240,624.37               |
| <b>Total Current Liabilities</b>            | <b>\$ 176,673,283.66</b>   | <b>\$ 167,257,548.58</b>   |

## UNAUDITED

**Texas State University System  
Sam Houston State University  
Statement of Net Position  
August 31, 2022**

|                                            | <u>2022</u>                       | <u>2021</u>                     |
|--------------------------------------------|-----------------------------------|---------------------------------|
| <b>Non-Current Liabilities:</b>            |                                   |                                 |
| Right to Use Lease Obligations             | \$ 331,314.68                     | \$ -                            |
| Employees' Compensable Leave (Note 5)      | 4,050,780.74                      | 4,139,417.10                    |
| <b>Total Non-Current Liabilities</b>       | <u>4,382,095.42</u>               | <u>4,139,417.10</u>             |
| <b>Total Liabilities</b>                   | <u>\$ 181,055,379.08</u>          | <u>\$ 171,396,965.68</u>        |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b>   |                                   |                                 |
| <b>Total Deferred Inflows of Resources</b> | <u>-</u>                          | <u>-</u>                        |
| <br><b>NET POSITION</b>                    |                                   |                                 |
| Net Investment in Capital Assets           | \$ 709,640,878.71                 | \$ 648,942,388.83               |
| Restricted For:                            |                                   |                                 |
| Capital Projects                           | 566,739.51                        | 5,823,411.31                    |
| Other                                      | 27,231,887.75                     | 23,854,086.02                   |
| Funds Held As Permanent Investments:       |                                   |                                 |
| Non-Expendable:                            |                                   |                                 |
| Endowment Funds                            | 100,650,283.90                    | 94,367,165.05                   |
| Expendable:                                |                                   |                                 |
| Endowment Funds                            | 44,936,828.85                     | 65,154,920.52                   |
| Unrestricted                               |                                   |                                 |
| HEF                                        | 12,515,498.62                     | 9,976,226.80                    |
| Other                                      | 111,875,056.32                    | 127,991,330.83                  |
| <b>Total Net Position</b>                  | <u><u>\$ 1,007,417,173.66</u></u> | <u><u>\$ 976,109,529.36</u></u> |

UNAUDITED

**Texas State University System  
Sam Houston State University  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Year Ended August 31, 2022**

|                                                  | <u>2022</u>                       | <u>2021</u>                       |
|--------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>OPERATING REVENUES:</b>                       |                                   |                                   |
| Tuition and Fees - Pledged                       | \$ 252,178,264.79                 | \$ 246,266,364.50                 |
| Tuition and Fees - Discounts/Allowances          | (62,406,251.02)                   | (65,302,117.60)                   |
| Auxiliary Enterprises - Pledged                  | 47,803,046.44                     | 39,173,504.66                     |
| Auxiliary Enterprise – Discounts/Allowances      | (7,477,249.09)                    | (6,758,373.17)                    |
| Other Sales of Goods and Services - Pledged      | 4,075,916.08                      | 3,821,512.99                      |
| Federal Revenue                                  | 8,073,997.91                      | 9,564,401.77                      |
| Federal Pass-Through Revenue                     | 3,535,626.36                      | 7,405,576.51                      |
| State Grant Revenue                              | 2,384,062.74                      | 680,366.58                        |
| State Grant Pass-Through Revenue                 | 24,351,687.44                     | 19,584,298.31                     |
| Other Grants and Contracts -Non-pledged          | 3,389,940.18                      | 4,694,575.62                      |
| Other Operating Revenues - Pledged               | 6,166,030.85                      | 5,950,621.39                      |
| <b>Total Operating Revenues</b>                  | <b><u>\$ 282,075,072.68</u></b>   | <b><u>\$ 265,080,731.56</u></b>   |
| <b>OPERATING EXPENSES:</b>                       |                                   |                                   |
| Instruction                                      | \$ 120,312,527.00                 | \$ 110,390,675.68                 |
| Research                                         | 11,062,371.10                     | 10,711,222.87                     |
| Public Service                                   | 22,236,992.03                     | 16,145,882.47                     |
| Hospitals and Clinic                             | 928,264.16                        | 1,017,526.36                      |
| Academic Support                                 | 56,565,908.96                     | 48,998,922.30                     |
| Student Services                                 | 33,318,085.75                     | 29,339,079.36                     |
| Institutional Support                            | 28,103,180.51                     | 24,667,200.29                     |
| Operation and Maintenance of Plant               | 22,748,774.85                     | 24,792,020.72                     |
| Scholarship and Fellowships                      | 59,633,485.11                     | 50,731,128.65                     |
| Auxiliary                                        | 50,049,870.26                     | 43,777,054.38                     |
| Depreciation and Amortization                    | 40,010,973.41                     | 39,583,906.89                     |
| <b>Total Operating Expenses</b>                  | <b><u>\$ 444,970,433.14</u></b>   | <b><u>\$ 400,154,619.97</u></b>   |
| <b>Operating Income (Loss)</b>                   | <b><u>\$ (162,895,360.46)</u></b> | <b><u>\$ (135,073,888.41)</u></b> |
| <b>NONOPERATING REVENUES (EXPENSES):</b>         |                                   |                                   |
| Legislative Revenue (GR)                         | \$ 60,879,324.00                  | \$ 53,672,403.00                  |
| Additional Appropriations (GR)                   | 16,575,499.03                     | 16,179,915.90                     |
| Federal Revenue                                  | 92,987,007.65                     | 59,107,886.38                     |
| Gifts - Pledged                                  | 254,620.00                        | 90,610.29                         |
| Gifts - Non-Pledged                              | 5,869,003.43                      | 3,705,110.28                      |
| Investment Income - Non-Pledged                  | 4,875,729.68                      | 14,761,015.48                     |
| Investment Income - Pledged                      | 7,930,833.83                      | 7,091,635.17                      |
| Gain (Loss) on Sale of Capital Assets            | (578,404.21)                      | (2,718,282.38)                    |
| Net Increase (Decrease) Fair Value - Pledged     | (26,506,308.88)                   | 15,685,431.13                     |
| Net Increase (Decrease) Fair Value - Non-pledged | (21,128,766.91)                   | 14,688,347.83                     |
| Judgements and Settlements                       | 431,556.52                        | 2,089,755.97                      |

**Texas State University System  
Sam Houston State University  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Year Ended August 31, 2022**

|                                                                                 | <u>2022</u>                              | <u>2021</u>                            |
|---------------------------------------------------------------------------------|------------------------------------------|----------------------------------------|
| Other Nonoperating Revenue (Expenses)-Pledged                                   | 1,098,473.07                             | 255,463.22                             |
| Other Nonoperating Expenses                                                     | (318,774.01)                             | (34,108.11)                            |
| <b>Total Nonoperating Revenues (Expenses)</b>                                   | <b><u>\$ 142,369,793.20</u></b>          | <b><u>\$ 184,575,184.16</u></b>        |
| <br><b>Income (Loss) before Capital Contributions, Endowments and Transfers</b> | <br><b>\$ (20,525,567.26)</b>            | <br><b>\$ 49,501,295.75</b>            |
| <br><b>Capital Contributions, Endowments and Transfers</b>                      |                                          |                                        |
| Capital Appropriations (HEAF)                                                   | \$ 18,236,811.00                         | \$ 18,236,811.00                       |
| Additions to Permanent and Term Endowments                                      | 4,937,197.37                             | 2,876,883.36                           |
| Transfer In (Note 12)                                                           | 64,983,590.80                            | 26,366,359.53                          |
| Transfer Out (Note 12)                                                          | (31,391,211.61)                          | (26,707,791.06)                        |
| Legislative Transfer In (Note 12)                                               | 598,474.00                               | 495,998.00                             |
| Legislative Transfer Out (Note 12)                                              | (5,531,650.00)                           | (5,519,968.40)                         |
| Legislative Appropriations Lapsed                                               | -                                        | (2.60)                                 |
| <b>Total Capital Contributions, Endowments and Transfers</b>                    | <b><u>\$ 51,833,211.56</u></b>           | <b><u>\$ 15,748,289.83</u></b>         |
| <br><b>Change in Net Position</b>                                               | <br><u>31,307,644.30</u>                 | <br><u>65,249,585.58</u>               |
| Beginning Net Position                                                          | 976,109,529.36                           | 919,606,466.28                         |
| Restatements (Note 14)                                                          | -                                        | (8,746,522.50)                         |
| Beginning Net Position, as restated                                             | <u>976,109,529.36</u>                    | <u>910,859,943.78</u>                  |
| <b>Ending Net Position</b>                                                      | <b><u><u>\$ 1,007,417,173.66</u></u></b> | <b><u><u>\$ 976,109,529.36</u></u></b> |

UNAUDITED

Texas State University System  
Sam Houston State University  
Matrix of Operating Expenses Reported by Function  
For the Fiscal Year Ended August 31, 2022

| Operating Expenses                 | Instruction |                       | Research  |                      | Public Service |                      | Hospitals & Clinics |                   | Academic Support |                      |
|------------------------------------|-------------|-----------------------|-----------|----------------------|----------------|----------------------|---------------------|-------------------|------------------|----------------------|
| Cost of Goods Sold                 | \$          | -                     | \$        | -                    | \$             | 25,122.22            | \$                  | -                 | \$               | 33,920.20            |
| Salaries and Wages                 |             | 85,635,727.86         |           | 6,517,188.71         |                | 10,049,832.50        |                     | 309,472.72        |                  | 25,361,696.63        |
| Payroll Related Costs              |             | 26,018,911.82         |           | 1,073,243.33         |                | 3,312,728.01         |                     | 112,751.11        |                  | 8,685,930.62         |
| Professional Fees and Services     |             | 446,192.51            |           | 59,575.29            |                | 1,200,541.75         |                     | 120,120.99        |                  | 709,225.63           |
| Federal Grant Pass-Through Expense |             | -                     |           | 170,924.57           |                | -                    |                     | -                 |                  | -                    |
| State Grant Pass-Through Expense   |             | -                     |           | -                    |                | -                    |                     | -                 |                  | -                    |
| Travel                             |             | 1,368,311.12          |           | 418,245.34           |                | 167,649.99           |                     | -                 |                  | 511,701.67           |
| Materials and Supplies             |             | 3,546,447.12          |           | 1,019,635.88         |                | 2,133,643.85         |                     | 217,746.00        |                  | 14,732,880.14        |
| Communications and Utilities       |             | 551,779.91            |           | 34,683.09            |                | 156,362.59           |                     | 93,298.77         |                  | 502,178.30           |
| Repairs and Maintenance            |             | 336,737.76            |           | 108,987.62           |                | 90,891.72            |                     | 113.00            |                  | 879,452.44           |
| Rentals and Leases                 |             | 233,163.17            |           | 13,081.01            |                | 852,131.49           |                     | 129.17            |                  | 179,933.07           |
| Printing and Reproduction          |             | 34,922.06             |           | 5,127.52             |                | 15,121.90            |                     | 63.00             |                  | 16,302.92            |
| Depreciation and Amortization*     |             | -                     |           | -                    |                | -                    |                     | -                 |                  | -                    |
| Bad Debt Expense                   |             | 323,423.71            |           | -                    |                | 46,521.51            |                     | 8,548.70          |                  | 298,447.96           |
| Interest                           |             | 0.01                  |           | -                    |                | 12.01                |                     | 1,602.51          |                  | -                    |
| Scholarships                       |             | 80,300.00             |           | 642,772.40           |                | 412,350.00           |                     | -                 |                  | -                    |
| Claims and Judgments               |             | -                     |           | -                    |                | -                    |                     | -                 |                  | -                    |
| Other Operating Expenses           |             | 1,736,609.95          |           | 998,906.34           |                | 3,774,082.49         |                     | 64,418.19         |                  | 4,654,239.38         |
| <b>Total Operating Expenses</b>    | <b>\$</b>   | <b>120,312,527.00</b> | <b>\$</b> | <b>11,062,371.10</b> | <b>\$</b>      | <b>22,236,992.03</b> | <b>\$</b>           | <b>928,264.16</b> | <b>\$</b>        | <b>56,565,908.96</b> |

\* Depreciation and Amortization may be allocated to the various functions or shown entirely in the Depreciation and Amortization column

UNAUDITED

Texas State University System  
Sam Houston State University  
Matrix of Operating Expenses Reported by Function  
For the Fiscal Year Ended August 31, 2022

| Student Services        | Institutional Support   | Operation and<br>Maintenance of Plant | Scholarship and<br>Fellowships | Auxiliary Enterprises   | Depreciation and<br>Amortization | Total Expenses           |
|-------------------------|-------------------------|---------------------------------------|--------------------------------|-------------------------|----------------------------------|--------------------------|
| \$ 59,458.12            | \$ -                    | \$ -                                  | \$ -                           | \$ 90,932.77            | \$ -                             | \$ 209,433.31            |
| 17,761,965.75           | 14,379,798.62           | 8,961,869.61                          | 942,744.42                     | 13,676,217.37           | -                                | 183,596,514.19           |
| 6,768,742.34            | 6,751,312.05            | 4,056,553.40                          | 53.26                          | 4,748,317.58            | -                                | 61,528,543.52            |
| 205,871.40              | 1,340,205.92            | 126,630.53                            | -                              | 872,579.85              | -                                | 5,080,943.87             |
| -                       | -                       | -                                     | -                              | -                       | -                                | 170,924.57               |
| -                       | -                       | -                                     | -                              | -                       | -                                | -                        |
| 494,439.89              | 171,801.33              | 11,620.02                             | -                              | 2,448,705.02            | -                                | 5,592,474.38             |
| 3,145,951.38            | 2,053,343.28            | 1,921,636.17                          | -                              | 14,793,169.09           | -                                | 43,564,452.91            |
| 910,904.58              | 413,463.27              | 4,855,593.82                          | -                              | 2,715,995.48            | -                                | 10,234,259.81            |
| 169,666.41              | 127,408.55              | 1,477,506.45                          | -                              | 496,108.14              | -                                | 3,686,872.09             |
| 207,838.51              | 184,698.91              | 42,002.64                             | -                              | 180,970.92              | -                                | 1,893,948.89             |
| 2,817.17                | 261,001.16              | -                                     | -                              | 206,470.13              | -                                | 541,825.86               |
| -                       | -                       | -                                     | -                              | -                       | 40,010,973.41                    | 40,010,973.41            |
| 463,437.91              | 86,317.62               | 296.32                                | 62,057.55                      | 1,016,442.72            | -                                | 2,305,494.00             |
| 2,782.66                | -                       | -                                     | -                              | -                       | -                                | 4,397.19                 |
| 9,920.15                | -                       | -                                     | 58,628,629.88                  | 5,170,782.80            | -                                | 64,944,755.23            |
| -                       | -                       | -                                     | -                              | -                       | -                                | -                        |
| 3,114,289.48            | 2,333,829.80            | 1,295,065.89                          | -                              | 3,633,178.39            | -                                | 21,604,619.91            |
| <b>\$ 33,318,085.75</b> | <b>\$ 28,103,180.51</b> | <b>\$ 22,748,774.85</b>               | <b>\$ 59,633,485.11</b>        | <b>\$ 50,049,870.26</b> | <b>\$ 40,010,973.41</b>          | <b>\$ 444,970,433.14</b> |

UNAUDITED  
**Texas State University System**  
**Sam Houston State University**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended August 31, 2022**

|                                                                                        | <b>2022</b>                | <b>2021</b>               |
|----------------------------------------------------------------------------------------|----------------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                            |                            |                           |
| Proceeds from Tuition and Fees                                                         | \$ 110,661,491.81          | \$ 129,140,126.55         |
| Proceeds from Research Grants and Contracts                                            | 39,645,987.18              | 41,041,961.84             |
| Proceeds from Auxiliaries                                                              | 40,325,797.35              | 32,415,131.49             |
| Proceeds from Other Operating Revenues                                                 | 10,241,946.93              | 9,772,134.38              |
| Payments to Suppliers for Goods and Services                                           | (64,696,391.55)            | (49,374,748.39)           |
| Payments to Employees for Salaries                                                     | (183,488,870.60)           | (174,978,894.98)          |
| Payments to Employees for Benefits                                                     | (50,231,922.96)            | (39,160,498.50)           |
| Payments for Loans Provided                                                            | 13,698.49                  | 514,117.85                |
| Payments for Other Operating Expenses                                                  | (24,859,279.35)            | (22,773,460.46)           |
| <b>Net Cash Provided by Operating Activities</b>                                       | <b>\$ (122,387,542.70)</b> | <b>\$ (73,404,130.22)</b> |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                 |                            |                           |
| Proceeds from Debt Issuance                                                            |                            |                           |
| Proceeds from State Appropriations                                                     | \$ 87,146,766.71           | \$ 80,498,201.32          |
| Proceeds from Gifts                                                                    | 5,854,646.77               | 3,476,244.86              |
| Proceeds from Endowments                                                               | 4,937,197.37               | 2,876,883.36              |
| Proceeds of Transfers from Other State Agencies                                        | 622,856.80                 | 662,423.53                |
| Proceeds from Grant Receipts                                                           | 92,987,007.65              | 59,107,886.38             |
| Proceeds from Other Noncapital Financing Activities                                    | 1,598,652.55               | 2,634,655.48              |
| Payments for Other Noncapital Financing Uses                                           | (2,668,267.00)             | (2,632,242.00)            |
| <b>Net Cash Provided by Noncapital Financing Activities</b>                            | <b>\$ 190,478,860.85</b>   | <b>\$ 146,624,052.93</b>  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                        |                            |                           |
| Proceeds from Debt Issuance                                                            | \$ 63,971,000.00           | \$ 25,378,000.00          |
| Proceeds from Other Capital and Related Financing Activities                           | 507,398.26                 | -                         |
| Payments for Additions to Capital Assets                                               | (101,287,867.50)           | (58,513,114.90)           |
| Payments of Principal on Debt                                                          | (19,385,000.00)            | (17,206,900.48)           |
| Payments of Interest on Debt Issuance                                                  | (14,867,257.58)            | (12,386,225.38)           |
| <b>Net Cash Provided by Capital and Related Financing Activities</b>                   | <b>\$ (71,061,726.82)</b>  | <b>\$ (62,728,240.76)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                            |                            |                           |
| Proceeds from Investment Income                                                        | \$ 210,426.74              | \$ 74,816.22              |
| Payments to Acquire Investments                                                        | 222,059.87                 | (44,515,891.96)           |
| <b>Net Cash Provided by Investing Activities</b>                                       | <b>\$ 432,486.61</b>       | <b>\$ (44,441,075.74)</b> |
| Net Increase (Decrease) in Cash and Cash Equivalents                                   | (2,537,922.06)             | (33,949,393.79)           |
| Beginning Cash and Cash Equivalents                                                    | 84,566,358.35              | 118,515,752.14            |
| Restatements to Beginning Cash and Cash Equivalents                                    | -                          | -                         |
| <b>Beginning Cash and Cash Equivalents, as restated</b>                                | <b>\$ 84,566,358.35</b>    | <b>\$ 118,515,752.14</b>  |
| <b>Ending Cash and Cash Equivalents</b>                                                | <b>\$ 82,028,436.29</b>    | <b>\$ 84,566,358.35</b>   |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                            |                           |
| Operating Income (Loss)                                                                | \$ (162,895,360.46)        | \$ (135,073,888.41)       |
| Adjustments to Reconcile Operating Income (Loss)                                       |                            |                           |
| to Net Cash Provided by Operating Activities:                                          |                            |                           |
| Amortization and Depreciation                                                          | 40,010,973.41              | 39,583,906.89             |
| Bad Debt Expense                                                                       | 2,305,494.00               | (986,325.77)              |

UNAUDITED  
**Texas State University System**  
**Sam Houston State University**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended August 31, 2022**

|                                                      | <u>2022</u>                       | <u>2021</u>                      |
|------------------------------------------------------|-----------------------------------|----------------------------------|
| On Behalf Benefit Payments                           | 11,296,620.56                     | 11,248,338.39                    |
| Operating Income (Loss) and Cash Flow Categories:    |                                   |                                  |
| Classification Differences                           |                                   |                                  |
| Changes in Assets and Liabilities:                   |                                   |                                  |
| (Increase) Decrease in Receivables                   | (17,970,228.70)                   | (599,939.45)                     |
| (Increase) Decrease in Due from Other Funds          | (719,770.85)                      | (835,254.17)                     |
| (Increase) Decrease in Inventories                   | (28,541.13)                       | 8,416.16                         |
| (Increase) Decrease in Prepaid Expenses              | (461,619.42)                      | (27,113.60)                      |
| (Increase) Decrease in Loans & Contracts             | 13,698.49                         | 514,117.85                       |
| (Increase) Decrease in Other Assets                  | (3,089,823.74)                    | (2,430,313.34)                   |
| Increase (Decrease) in Payables                      | 6,111,001.33                      | 10,030,555.55                    |
| Increase (Decrease) in Due to Other Funds            | (1,173,272.66)                    | 229,335.99                       |
| Increase (Decrease) in Unearned Revenue              | 3,804,461.97                      | 4,156,404.85                     |
| Increase (Decrease) in Compensated Absence Liability | 107,643.59                        | (232,777.00)                     |
| Increase (Decrease) in Other Liabilities             | 301,180.91                        | 1,010,405.84                     |
| Total Adjustments                                    | <u>40,507,817.76</u>              | <u>61,669,758.19</u>             |
| <b>Net Cash Provided by Operating Activities</b>     | <b><u>\$ (122,387,542.70)</u></b> | <b><u>\$ (73,404,130.22)</u></b> |
| <b>Non Cash Transactions</b>                         |                                   |                                  |
| Net Change in Fair Value of Investments              | (47,635,075.79)                   | 30,373,778.96                    |

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### *Note 1: Summary of Significant Accounting Policies*

#### **Reporting Entity**

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Sam Houston State University (SHSU) serves the state by providing a high quality education to residents and is based in Huntsville, Texas.

SHSU is an agency of the State of Texas (the “State”) and a component of the Texas State University System (TSUS). TSUS was founded in 1911 and is the first higher education system established in Texas. Beginning as an administrative means to consolidate the support and management of State teacher colleges, TSUS has evolved into a network of higher education institutions stretching from the Texas–Louisiana border to the Big Bend region of west Texas. Today, eight component institutions offer a broad range of academic and career opportunities. Those eight institutions are located throughout the State and include SHSU, Lamar University, Sul Ross State University, Texas State University, Lamar Institute of Technology, Lamar State College-Orange, Lamar State College-Port Arthur, and Sul Ross State University Rio Grande College.

The TSUS is governed by a nine-member Board of Regents (the “Board”) 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 TSUS components.

TSUS is an agency of the State and is reported as one of six university systems and five independent universities that in total are presented as a major enterprise fund in the State’s Comprehensive Annual Financial Report.

No entities have been identified meeting GASB’s definition of component units, which are legally separate entities and, accordingly, none are included within the reporting entity. As previously noted, SHSU is considered by the State as one of the academic entities that comprise TSUS, however, each entity is considered an agency of the State.

The Sam Houston University Foundation (the “Foundation”) is a separate legal entity registered with the IRS as a 501(c) organization and its efforts benefit SHSU and its students. The Foundation is separately governed and operates autonomously from SHSU, and its related activities are not included in SHSU’s, TSUS’s or the State’s financial statements. The Foundation solicits donations and acts as a coordinator of gifts made by other parties. The Foundation remittance to SHSU and amounts receivable at year end were immaterial to SHSU’s financial statements.

The accounting policies followed by SHSU in maintaining accounts and in the preparation of the financial statements are in accordance with the Texas Comptroller of Public Accounts’ Reporting Requirement for the Fiscal 2022 Annual Financial Reports of State Agencies and Universities (the “Comptroller’s AFR Requirements”) and with generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The Comptroller’s AFR Requirements are designed to assist the Texas Comptroller of Public Accounts in compiling and preparing the State’s CAFR and, accordingly, have some untraditional elements, such as the prohibition of rounding, unique ordering and specific numbering of footnotes, and the inclusion of footnote titles when the subject matter does not apply.

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### **Fund Structure**

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The financial statements of SHSU have been prepared on the basis of funds, each of which is considered a separate accounting entity. The fund designation for institutions of higher education is Business-Type Activity within the Proprietary Fund Type.

#### **Proprietary Fund Types**

##### Business-Type Activity

Business-type funds are used for activities that are financed through the charging of fees for goods or services to the ultimate user. Institutions of higher education are required to report their financial activities as business type because the predominance of their funding comes through charges to students, sales of goods and services, and grant revenues.

### **Basis of Accounting**

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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.

Business-type activity funds (proprietary funds) are accounted for on the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities 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 fund's 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**

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The State's budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the "General Appropriations Act"). Additionally, TSUS prepares an annual budget, which represents anticipated sources of revenues and authorized uses. This budget is approved by TSUS's Board.

Unencumbered appropriations are generally subject to lapse 60 days after fiscal year end for which they were appropriated.

### **Assets, Liabilities, and Fund Balances/Net Position**

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#### **Assets**

##### Current and Non-Current Assets

Current assets are those that are readily available to meet current operational requirements. Non-current assets are those that are not readily available to meet current operational requirements and, instead, are intended to support long-term institutional needs.

##### Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash and cash equivalents.

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### 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.

### Investments

Investments are generally stated at fair value, with certain exceptions, in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Fair value, which is determined based on quoted market prices, is the amount at which an investment could be exchanged in a current transaction between parties other than in a forced or liquidation sale. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the accompanying Comparative Statement of Revenues, Expenses, and Changes in Net Position.

### Legislative Appropriations

This item represents the balance of general revenue funds at year end as calculated in the Texas State Comptroller's General Revenue Reconciliation.

### 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. The costs of inventories are expensed when they are used or consumed. Prepaid items reflect payments for costs applicable to future accounting periods.

### Capital Assets

Assets such as furniture, equipment, and vehicles with an aggregate cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. Capitalization thresholds are also utilized for buildings and building improvements (\$100,000), infrastructure (\$500,000), and facilities and other improvements (\$100,000). Capital assets are recorded at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value. For fabricated assets financed by debt, construction period interest is capitalized as part of the capital asset cost. The capitalized interest is combined with the other costs associated with constructing the asset and depreciated over the appropriate useful life beginning when the asset is placed into service.

Capital assets are depreciated over the estimated useful life of the asset using the straight-line method based on allocation methods and estimated lives prescribed by the Statewide Property Accounting (SPA) system. Depreciation is recorded as a periodic expense and accumulated as an offset to the asset book values. Depreciation expense is not allocated to functional categories for this Annual Financial Report.

Intangible capital assets are defined as assets that lack physical substance, are non-financial in nature, and have an initial useful life extending beyond a single reporting period. These assets are required to be reported if they are identifiable. Land use rights are capitalized if the cost meets or exceeds \$100,000. Purchased computer software is capitalized if the aggregate cost of the purchase meets or exceeds \$100,000. Internally generated computer software has a capitalization threshold of \$1,000,000, and other intangible capital assets must be capitalized if the cost meets or exceeds \$100,000. Intangible assets are amortized based on the estimated useful life of the asset using the straight-line method.

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### Other Receivables

Other receivables include year end accruals not included in any other receivable category. This account can appear in governmental and proprietary fund types.

## **Liabilities**

### Accounts Payable

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

### Other Liabilities – Current and Non-Current

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

### Unearned Revenues

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

### Funds Held for Others

Current balances in funds held for others result from SHSU acting as an agent or fiduciary for other organizations.

### Employees' Compensable Leave

Employees' Compensable Leave 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.

## **Net Position**

The difference between fund assets and liabilities is "Net Position" on proprietary fund statements.

### Net Investment in Capital Assets

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

### Net Position - Restricted

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted assets are available for use, restricted resource are used first, then unrestricted resources are used as needed.

**Expendable** – net position use is subject to externally imposed stipulations that can be fulfilled by actions pursuant to those stipulations, or that expire by the passage of time.

**Non-expendable** – net position use is subject to externally imposed stipulations that it be maintained permanently. Such assets include the principal of permanent endowment funds.

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### Net Position - Unrestricted

Unrestricted net position consists of net position that does 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.

### Operating and Non-Operating Revenues and Expenses

**Operating revenues and expenses** – include activities such as student tuition and fees; net sales and services of auxiliary enterprises; exchange basis federal, state, and local grants and contracts and related expenses including depreciation; scholarships and fellowships; impairment losses; insurance recovery in the year of the loss; and incurred but not reported liabilities.

**Non-operating revenues and expenses** - included activities such as gifts and contributions, insurance recoveries received in years subsequent to the loss, State appropriations, investment income, nonexchange basis federal and state grants and contracts, and other non-operating items defined by GASB.

### Inter-Agency Activities and Transactions

SHSU has the following types of transactions among related agencies:

#### **Transfers**

The amount represents legally required transfers that are reported when incurred as “Transfers In” by the recipient agency and as “Transfers Out” by the disbursing agency.

#### **Reimbursements**

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

#### **Receivables and Payables**

Inter-agency loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as “Current”. Balances for repayment due in two (or more) years are classified as “Non-Current.”

#### **Sales and Purchases**

These amounts represent charges or collections for services rendered by one agency to another that are recorded as revenues of the recipient agency and expenditures or expenses of the disbursing agency.

The composition of SHSU’s inter-agency activities and balances are presented in Note 12 Interfund Activity and Transactions.

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### The Higher Education Emergency Relief Fund

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. This was the first of three coronavirus relief acts that provide funding for individuals, businesses, and nonprofit and government organizations impacted by COVID-19. SHSU received funding primarily under two federal programs, the Higher Education Emergency Relief Fund (HEERF) and the Governor's Emergency Education Relief Fund (GEERF).

HEERF funding, awarded directly to SHSU, provides support to prevent, prepare for, and respond to COVID-19. SHSU's awards totaled \$96,310,933, and of that amount, at least \$42,990,151 must be distributed directly to students as financial aid. The remainder of the awards 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.

GEERF funding, awarded to the State of Texas Governor's Office and passed through the Texas Higher Education Coordinating Board to SHSU, 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 totaling \$3,064,688 were awarded to maintain need-based financial aid programs and keep more students enrolled at colleges and universities

In addition to the programs above, SHSU received \$4,258,837 in federal stimulus funding through the Strengthening Institutions Program.

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 funding awarded, expensed as of August 31, 2022, and the balance of the unearned amounts are presented below:

| Program                                  | Total Awarded            | Expensed /             |                        |
|------------------------------------------|--------------------------|------------------------|------------------------|
|                                          |                          | Earned                 | Unearned               |
| HEERF – Student Allocation               | \$ 42,990,151.00         | \$42,990,151.00        | \$ -                   |
| HEERF – Institutional Allocation         | 53,320,782.00            | 48,721,373.49          | 4,599,408.51           |
| GEERF – Emergency Student Financial Aid  | 3,064,688.00             | 3,064,688.00           | -                      |
| Other                                    |                          |                        |                        |
| Strengthening Institutions Program (SIP) | 4,258,837.00             | 850,956.00             | 3,407,881.00           |
| Total                                    | <u>\$ 103,634,458.00</u> | <u>\$95,627,168.49</u> | <u>\$ 8,007,289.51</u> |

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### Note 2: Capital Assets

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

|                                                                  |                       |                               | Reclassifications    |                   |                      |                        |                     |                       |
|------------------------------------------------------------------|-----------------------|-------------------------------|----------------------|-------------------|----------------------|------------------------|---------------------|-----------------------|
|                                                                  | Balance 9/1/2021      | Adjustments /<br>Restatements | Completed CIP        | Inc-Inf'gry Trans | Dec-Inf'gry<br>Trans | Additions              | Deletions           | Balance 8/31/2022     |
| <b><u>Non-Depreciable Assets</u></b>                             |                       |                               |                      |                   |                      |                        |                     |                       |
| Land and Land Improvements                                       | 44,577,107.80         | -                             | -                    | -                 | -                    | 3,522,554.94           | (359,700.00)        | 47,739,962.74         |
| Construction in Progress                                         | 146,439,899.77        | -                             | (68,717,948.24)      | -                 | -                    | 78,254,864.18          | (212,027.81)        | 155,764,787.90        |
| Other Assets                                                     | 1,901,665.55          | -                             | -                    | -                 | -                    | 452,083.75             | -                   | 2,353,749.30          |
| Total Non-Depreciated Assets                                     | 192,918,673.12        | 0.00                          | (68,717,948.24)      | 0.00              | 0.00                 | 82,229,502.87          | (571,727.81)        | 205,858,499.94        |
| <b><u>Depreciable Assets</u></b>                                 |                       |                               |                      |                   |                      |                        |                     |                       |
| Buildings and Building Improvements                              | 738,751,066.32        | -                             | 67,199,791.77        | -                 | -                    | 14,940,333.64          | -                   | 820,891,191.73        |
| Infrastructure                                                   | 37,711,183.21         | -                             | 1,518,156.47         | -                 | -                    | -                      | -                   | 39,229,339.68         |
| Furniture and Equipment                                          | 48,633,282.46         | -                             | -                    | -                 | -                    | 2,969,650.53           | (1,489,657.67)      | 50,113,275.32         |
| Vehicles, Boats and Aircraft                                     | 5,840,222.63          | -                             | -                    | -                 | -                    | 251,310.85             | (152,894.55)        | 5,938,638.93          |
| Other Capital Assets                                             | 12,189,669.76         | -                             | -                    | -                 | -                    | 219,535.68             | (332,583.55)        | 12,076,621.89         |
| Facilities and Other Improvements                                | 44,632,334.79         | -                             | -                    | -                 | -                    | -                      | -                   | 44,632,334.79         |
| Total Depreciable Assets                                         | 887,757,759.17        | 0.00                          | 68,717,948.24        | 0.00              | 0.00                 | 18,380,830.70          | (1,975,135.77)      | 972,881,402.34        |
| <b><u>Less Accumulated Depreciation for:</u></b>                 |                       |                               |                      |                   |                      |                        |                     |                       |
| Buildings and Building Improvements                              | (349,445,736.20)      | -                             | -                    | -                 | -                    | (32,022,067.82)        | -                   | (381,467,804.02)      |
| Infrastructure                                                   | (13,321,225.96)       | -                             | -                    | -                 | -                    | (1,558,660.97)         | -                   | (14,879,886.93)       |
| Furniture and Equipment                                          | (34,818,042.90)       | -                             | -                    | -                 | -                    | (3,899,852.19)         | 1,482,981.27        | (37,234,913.82)       |
| Vehicles, Boats and Aircraft                                     | (4,761,021.62)        | -                             | -                    | -                 | -                    | (327,365.22)           | 152,894.55          | (4,935,492.29)        |
| Other Capital Assets                                             | (9,383,356.21)        | -                             | -                    | -                 | -                    | (438,234.31)           | 332,583.55          | (9,489,006.97)        |
| Facilities and Other Improvements                                | (20,004,660.57)       | -                             | -                    | -                 | -                    | (1,588,082.47)         | -                   | (21,592,743.04)       |
| Total Accumulated Depreciation                                   | (431,734,043.46)      | 0.00                          | 0.00                 | 0.00              | 0.00                 | (39,834,262.98)        | 1,968,459.37        | (469,599,847.07)      |
| <b>Depreciable Assets Net</b>                                    | <b>456,023,715.71</b> | <b>0.00</b>                   | <b>68,717,948.24</b> | <b>0.00</b>       | <b>0.00</b>          | <b>(21,453,432.28)</b> | <b>(6,676.40)</b>   | <b>503,281,555.27</b> |
| <b><u>Intangible Capital Assets Amortized</u></b>                |                       |                               |                      |                   |                      |                        |                     |                       |
| Land Use Rights                                                  | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| Computer Software                                                | 3,243,398.02          | -                             | -                    | -                 | -                    | -                      | -                   | 3,243,398.02          |
| Other Intangible Capital Assets                                  | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| Total Intangible Capital Assets Amortized                        | 3,243,398.02          | 0.00                          | 0.00                 | 0.00              | 0.00                 | 0.00                   | 0.00                | 3,243,398.02          |
| <b><u>Less Accumulated Amortization</u></b>                      |                       |                               |                      |                   |                      |                        |                     |                       |
| Land Use Rights                                                  | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| Capital Software                                                 | (3,243,398.02)        | -                             | -                    | -                 | -                    | -                      | -                   | (3,243,398.02)        |
| Other Capital Assets                                             | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| <b>Accumulated Amortization Total</b>                            | <b>(3,243,398.02)</b> | <b>0.00</b>                   | <b>0.00</b>          | <b>0.00</b>       | <b>0.00</b>          | <b>0.00</b>            | <b>0.00</b>         | <b>(3,243,398.02)</b> |
| <b>Business Type Activities Capital Assets, Net</b>              | <b>648,942,388.83</b> | <b>0.00</b>                   | <b>0.00</b>          | <b>0.00</b>       | <b>0.00</b>          | <b>60,776,070.59</b>   | <b>(578,404.21)</b> | <b>709,140,055.21</b> |
| <b><u>Amortizable Assets - Intangible Right to Use</u></b>       |                       |                               |                      |                   |                      |                        |                     |                       |
| Building and Building Improvements                               | 0.00                  | -                             | -                    | -                 | -                    | 543,061.16             | -                   | 543,061.16            |
| Facilities and Other Improvements                                | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| Land and Land Improvements                                       | 0.00                  | -                             | -                    | -                 | -                    | 134,472.77             | -                   | 134,472.77            |
| Infrastructure                                                   | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| Equipment                                                        | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| Vehicles                                                         | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| Total Amortizable Assets- Intangible Right to Use                | 0.00                  | 0.00                          | 0.00                 | 0.00              | 0.00                 | 677,533.93             | 0.00                | 677,533.93            |
| <b><u>Accumulated Amortization - Intangible Right to Use</u></b> |                       |                               |                      |                   |                      |                        |                     |                       |
| Building and Building Improvements                               | 0.00                  | -                             | -                    | -                 | -                    | (162,918.35)           | -                   | (162,918.35)          |
| Facilities and Other Improvements                                | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| Land and Land Improvements                                       | 0.00                  | -                             | -                    | -                 | -                    | (13,792.08)            | -                   | (13,792.08)           |
| Infrastructure                                                   | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| Equipment                                                        | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| Vehicles                                                         | 0.00                  | -                             | -                    | -                 | -                    | -                      | -                   | 0.00                  |
| Total Accumulated Amortization -Intangible Right to Use          | 0.00                  | 0.00                          | 0.00                 | 0.00              | 0.00                 | (176,710.43)           | 0.00                | (176,710.43)          |
| <b>Intangible Right to Use Assets, Net</b>                       | <b>0.00</b>           | <b>0.00</b>                   | <b>0.00</b>          | <b>0.00</b>       | <b>0.00</b>          | <b>500,823.50</b>      | <b>0.00</b>         | <b>500,823.50</b>     |

### Note 3: Deposits, Investments, and Repurchase Agreements

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

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### Deposits

As of August 31, 2022, the carrying amount of deposits was \$8,115,114.45 as presented below:

#### Cash

|                                               |                        |
|-----------------------------------------------|------------------------|
| Proprietary Funds Current Assets Cash in Bank | 7,912,055.10           |
| Restricted Cash in Bank                       | 203,059.35             |
| Cash in Bank per AFR                          | <u>\$ 8,115,114.45</u> |

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, SHSU 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. SHSU's bank accounts are secured by FDIC and collateral pledged. SHSU has no deposits that are at risk of recovery due to the failure of a depository financial institution. As of August 31, 2022, the total bank balance was \$15,004,892.94

Foreign currency risk for deposits is the risk that changes in exchange rates will adversely affect the deposit. SHSU held no exposure to foreign currency risk for deposits as of August 31, 2022.

### Investments

SHSU invests both operating and endowment funds. SHSU invests its endowment funds to provide funding for scholarships, fellowships, professorships, academic chairs, and other uses as specified by donors. SHSU investments adhere to the following principles:

The performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five year period) without undue exposure to risk. The invested funds are particularly risk-averse to the probability of not meeting the total return goal. Liquidity must be considered and sufficient to meet the spending needs and expenses.

The total return goal can be achieved while assuming acceptable risk levels commensurate with "market volatility". To achieve the total return goal, the assets will be invested to generate appreciation and/or dividend and interest income.

The endowment is expected to endure into perpetuity. Inflation is a key component in the performance objective. The long term risk of not investing in equity securities outweighs the short-term volatility risk. As a result, the majority of assets are invested in equity or equity-like securities. Fixed income and fixed income-like securities and other diversifying strategies may act to lower the short-term volatility of the portfolio and/or provide stability, especially during periods of weak or negative equity markets. Other asset classes are included to provide diversification and incremental total return.

The cash payout requirement for the endowment funds is significant and continuous. The portfolio is diversified to diminish risks associated with particular securities, market sectors, or industries.

SHSU is authorized by statute to make endowment investments following the "prudent person rule" and operating investments following the Public Funds Investment Act. There were no significant violations of legal provisions during the period.

SHSU values its investments at fair value. GASB Statement No. 72, Fair Value Measurement and Application, defines fair value as the price received to sell an asset in an orderly transaction between market

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

participants at the measurement date. Fair value is an exit price at the measurement date from the perspective of the market participant that holds the asset. This is a market-based measurement. GASB 72 also establishes a fair value hierarchy that classifies inputs to valuation techniques into three levels:

- **Level 1** – inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that can be accessed at the measurement date.
- **Level 2** – inputs are 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** – inputs are unobservable inputs for an asset or liability.

Beyond these three levels, net asset value may be used to categorize investments without a readily determinable fair value.

As of year end, fair value of investments were categorized as follows:

| Type of Investments                             | Level 1                  | Level 2     | Level 3                 | Amort. Cost | Net Asset Value | Fair Value               |
|-------------------------------------------------|--------------------------|-------------|-------------------------|-------------|-----------------|--------------------------|
| Corporate Asset and Mortgage Backed Securities  | \$ 2,965,198.73          | \$ -        | \$ -                    | \$ -        | \$ -            | \$ 2,965,198.73          |
| Corporate Obligations                           | 1,397,552.99             | -           | -                       | -           | -               | 1,397,552.99             |
| Equity                                          | 40,903,584.67            | -           | -                       | -           | -               | 40,903,584.67            |
| Externally Managed Investments - Domestic       | -                        | -           | 42,753,529.82           | -           | -               | 42,753,529.82            |
| Externally Managed Investments - International  | -                        | -           | 4,753,064.64            | -           | -               | 4,753,064.64             |
| Fixed Income Money Market and Bond Mutual Funds | 44,676,339.30            | -           | -                       | -           | -               | 44,676,339.30            |
| International Obligations                       | 178,928.24               | -           | -                       | -           | -               | 178,928.24               |
| International Equity                            | 34,967,446.84            | -           | -                       | -           | -               | 34,967,446.84            |
| Miscellaneous                                   | -                        | -           | -                       | -           | -               | -                        |
| Mutual Funds - Domestic                         | 45,744,925.58            | -           | -                       | -           | -               | 45,744,925.58            |
| Mutual Funds - International                    | 36,927,172.05            | -           | -                       | -           | -               | 36,927,172.05            |
| Other Commingled Funds                          | 68,192,219.26            | -           | -                       | -           | -               | 68,192,219.26            |
| US Government Agency Obligations                | -                        | -           | -                       | -           | -               | -                        |
| US Treasury Securities                          | 1,011,820.02             | -           | -                       | -           | -               | 1,011,820.02             |
| <b>Total</b>                                    | <b>\$ 276,965,187.68</b> | <b>\$ -</b> | <b>\$ 47,506,594.46</b> | <b>\$ -</b> | <b>\$ -</b>     | <b>\$ 324,471,782.14</b> |
| Current Cash Equivalents                        |                          |             |                         |             |                 | \$ 55,028,537.21         |
| Current Restricted Cash Equivalents             |                          |             |                         |             |                 | 139,687.95               |
| Short-Term Investments                          |                          |             |                         |             |                 | 12,264,754.53            |
| Non-Current Investments                         |                          |             |                         |             |                 | 257,038,802.45           |
| <b>Total Investments</b>                        |                          |             |                         |             |                 | <b>\$ 324,471,782.14</b> |

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2022, SHSU was subject to minimal credit risk.

| Credit Risk                                    | AAA                    | AA                    | A                     | BBB                    | BB                  | B                     | Unrated                | Total                  |
|------------------------------------------------|------------------------|-----------------------|-----------------------|------------------------|---------------------|-----------------------|------------------------|------------------------|
| Corporate Obligations                          |                        | \$ 49,081.28          | \$ 556,992.50         | \$ 717,941.68          | \$ 3,463.32         | \$ 555.10             | \$ 69,519.11           | \$ 1,397,552.99        |
| Corporate Asset and Mortgage Backed Securities | 6,195.56               | 12,349.14             | 46,913.81             | 758,188.90             | 594,478.67          | 765,299.09            | 781,773.56             | 2,965,198.73           |
| International Obligations                      | -                      | 6,567.39              | 74,293.47             | 95,095.64              | -                   | -                     | 2,971.74               | 178,928.24             |
| Fixed Income Money Market and Bond Mutual Fund | 21,054,136.31          | 3,390,303.29          | 7,570,041.74          | 9,421,848.08           | 299,769.26          | 312,153.11            | 3,696,673.79           | 45,744,925.58          |
| Externally Managed Investments                 | -                      | -                     | -                     | -                      | -                   | -                     | 47,506,594.46          | 47,506,594.46          |
| <b>Total</b>                                   | <b>\$21,060,331.87</b> | <b>\$3,458,301.10</b> | <b>\$8,248,241.52</b> | <b>\$10,993,074.30</b> | <b>\$897,711.25</b> | <b>\$1,078,007.30</b> | <b>\$52,057,532.66</b> | <b>\$97,793,200.00</b> |

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this disclosure requirement. As of August 31, 2022, SHSU was not subject to concentration of credit risk.

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SHSU is not required to disclose interest rate risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, SHSU will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment.

### **Reverse Repurchase, Securities Lending, and Derivative Investing**

SHSU did not participate in Reverse Repurchase Agreements, Securities Lending, or Derivative Investing during fiscal year 2022.

### ***Note 4: Short-Term Debt***

During the fiscal year ended August 31, 2022, SHSU had no short-term debt activity.

### ***Note 5: Long-Term Liabilities***

#### **Changes in Long-Term Liabilities**

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

|                                | Balance<br>09/01/2021  | Additions              | Reductions             | Balance<br>08/31/2022  | Amounts Due<br>Within One<br>Year | Amounts Due<br>Thereafter |
|--------------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------------------|---------------------------|
| Compensable Leave              | \$ 8,597,810.28        | \$ 1,725,923.65        | \$ 1,618,280.06        | \$ 8,705,453.87        | \$ 4,654,673.13                   | \$ 4,050,780.74           |
| Right to Use Lease Liabilities | -                      | 677,533.93             | 170,892.51             | 506,641.42             | 175,326.74                        | 331,314.68                |
| <b>TOTAL</b>                   | <b>\$ 8,597,810.28</b> | <b>\$ 2,403,457.58</b> | <b>\$ 1,789,172.57</b> | <b>\$ 9,212,095.29</b> | <b>\$ 4,829,999.87</b>            | <b>\$ 4,382,095.42</b>    |

### **Notes And Loans Payable**

None.

### **Claims and Judgements**

On August 31, 2022, various lawsuits and claims involving SHSU were pending. While the ultimate liability with respect to litigation and other claims asserted against SHSU cannot be reasonably estimated at this time, SHSU anticipates no liability on the merits of outstanding claims.

### **Employees' Compensable Leave**

Full-time State employees earn annual leave from eight to twenty-one hours per month depending on the

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

respective employee's years of State employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of State service. Employees with at least six months of State service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. SHSU recognizes the accrued liability for the unpaid annual leave in the Unrestricted Current Funds. For the year ended August 31, 2022, the accrued liability totaled \$8,705,453.87. SHSU made lump sum payments totaling \$1,618,280.06 for accrued vacation and/or compensatory time to employees who separated from State service during the fiscal year ending August 31, 2022.

Sick leave, the accumulation of which is unlimited, is earned at the rate of 8 hours per month and is paid only when an employee is off due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. SHSU's policy is to recognize the cost of sick leave when paid and the liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

### ***Note 6: Bonded Indebtedness***

All bonded indebtedness for SHSU is issued by System Administration through the Texas State University System Revenue Financing System (the "Revenue Financing System"). System Administration and each component institution within 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 are lawfully available to the Board for payments on Parity Debt. System Administration issued the debt; therefore, the bonds payable attributable to SHSU are included with the Bonds Payable reported by System Administration. SHSU must repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented for informational purposes only.

|           | Principal         | Interest          | Total             |
|-----------|-------------------|-------------------|-------------------|
| 2023      | \$ 16,625,000.00  | \$ 13,116,259.10  | \$ 29,741,259.10  |
| 2024      | 16,590,000.00     | 12,353,365.68     | 28,943,365.68     |
| 2025      | 17,380,000.00     | 11,575,956.88     | 28,955,956.88     |
| 2026      | 18,195,000.00     | 10,757,698.96     | 28,952,698.96     |
| 2027      | 18,060,000.00     | 9,897,663.44      | 27,957,663.44     |
| 2028-2032 | 86,625,000.00     | 37,250,491.22     | 123,875,491.22    |
| 2033-2037 | 73,825,000.00     | 19,159,767.86     | 92,984,767.86     |
| 2038-2042 | 43,595,000.00     | 7,704,532.60      | 51,299,532.60     |
| 2043-2047 | 22,710,000.00     | 2,628,500.00      | 25,338,500.00     |
| 2048-2050 | 8,585,000.00      | 389,137.50        | 8,974,137.50      |
| Totals    | \$ 322,190,000.00 | \$ 124,833,373.24 | \$ 447,023,373.24 |

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. SHSU was appropriated \$5,531,650.00 during the current fiscal year for Tuition Revenue Bond debt service. SHSU expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

### ***Note 7: Derivative Instruments***

SHSU did not have any derivative activity for the fiscal year ended August 31, 2022.

### ***Note 8: Leases***

The Governmental Accounting Standards Board has issued Statement No. 87 Leases which defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. This statement is in effect for fiscal year 2022. The lease term (including periods where there is a reasonable certainty of an extension) must exceed one year in order to be considered for this accounting treatment. The materiality threshold for the State of Texas for these leases is Net Present Value in excess of \$100,000. SHSU has two agreements that meet the requirements for GASB 87 as a lessee.

According to GASB 87, at the inception of the lease, the lessee recognizes a right to use asset and related liability based upon the fair market value of the lease payments using the rate presented in the lease or the market rate at the inception of the lease. Lease payments are recorded as a reduction of the liability and interest expense. The leased asset is also depreciated over the life of the lease.

SHSU has a lease for the use of a medical office building for the College of Osteopathic Medicine Physicians Clinic. The building was capitalized as a Right to Use Asset- Buildings and Improvements and Right to Use Liability for \$543,061.16. Lease payments during the year resulted in a reduction of the Right to Use Liability by \$158,030.63 and interest expense of \$1,602.51. The asset was amortized \$162,918.35 for the year ended August 31, 2022.

SHSU has a land lease with private residents for the use of the Bearkat Course Golf Course for \$15,000 per year until 2032. The land was capitalized as a Right to Use Asset - Land and Right to Use Liability for \$134,472.77. The lease payments resulted in reduction of liability of \$12,861.88 and interest expense of \$2,782.66. The asset was amortized for \$13,792.08.

Future minimum lease payments under GASB 87 as of August 31, 2022 were as follows:

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

| Year      | Principal            | Interest            | Future Minimum<br>Lease Payments |
|-----------|----------------------|---------------------|----------------------------------|
| 2023      | 175,326.74           | 3,022.58            | 178,349.32                       |
| 2024      | 179,937.95           | 2,239.85            | 182,177.80                       |
| 2025      | 69,595.61            | 1,555.71            | 71,151.32                        |
| 2026      | 13,699.62            | 1,300.38            | 15,000.00                        |
| 2027      | 13,917.44            | 1,082.56            | 15,000.00                        |
| 2028-2032 | 54,164.06            | 2,085.94            | 56,250.00                        |
|           | <u>\$ 506,641.42</u> | <u>\$ 11,287.02</u> | <u>\$ 517,928.44</u>             |

SHSU has various leases for buildings and equipment that do not meet the requirements for GASB 87. Rental expenses for these leases were \$1,893,948.89 for the fiscal year ended August 31, 2022. SHSU also has space that it is lessor where the leases did not meet the requirements for GASB 87. The lease revenue is presented in Other Non-Operating Revenue.

The State of Texas has determined that all GASB 87 leases that started prior to the start of the fiscal year 2022 should be treated as starting at September 1, 2021. GASB 87 states that for comparative statements the prior year statements should be restated to show the impact of the leases. For ease of consolidating statements, we have chosen to follow the State of Texas guidance. For the fiscal year ended, August 31, 2021, restated statements would show right to use assets net of amortization of \$669,294.79 and a corresponding liability of \$677,375.12. The impact to Net Assets would have been a decrease of \$8,080.33.

### ***Note 9: Defined Benefit Pension Plans and Defined Contribution Plan***

Optional Retirement Program contributions for SHSU are reported by the TSUS in the consolidated annual financial report.

### ***Note 10: Deferred Compensation***

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the Texas Government Code Annotated, Section 609.001. Two plans are available for employees' participation, which are administered by the Employees Retirement System. The assets of the plans do not belong to SHSU, TSUS, or the State. SHSU, TSUS, or the State has no liability related to the plans.

### ***Note 11: Post Employment Health Care and Life Insurance Benefits***

Not Applicable.

# Sam Houston State University

## Notes to the Financial Statements *For the Year Ended August 31, 2022*

### ***Note 12: Interfund Activity and Transactions***

As explained in Note 1 on Interfund and Interagency Transactions and Balances, there are transactions between funds and agencies. At year-end, amounts to be received or paid are reported as: Interfund Receivables or Interfund Payables; Due From Other Agencies or Due To Other Agencies (See Schedule 1A - *Schedule of Expenditures of Federal Awards*, and Schedule 1B - *Schedule of Pass-Through Grants From/To Other State Agencies*); Due From Other Funds or Due To Other Funds; Transfers In or Transfers Out; Legislative Transfers In or Legislative Transfers Out.

SHSU has not participated in any interfund borrowing during fiscal year 2022.

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

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

Individual balances and activity at August 31, 2022 were as follows:

| DUE FROM/TO OTHER STATE ENTITIES | Due From Other Agencies | Due to Other Agencies | Purpose                 |
|----------------------------------|-------------------------|-----------------------|-------------------------|
| <b>GENERAL (01)</b>              |                         |                       |                         |
| Appd Fund 0001, D23 Fund 0001    |                         |                       |                         |
|                                  |                         |                       |                         |
| Federal Pass Throughs            |                         |                       |                         |
|                                  |                         |                       |                         |
| <b>SPECIAL REVENUE (02)</b>      |                         |                       |                         |
|                                  |                         |                       |                         |
| Appd Fund 9999, D23 Fund 7999    |                         |                       |                         |
| Federal Pass Throughs            |                         |                       |                         |
| (Agency 300, D23 Fund 6061)      | \$196,426.33            |                       | FEDERAL P-T             |
| (Agency 300, D23 Fund 6082)      | \$48,285.90             |                       | FEDERAL P-T             |
| (Agency 300, D23 Fund 6861)      | \$0.50                  |                       | FEDERAL P-T             |
| (Agency 537, D23 Fund 0273)      | \$118,416.46            |                       | FEDERAL P-T             |
| (Agency 537, D23 Fund 0325)      |                         | \$98.95               | FEDERAL P-T             |
| (Agency 556, D23 Fund 7999)      | \$10,768.37             | \$7,677.22            | FEDERAL P-T             |
| (Agency 601, D23 Fund 0006)      |                         |                       | FEDERAL P-T             |
| (Agency 701, D23 Fund 0148)      | \$875,001.80            |                       | FEDERAL P-T             |
| (Agency 701, D23 Fund 0325)      | \$50,974.94             |                       | FEDERAL P-T             |
| (Agency 721, D23 Fund 7999)      |                         |                       | FEDERAL P-T             |
| (Agency 730, D23 Fund 7999)      | \$247,625.93            |                       | FEDERAL P-T             |
| (Agency 734, D23 Fund 7999)      |                         |                       | FEDERAL P-T             |
| (Agency 754, D23 Fund 7999)      | \$316,923.63            |                       | FEDERAL P-T             |
| (Agency 755, D23 Fund 7999)      |                         | \$39,067.85           | FEDERAL P-T             |
| (Agency 763, D23 Fund 7999)      | \$45,345.70             |                       | FEDERAL P-T             |
| (Agency 781, D23 Fund 0325)      |                         |                       | FEDERAL P-T             |
| (Agency 781, D23 Fund 0325)      |                         | \$255,005.45          | FEDERAL P-T             |
| Appd Fund 9999, D23 Fund 7999    |                         |                       |                         |
|                                  |                         |                       |                         |
| State Pass Throughs              |                         |                       |                         |
| (Agency 300, D23 Fund 0421)      | \$118,851.89            |                       | STATE P-T               |
| (Agency 720, D23 Fund 7999)      |                         | \$23,294.69           | STATE P-T               |
| (Agency 720, D23 Fund 0810)      | \$273,955.09            |                       | STATE P-T               |
| (Agency 781, D23 Fund 0001)      |                         | \$301,498.15          | STATE P-T               |
| (Agency 802, D23 Fund 0014)      | \$11,554.43             |                       | STATE P-T               |
| Appd Fund 9999, D23 Fund 7999    |                         |                       |                         |
|                                  |                         |                       |                         |
| University Components            |                         |                       |                         |
| Agency 758, D23 Fund 9999        | \$193,222.16            |                       | TSUS Insurance Proceeds |
| Appd Fund 9999, D23 Fund 9999    |                         |                       |                         |
| State Shared Cash Funds          |                         |                       |                         |
| (Agency 608, D23 Fund 0802)      |                         |                       |                         |
| <b>TOTAL DUE TO AND DUE FROM</b> | <b>\$2,507,353.13</b>   | <b>\$626,642.31</b>   |                         |

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

Transfer in/out from State Entities were as follows:

| TRANSFERS IN FROM/OUT TO<br>OTHER STATE ENTITIES | Transfers In from<br>Other State Entities | Transfers Out to<br>Other State Entities | Purpose                                          |
|--------------------------------------------------|-------------------------------------------|------------------------------------------|--------------------------------------------------|
| Agency 608, D23 Fund 0802                        |                                           | \$2,337.03                               | Transfer to TX DMV for Collegiate License Plates |
| Agency 758, D23 Fund 9999                        | \$85,000.00                               |                                          | Transfer from TSUS for Banner IT Cost            |
| Agency 758, D23 Fund 9999                        | \$24,614.80                               |                                          | Transfer from TSUS for Shared Services           |
| Agency 758, D23 Fund 9999                        | \$24,000.00                               |                                          | Transfer from TSUS for Distance Learning         |
| Agency 756, D23 Fund 9999                        | \$50,000.00                               |                                          | Transfer from SRSU for Distance Learning         |
| Agency 789, D23 Fund 9999                        | \$50,000.00                               |                                          | Transfer from LIT for Distance Learning          |
| Agency 756, D23 Fund 9999                        | \$242.00                                  |                                          | Transfer from SRSU for Auxiliary Services        |
| Agency 756, D23 Fund 9999                        | \$100,000.00                              |                                          | Transfer from SRSU MOU- Financial Reporting      |
| Agency 756, D23 Fund 9999                        | \$83,000.00                               |                                          | Transfer from SRSU MOU- Budget                   |
| Agency 756, D23 Fund 9999                        | \$7,500.00                                |                                          | Transfer from SRSU MOU- VPFO Reserve             |
| Agency 756, D23 Fund 9999                        | \$120,500.00                              |                                          | Transfer from SRSU MOU- Payroll                  |
| Agency 756, D23 Fund 9999                        | \$78,000.00                               |                                          | Transfer from SRSU MOU- Procurement              |
| Agency 758, D23 Fund 9999                        | \$63,971,000.00                           |                                          | Transfer from TSUS for Commercial Paper          |
| Agency 758, D23 Fund 9999                        |                                           | \$542,625.28                             | Transfer to TSUS for Commercial Paper            |
| Agency 758, D23 Fund 9999                        |                                           | \$28,177,982.30                          | Transfer to TSUS for Bond Payment                |
| Agency 758, D23 Fund 9999                        |                                           | \$2,668,267.00                           | Transfer to TSUS for Shared Services             |
| Agency 781, D23 Fund 5103                        |                                           |                                          | Transfer to THECB for Be on Time                 |
| Agency 781, D23 Fund 0001                        |                                           |                                          | Transfer to THECB for Doctoral Set Asides        |
| Agency 902, D23 Fund 0210                        | \$389,734.00                              |                                          | Military Veterans Exemptions - Hazlewood         |
| <b>Total Interfund Receivable/Payable</b>        | <b>\$64,983,590.80</b>                    | <b>\$31,391,211.61</b>                   |                                                  |

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

Legislative transfers in and out were as follows:

|                                      | Legislative Transfers In | Legislative Transfers Out |
|--------------------------------------|--------------------------|---------------------------|
| <b>GENERAL REVENUE (01)</b>          |                          |                           |
| <b>Appd Fund 0001, D23 Fund 0001</b> |                          |                           |
| (Agency 403, D23 Fund 0001)          | \$598,474.00             |                           |
| (Agency 758, D23 Fund 0001)          |                          | \$5,531,650.00            |
| <b>Total Legislative Transfers</b>   | <b>\$598,474.00</b>      | <b>\$5,531,650.00</b>     |

The Federal and State Grant Pass Through information is provided on Schedule 1A - *Schedule of Expenditures of Federal Awards*, and Schedule 1B - *Schedule of Pass-Through Grants From/To State Agencies*, respectively.

### ***Note 13: Continuance Subject to Review***

Not Applicable. SHSU is not subject to the Texas Sunset Act.

### ***Note 14: Adjustments to Net Assets***

Not Applicable.

### ***Note 15: Contingencies and Commitments***

#### **Claims and Judgements**

At August 31, 2022, various lawsuits and claims involving SHSU were pending. While the ultimate liability, if any, with respect to litigation and other claims asserted against SHSU cannot be reasonably estimated at this time, SHSU anticipates the liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on SHSU.

#### **Federal Assistance**

SHSU has received several federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

#### **Arbitrage**

Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investment were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government.

System Administration monitors its investments to restrict earnings to a yield less than the bond issue and, therefore, limit any arbitrage liability. Systems Administration estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition. Consistent with TSUS's and SHSU's reporting

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

of bonds at the system level, any arbitrage liability would be reported by TSUS and not SHSU.

### **Construction Commitments**

SHSU continues to implement capital improvements to upgrade facilities. The outstanding capital commitments for the construction and renovation of various facilities are \$18,990,379.92. These projects are in various stages of completion.

### ***Note 16: Subsequent Events***

Not Applicable.

### ***Note 17: Risk Management***

#### **Liability Recognition and Experience**

SHSU's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience, and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed coverages or funding arrangements during the past three years.

#### **Unemployment Compensation**

The State provides coverage for unemployment benefits for SHSU employees from appropriations made to the Texas Workforce Commission (TWC). The current General Appropriations Act provides that SHSU must reimburse the General Revenue Fund, from SHSU appropriations, 50% of the unemployment benefits paid for State-funded positions and 100% of the cost for unemployment compensation for any positions paid from funds held in local bank accounts and local funds held in the State Treasury. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The unemployment benefit plan is on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. It is estimated that there were no material liabilities as of year end.

#### **Workers' Compensation**

The administration of the State's employee workers' compensation program is vested with the State Office of Risk Management (SORM). In accordance with H.B. No. 1203, 77th Legislature, SORM developed and imposed a formula-driven charge for workers' compensation costs upon participating agencies. The workers' compensation assessment is prepaid to SORM through an Interagency Contract for workers' compensation coverage for its employees in compliance with Texas Labor Code Chapter 412 and Chapter 501. The assessment for SHSU for 2022 was \$299,018.28. The assessment for SHSU for 2023 is \$309,508.71.

#### **Fire and Extended Coverage**

SHSU is required by certain bond covenants to carry fire and extended coverage and boiler insurance on buildings financed through the issuance of bonds using pledged Auxiliary Enterprise or other non-Educational and General Funds. The insurance protects the bond holders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. SHSU sustained damage due to a fire in an auxiliary building in July 2022. The estimated claim amount is \$251,757.54.

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### **Motor Vehicle**

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a State highway be insured for minimum limits of liability in the amount of \$30,000/\$60,000 bodily injury and \$25,000 property damage. All vehicles owned and/or leased by SHSU are covered by a commercial insurance policy specifically customized for the TSUS, which provides coverage to the extent of \$1,000,000 combined single liability. The coverage exceeds the extent of the waivers of State immunity specified in the Texas Tort Claims Act, Civil Properties and Remedies Code Section 101.023.

### **Civil Claims**

SHSU is exposed to a variety of civil claims resulting from the performance of its duties. It is SHSU's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. SHSU assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently, there is no purchase of commercial general liability insurance, nor is SHSU involved in any risk pools with other governmental entities. The liability of SHSU for personal injury and property damage is controlled by the Texas Tort Claims Act, VT.C.A Civil Practice and Remedies Code, Chapter 101, Section 101.021. The limits of liability are \$250,000 for each person, \$500,000 for each single occurrence for bodily injury or death, and \$100,000 for each single occurrence for injury to or destruction of property. Following this limited exposure, SHSU, as a State agency, is protected by the doctrine of sovereign immunity and, as such, retains the risk up to the aforementioned limits.

### ***Note 18: Management's Discussion and Analysis***

See Management's Discussion and Analysis.

### ***Note 19: The Financial Reporting Entity***

See Reporting Entity in Note 1.

### ***Note 20: Stewardship, Compliance, and Accountability***

SHSU has no material violations of finance related and contractual provisions. Per state laws, SHSU cannot spend amounts in excess of appropriations granted by the Texas Legislature and there are no deficits reported in net position.

### ***Note 21: Not Applicable***

Not Applicable.

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### ***Note 22: Donor-Restricted Endowments***

Non-expendable restricted net position consists of endowments in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income.

| <u>Donor - Restricted Endowment</u> | <u>Amounts Of Net<br/>Appreciation</u> | <u>Reported in Net Position</u> |
|-------------------------------------|----------------------------------------|---------------------------------|
| True Endowments                     | \$ -                                   | Restricted for Nonexpendable    |
| Term Endowments                     | \$ 4,002,757.19                        | Restricted for Expendable       |
| True Endowments                     | \$ 34,034,025.20                       | Restricted for Expendable       |

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.

The fiscal year 2022 SHSU spending policy for endowments was to distribute as much of the total return allowable while maintaining the principle investment objective of protecting the real value of the endowment corpus.

### ***Note 23: Extraordinary and Special Items***

Not Applicable. SHSU had no special or extraordinary items to report for the fiscal year ended August 31, 2022.

### ***Note 24: Disaggregation of Receivable and Payable Balances***

Balances of receivables and payables reported on the Statement of Net Position are not obscured by aggregation. There are no significant receivable balances expected to be collected beyond one year of the date of the financial statements.

Net other receivables on August 31, 2022 are detailed by type as follows:

|                                                      |                         |
|------------------------------------------------------|-------------------------|
| Receivables related to Aramark Contract              | \$ 1,547,787.08         |
| Receivables related to grants and sponsored programs | 7,700,058.16            |
| Receivables related to insurance settlements         | 1,093,681.08            |
| Receivables related to other activities              | 272,242.92              |
| Total                                                | <u>\$ 10,613,769.24</u> |

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### ***Note 25: Termination Benefits***

Not Applicable. During the fiscal year ended August 31, 2022, SHSU did not provide termination benefits.

### ***Note 26: Segment Information***

Not applicable. SHSU has no segments to report.

### ***Note 27: Service Concession Arrangements***

Not applicable. SHSU has no service concession arrangements to report as of August 31, 2022.

### ***Note 28: Deferred Outflows of Resources and Deferred Inflows of Resources***

Not applicable. SHSU has no deferred outflows or inflows of resources to report as of August 31, 2022.

### ***Note 29: Troubled Debt Restructuring***

Not applicable. SHSU has no troubled debt restructuring to report as of August 31, 2022.

### ***Note 30: Non-Exchange Financial Guarantees***

Not applicable. SHSU has no non-exchange financial guarantees to report as of August 31, 2022.

### ***Note 31: Tax Abatements***

Not applicable. SHSU has no tax abatements to report as of August 31, 2022.

### ***Note 32: Fund Balances***

Not applicable.

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### State of Texas — Annual Financial Reporting Schedule of Expenditures of Federal Awards (SEFA)

#### Agency 753 - Sam Houston State University Schedule 1A For the Fiscal Year Ended August 31, 2022

\*\*\*Certified\*\*\*

| Federal Grant/<br>Pass-Through Grant/<br>Program Title | ALN<br>Number | NSE Name/<br>Awarding Number              | Agency/<br>Univ<br>No | Pass-through From     |                                 | Direct<br>Program<br>Amount | Total<br>PT From and<br>Direct Program<br>Amount | Pass-through To       |                                 | Total<br>PT To and<br>Expenditures<br>Amount |
|--------------------------------------------------------|---------------|-------------------------------------------|-----------------------|-----------------------|---------------------------------|-----------------------------|--------------------------------------------------|-----------------------|---------------------------------|----------------------------------------------|
|                                                        |               |                                           |                       | Agency/<br>Univ<br>No | Non-State<br>Entities<br>Amount |                             |                                                  | Agency/<br>Univ<br>No | Non-State<br>Entities<br>Amount |                                              |
| Executive Office of the President                      |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| Direct Programs:                                       |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| High Intensity Drug Trafficking Areas Program          | 98.001        |                                           |                       |                       |                                 | 1,447,898.44                | 1,447,898.44                                     |                       |                                 | 1,447,898.44                                 |
| Totals - Executive Office of the President             |               |                                           |                       | 0.00                  | 0.00                            | 1,447,898.44                | 1,447,898.44                                     | 0.00                  | 0.00                            | 1,447,898.44                                 |
| Institute of Museum and Library Services               |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| Pass-Through From:                                     |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| Grants to States                                       | 45.310        |                                           |                       |                       |                                 | 2,417.76                    | 2,417.76                                         |                       |                                 | 2,417.76                                     |
| Pass-Through From:                                     |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| Texas State Library and Archives Commission            |               |                                           | 306                   | 2,417.76              |                                 |                             |                                                  |                       |                                 |                                              |
| Totals - Institute of Museum and Library Services      |               |                                           |                       | 2,417.76              | 0.00                            | 0.00                        | 2,417.76                                         | 0.00                  | 0.00                            | 2,417.76                                     |
| National Endowment For The Humanities                  |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| Promotion of the Humanities Research                   | 45.161        | University of Nebraska at Omaha/<br>27065 |                       |                       | 2,200.00                        | 2,200.00                    | 2,200.00                                         |                       |                                 | 2,200.00                                     |
| Totals - National Endowment For The Humanities         |               |                                           |                       | 0.00                  | 2,200.00                        | 0.00                        | 2,200.00                                         | 0.00                  | 0.00                            | 2,200.00                                     |
| National Science Foundation                            |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| Direct Programs:                                       |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| Geosciences                                            | 47.050        |                                           |                       |                       |                                 | 11,794.57                   | 11,794.57                                        |                       |                                 | 11,794.57                                    |
| Pass-Through To:                                       |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| Texas State University                                 |               |                                           |                       |                       |                                 |                             |                                                  | 754                   | 11,794.57                       |                                              |
| Pass-Through From:                                     |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| Computer and Information Science and Engineering       | 47.070        |                                           |                       |                       |                                 | 13,037.01                   | 13,037.01                                        |                       |                                 | 13,037.01                                    |
| Pass-Through From:                                     |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| University of Houston                                  |               |                                           | 730                   | 13,037.01             |                                 |                             |                                                  |                       |                                 |                                              |
| Totals - National Science Foundation                   |               |                                           |                       | 13,037.01             | 0.00                            | 11,794.57                   | 24,831.58                                        |                       | 11,794.57                       | 24,831.58                                    |
| Small Business Administration                          |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
| Pass-Through From:                                     |               |                                           |                       |                       |                                 |                             |                                                  |                       |                                 |                                              |
|                                                        | 58.037        |                                           |                       |                       |                                 | 276,391.91                  | 276,391.91                                       |                       |                                 | 276,391.91                                   |



# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

|                                                                                                                                                                                |        |             |           |            |             |             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------|-----------|------------|-------------|-------------|
| <b>Pass-Through From:</b><br>Public Health Emergency Preparedness<br><i>Pass-Through From:</i><br>Department of State Health Services                                          | 93,069 |             |           |            | 279,231.75  | 279,231.75  |
|                                                                                                                                                                                |        | 279,231.75  |           |            |             |             |
| Totals - U.S. Department of Health and Human Services                                                                                                                          |        | 304,131.79  | 15,424.22 | 216,887.53 | 538,443.54  | 538,443.54  |
| <b>U.S. Department of Homeland Security</b>                                                                                                                                    |        |             |           |            |             |             |
| <b>Pass-Through From:</b><br>Disaster Grants - Public Assistance (Presidentially Declared<br>Disasters)<br><i>Pass-Through From:</i><br>Texas Division of Emergency Management | 87,036 |             |           |            | -169,622.77 | -169,622.77 |
|                                                                                                                                                                                |        | -169,622.77 |           |            |             |             |
| Totals - U.S. Department of Homeland Security                                                                                                                                  |        | -169,622.77 | 0.00      | 0.00       | -169,622.77 | -169,622.77 |
| <b>U.S. Department of Justice</b>                                                                                                                                              |        |             |           |            |             |             |
| <b>Pass-Through From:</b><br>Crime Victim Assistance<br><i>Pass-Through From:</i><br>Governor - Fiscal                                                                         | 16,575 |             |           |            | 280,814.17  | 280,814.17  |
|                                                                                                                                                                                |        | 280,814.17  |           |            |             |             |
| Project Safe Neighborhoods<br><i>Pass-Through From:</i><br>Governor - Fiscal                                                                                                   | 16,809 |             |           |            | 143,716.31  | 143,716.31  |
| Totals - U.S. Department of Justice                                                                                                                                            |        | 404,530.48  | 0.00      | 0.00       | 404,530.48  | 404,530.48  |
| <b>U.S. Department of State</b>                                                                                                                                                |        |             |           |            |             |             |
| <b>Direct Programs:</b><br>Criminal Justice Systems                                                                                                                            | 16,703 |             |           |            | 257,960.13  | 257,960.13  |
|                                                                                                                                                                                |        | 0.00        | 0.00      | 257,960.13 | 257,960.13  | 257,960.13  |
| Totals - U.S. Department of State                                                                                                                                              |        | 0.00        | 0.00      | 257,960.13 | 257,960.13  | 257,960.13  |
| <b>Research &amp; Development Cluster</b>                                                                                                                                      |        |             |           |            |             |             |
| <b>National Science Foundation</b><br>Engineering<br>Mathematical and Physical Sciences<br>Biological Sciences                                                                 | 47,041 |             | 41,791.86 |            | 41,791.86   | 41,791.86   |
|                                                                                                                                                                                | 47,049 |             | 32,827.35 |            | 32,827.35   | 32,827.35   |
|                                                                                                                                                                                | 47,074 |             | 13,784.81 |            | 13,784.81   | 13,784.81   |
| <b>Direct Programs:</b><br>Mathematical and Physical Sciences<br>Geosciences<br>Biological Sciences<br>Education and Human Resources                                           | 47,049 |             |           | 187,145.83 | 187,145.83  | 187,145.83  |
|                                                                                                                                                                                | 47,050 |             |           | 103,682.75 | 97,462.28   | 103,682.75  |
|                                                                                                                                                                                | 47,074 |             |           | 134,322.88 | 134,322.88  | 134,322.88  |
|                                                                                                                                                                                | 47,076 |             |           | 309,737.12 | 309,737.12  | 309,737.12  |
| Totals - National Science Foundation                                                                                                                                           |        | 0.00        | 58,404.15 | 734,888.58 | 823,292.79  | 823,292.79  |
| <b>U.S. Department of the Interior</b>                                                                                                                                         |        |             |           |            |             |             |
| <b>Direct Programs:</b><br>SECURE Water Act - Research Agreements                                                                                                              | 15,560 |             |           |            | 59,734.16   | 59,734.16   |
|                                                                                                                                                                                |        | 0.00        | 0.00      | 59,734.16  | 59,734.16   | 59,734.16   |
| Totals - U.S. Department of the Interior                                                                                                                                       |        | 0.00        | 0.00      | 59,734.16  | 59,734.16   | 59,734.16   |

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

|                                                                                    |         |              |              |              |           |           |            |              |              |
|------------------------------------------------------------------------------------|---------|--------------|--------------|--------------|-----------|-----------|------------|--------------|--------------|
| <b>U.S. Department of Agriculture</b>                                              |         |              |              |              |           |           |            |              |              |
| <b>Direct Programs:</b>                                                            |         |              |              |              |           |           |            |              |              |
| Plant and Animal Disease, Pest Control, and Animal Care                            | 10,025  | 555,027.30   | 555,027.30   |              |           |           |            | 555,921.99   | 555,027.30   |
| Pass-Through To:                                                                   |         |              |              |              |           |           |            |              |              |
| University of Texas at Austin                                                      |         |              |              | 721          | 105.31    |           |            |              |              |
| Agriculture and Food Research Initiative (AFRI)                                    | 10,310  | 7,299.39     | 7,299.39     |              |           | 7,299.39  |            |              | 7,299.39     |
| Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)               | 10,326  | 20,218.94    | 20,218.94    |              |           | 20,218.94 |            |              | 20,218.94    |
| Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)               | 10,326  | 88,122.28    | 88,122.28    |              |           |           |            | 74,233.60    | 88,122.28    |
| Pass-Through To:                                                                   |         |              |              |              |           |           |            |              |              |
| Texas A&M AgLife Research                                                          |         |              |              | 556          | 21,888.68 |           |            |              |              |
| <b>Pass-Through From:</b>                                                          |         |              |              |              |           |           |            |              |              |
| Integrated Programs                                                                | 10,303  |              | 21,571.73    |              |           |           |            | 21,571.73    | 21,571.73    |
| Pass-Through From:                                                                 |         |              |              |              |           |           |            |              |              |
| Texas A&M AgLife Research                                                          |         |              |              |              |           |           |            |              |              |
| Totals - U.S. Department of Agriculture                                            |         | 0.00         | 679,666.92   | 701,240.85   |           |           | 21,994.00  | 27,516.39    | 701,240.85   |
| <b>U.S. Department of Education</b>                                                |         |              |              |              |           |           |            |              |              |
| <b>Direct Programs:</b>                                                            |         |              |              |              |           |           |            |              |              |
| Supporting Effective Educator Development Program                                  | 84,423A | 1,759,934.88 | 1,759,934.88 |              |           |           |            | 1,759,934.88 | 1,759,934.88 |
| Totals - U.S. Department of Education                                              |         | 0.00         | 1,759,934.88 | 1,759,934.88 |           |           | 0.00       | 0.00         | 1,759,934.88 |
| <b>U.S. Department of Health and Human Services</b>                                |         |              |              |              |           |           |            |              |              |
| <b>Direct Programs:</b>                                                            |         |              |              |              |           |           |            |              |              |
| Drug Abuse and Addiction Research Programs                                         | 83,279  | 41,960.30    | 41,960.30    |              |           |           |            | 41,960.30    | 41,960.30    |
| Partnership to End Addiction/                                                      | 271210  | 21,051.44    | 21,051.44    |              |           |           |            | 21,051.44    | 21,051.44    |
| Trans-NIH Research Support                                                         | 83,310  | 25,736.45    | 25,736.45    |              |           |           |            | 25,736.45    | 25,736.45    |
| Lung Diseases Research                                                             | 83,638  | 37,244.78    | 37,244.78    |              |           |           |            | 37,244.78    | 37,244.78    |
| <b>Direct Programs:</b>                                                            |         |              |              |              |           |           |            |              |              |
| Minority Health and Health Disparities Research                                    | 83,307  | 183,760.35   | 183,760.35   |              |           |           |            | 105,531.03   | 183,760.35   |
| Pass-Through To:                                                                   |         |              |              |              |           |           |            |              |              |
| University of Houston                                                              |         |              |              | 730          | 58,228.32 |           |            |              |              |
| Diabetes, Digestive, and Kidney Diseases Extramural Research                       | 83,847  | 102,135.79   | 102,135.79   |              |           |           |            | 102,135.79   | 102,135.79   |
| <b>Pass-Through From:</b>                                                          |         |              |              |              |           |           |            |              |              |
| Alcohol Research Programs                                                          | 83,273  |              | 24,329.52    |              |           |           |            | 24,329.52    | 24,329.52    |
| Pass-Through From:                                                                 |         |              |              |              |           |           |            |              |              |
| University of Houston                                                              |         |              |              |              |           |           |            |              |              |
| Totals - U.S. Department of Health and Human Services                              |         | 24,329.52    | 125,992.97   | 416,218.63   |           |           | 58,228.32  | 0.00         | 397,989.31   |
| <b>U.S. Department of Justice</b>                                                  |         |              |              |              |           |           |            |              |              |
| <b>Direct Programs:</b>                                                            |         |              |              |              |           |           |            |              |              |
| National Institute of Justice Research, Evaluation, and Development Project Grants | 16,560  | 19,233.12    | 19,233.12    |              |           |           |            | 19,233.12    | 19,233.12    |
| West Virginia University/                                                          | 27098   | 16,705.53    | 16,705.53    |              |           |           |            | 16,705.53    | 16,705.53    |
| 270950                                                                             |         |              |              |              |           |           |            |              |              |
| <b>Direct Programs:</b>                                                            |         |              |              |              |           |           |            |              |              |
| National Institute of Justice Research, Evaluation, and Development Project Grants | 16,560  | 482,892.23   | 528,237.93   |              |           |           | 246,044.72 | 282,193.21   | 528,237.93   |
| Pass-Through From:                                                                 |         |              |              |              |           |           |            |              |              |



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# Sam Houston State University

Notes to the Financial Statements  
*For the Year Ended August 31, 2022*

## **Note 1 – Non Monetary Assistance**

**Donation of Federal Surplus Property: \$0.00**

**SHSU does not show any Non-Monetary Assistance for FY22.**

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### Per Combined Governmental Operating Statement Statement of Activities and Proprietary Statement of Changes in Revenues, Expenses and Net Assets

|                                                                   |                                                                 |        | 2021                     |           | 2022                  |
|-------------------------------------------------------------------|-----------------------------------------------------------------|--------|--------------------------|-----------|-----------------------|
| <b>Federal Revenue</b>                                            |                                                                 |        |                          |           |                       |
| <b>Proprietary Funds</b>                                          |                                                                 |        |                          |           |                       |
| Operating                                                         | Exhibit IV/SRECNA                                               |        | \$ 9,564,401.77          | \$        | 8,073,997.91          |
| Non-Operating                                                     | Exhibit IV/SRECNA                                               |        | \$ 59,107,886.38         | \$        | 92,987,007.65         |
| Capital Contributions                                             | Exhibit IV/SRECNA                                               |        |                          |           |                       |
| <b>Total Federal Revenue</b>                                      |                                                                 |        | <b>\$ 68,672,288.15</b>  | <b>\$</b> | <b>101,061,005.56</b> |
| <b>Federal Pass-Through Revenue</b>                               |                                                                 |        |                          |           |                       |
| <b>Proprietary Funds</b>                                          |                                                                 |        |                          |           |                       |
| Operating                                                         | Federal Pass-Through Revenue from Other State Agencies (SRECNA) |        | \$ 7,405,576.51          | \$        | 3,535,626.36          |
| Non-Operating                                                     | Federal Pass-Through Revenue from Other State Agencies (SRECNA) |        |                          | \$        | -                     |
| <b>Total Federal Pass-Through Revenue</b>                         |                                                                 |        | <b>\$ 7,405,576.51</b>   | <b>\$</b> | <b>3,535,626.36</b>   |
| <b>Total Federal &amp; Federal Pass-Through Revenue</b>           |                                                                 |        | <b>\$ 76,077,864.66</b>  | <b>\$</b> | <b>104,596,631.92</b> |
| <b>Reconciling Items:</b>                                         |                                                                 |        |                          |           |                       |
| Non-monetary Items                                                |                                                                 |        |                          |           |                       |
|                                                                   | Donation of Federal Surplus Personal Property                   |        | \$ -                     | \$        | -                     |
| <b>Total Non-monetary Items</b>                                   |                                                                 |        | <b>\$ -</b>              | <b>\$</b> | <b>-</b>              |
| <b>New Loans Processed:</b>                                       |                                                                 |        |                          |           |                       |
|                                                                   | Federal Family Education Loans                                  | 84.032 | \$ -                     | \$        | -                     |
|                                                                   | Federal Perkins Loan Program                                    | 84.038 | \$ -                     | \$        | -                     |
|                                                                   | Federal Direct Student Loans                                    | 84.268 | \$ 109,482,507.00        | \$        | 104,706,391.00        |
| <b>Total New Loans Processed</b>                                  |                                                                 |        | <b>\$ 109,482,507.00</b> | <b>\$</b> | <b>104,706,391.00</b> |
| <b>Total Reconciliation Items</b>                                 |                                                                 |        | <b>\$ 109,482,507.00</b> | <b>\$</b> | <b>104,706,391.00</b> |
| <b>Total Per Note 2</b>                                           |                                                                 |        | <b>\$ 185,560,371.66</b> | <b>\$</b> | <b>209,303,022.92</b> |
| <b>Total Pass Through &amp; Expenditures per Federal Schedule</b> |                                                                 |        | <b>\$ 185,560,371.66</b> | <b>\$</b> | <b>209,303,022.92</b> |

UNAUDITED

# Sam Houston State University

Notes to the Financial Statements  
*For the Year Ended August 31, 2022*

## Note 3a - Student Loans Processed and Administrative Costs Recovered

### New Loans Processed during FY 2022

|                                     |                   |
|-------------------------------------|-------------------|
| 84.038 Federal Perkins Loan Program | \$ -              |
| 84.268 Federal Direct Loan Program  | \$ 104,706,391.00 |
|                                     | <hr/>             |
|                                     | \$ 104,706,391.00 |

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# Sam Houston State University

## Notes to the Financial Statements *For the Year Ended August 31, 2022*

### **Note 3b – Federally Funded Loans Processed and Administrative Costs Recovered**

|                             | <b>New Loans<br/>Processed</b> | <b>Admin Cost<br/>Recovered</b> | <b>Total Loans<br/>Processed and Admin<br/>Cost Recovered</b> |
|-----------------------------|--------------------------------|---------------------------------|---------------------------------------------------------------|
| 84.007 SEOG                 | \$ 897,820.44                  |                                 | \$ 897,820.44                                                 |
| 84.063 Federal Pell Program | \$ 37,846,119.56               | \$ 137,336.00                   | \$ 37,983,455.56                                              |
| 84.033 Federal Work Study   | \$ 746,167.98                  |                                 | \$ 746,167.98                                                 |

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

### Schedule 1B State Pass-Through Grants from Other State Agencies

Pass Through From:

| <b>Agency Name</b>                                |           |                      |
|---------------------------------------------------|-----------|----------------------|
| Governor-Fiscal                                   |           |                      |
| Criminal Justice Planning Grants                  | \$        | 519,430.59           |
| State Board of Public Accountancy                 |           |                      |
| Fifth Year Accounting Student Scholarship Program | \$        | 18,687.00            |
| Texas Education Agency                            |           |                      |
| Available School Fund- Per Capita                 | \$        | 364,440.47           |
| Foundation School Program                         | \$        | 5,709,298.61         |
| Instructional Materials Allotment                 | \$        | 29,619.58            |
| Additional School Safety - SB500-SC32             | \$        | 5,200.04             |
| Additional School Safety - SB500-SC32             | \$        | 6,776.55             |
| Texas Higher Education Coordinating Board         |           |                      |
| Joint Admission Medical Program                   | \$        | 55,307.07            |
| TEXAS Grant Program                               | \$        | 17,224,275.00        |
| Professional Nursing Shortage Reduction Program   | \$        | 186,661.71           |
| College Work Study Program                        | \$        | 120,810.03           |
| Work Study Mentorship Program                     | \$        | 35,010.00            |
| Developmental Education Program                   | \$        | 4,640.00             |
| Educational Aide Program                          | \$        | 10,702.00            |
| Texas Department of Agriculture                   |           |                      |
| Meet the Farmer Photo Essay                       | \$        | 41,945.35            |
| Texas Parks and Wildlife                          |           |                      |
| Texas Invasives Program                           | \$        | 18,883.44            |
| <b>Total State Pass-Through Grant Revenue</b>     | <b>\$</b> | <b>24,351,687.44</b> |

UNAUDITED

# Sam Houston State University

**Notes to the Financial Statements**  
*For the Year Ended August 31, 2022*

**Schedule 2A**

**Miscellaneous Bond Information**

**For the Fiscal Year Ended August 31, 2022**

**Schedule Not Used**

UNAUDITED

# Sam Houston State University

**Notes to the Financial Statements**  
*For the Year Ended August 31, 2022*

**Schedule 2B**

**Changes in Bond Indebtedness**

**For the Fiscal Year Ended August 31, 2022**

**Schedule Not Used**

UNAUDITED

# Sam Houston State University

**Notes to the Financial Statements**  
*For the Year Ended August 31, 2022*

**Schedule 2C**

**Debt Service Requirements**

**For the Fiscal Year Ended August 31, 2022**

**Schedule Not Used**

UNAUDITED

# Sam Houston State University

**Notes to the Financial Statements**  
*For the Year Ended August 31, 2022*

## **Schedule 2D**

**Analysis of Funds Available for Debt Service**  
**For the Fiscal Year Ended August 31, 2022**

**Business Type Activities**  
**General Obligation Bonds**

**Schedule Not Used**

**Business Type Activities**  
**Revenue Bonds**

**Schedule Not Used**

UNAUDITED

# Sam Houston State University

**Notes to the Financial Statements**  
*For the Year Ended August 31, 2022*

**Schedule 2E**

**Defeased Bonds Outstanding**

**For the Fiscal Year Ended August 31, 2022**

**Schedule Not Used**

UNAUDITED

# Sam Houston State University

**Notes to the Financial Statements**  
*For the Year Ended August 31, 2022*

## **Schedule 2F**

### **Early Extinguishment and Refunding**

**For the Fiscal Year Ended August 31, 2022**

### **Business Type Activities**

#### **General Obligation Bonds**

**Schedule Not Used**

### **Business Type Activities**

#### **Revenue Bonds**

**Schedule Not Used**

UNAUDITED

# Sam Houston State University

## Notes to the Financial Statements For the Year Ended August 31, 2022

**SAM HOUSTON STATE UNIVERSITY**  
**SCHEDULE 3**  
**RECONCILIATION OF CASH IN STATE TREASURY**  
**August 31, 2022**

| <u>Cash in State Treasury</u>                            | <u>Unrestricted</u>     | <u>Restricted</u>    | <u>Current Year Total</u> |
|----------------------------------------------------------|-------------------------|----------------------|---------------------------|
| Local Revenue Fund 0259                                  | 12,756,280.96           |                      | 12,756,280.96             |
| Law Enforcement Mgt. Institute Fund 0581                 | 1,826,926.52            |                      | 1,826,926.52              |
| CJ Correctional Management Institute Fund 5083           | 1,717,231.66            |                      | 1,717,231.66              |
| GEER Upskill & Reskill Fund 0325                         |                         | 258,449.33           | 258,449.33                |
| GEER Online Learning Fund 0325                           |                         | 48,534.61            | 48,534.61                 |
| GEER Credential Future Fund 0325                         |                         | 198,005.62           | 198,005.62                |
| Tobacco Fund 0810                                        | 0.00                    |                      | 0.00                      |
| <b>Total Cash in State Treasury (Stmt of Net Assets)</b> | <b>\$ 16,300,439.14</b> | <b>\$ 504,989.56</b> | <b>\$ 16,805,428.70</b>   |

