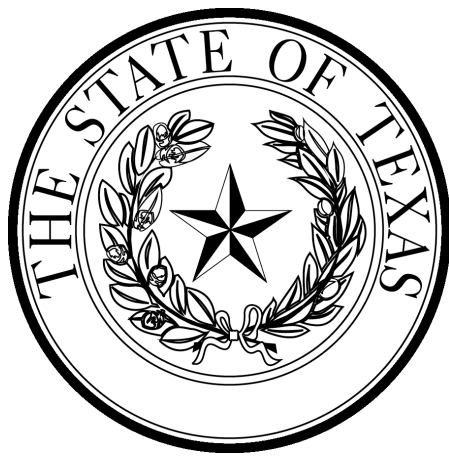


ANNUAL FINANCIAL REPORT

Texas Education Agency

For the Twelve Months Ending
August 31, 2021





TEXAS EDUCATION AGENCY
Austin, Texas

Year Ended August 31, 2021

November 18, 2021

Honorable Gregg Abbott, Governor
Honorable Glenn Hegar, Texas Comptroller
Jerry McGinty, Director, Legislative Budget Board
Lisa R. Collier, CPA, State Auditor

RE: Annual Financial Report Year End August 31, 2021

We are pleased to submit the Annual Financial Report of the Texas Education Agency for the year ending August 31, 2021, in compliance with Texas Government Code Annotated, Section 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 (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The 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 Carla Steffen, Chief Financial Officer at (512) 463-9071.

Sincerely,



Mike Morath
Commissioner of Education

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TEXAS EDUCATION AGENCY

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Texas Education Agency (701)

Exhibit I

Combined Balance Sheet/Statement of Net Assets -
Governmental Funds

August 31, 2021

	Governmental Fund Types			Governmental Funds
	General (Exhibit A-1)	Special Revenue Fund 0002	Permanent Fund (Exhibit E-1)	Total FY2021
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash on Hand	\$ 140.00	\$ 0.00	\$ 0.00	\$ 140.00
Cash in Bank (Note 3)	25,000.00	0.00	63,137,502.47	63,162,502.47
Cash in State Treasury	1,308,691,150.90	26,809,835.14	1,815,121,451.46	3,150,622,437.50
Cash Equivalents	106,766.23	0.00	382,530,702.36	382,637,468.59
Securities Lending Collateral (Note 3)	0.00	0.00	2,622,652,025.84	2,622,652,025.84
Legislative Appropriations	220,247,770.88	0.00	0.00	220,247,770.88
Receivables:				
Federal	1,702,189,623.73	0.00	0.00	1,702,189,623.73
Intergovernmental	1,836,272,223.00	0.00	0.00	1,836,272,223.00
Interest and Dividends	91,609.03	43,902.14	74,810,483.76	74,945,994.93
Accounts	48,022.50	0.00	6,081,579.31	6,129,601.81
Other	0.00	0.00	1,606.87	1,606.87
Taxes	0.00	75,187,811.51	0.00	75,187,811.51
Investment Trade Receivable	0.00	0.00	14,254,437.41	14,254,437.41
Due From Other Funds (Note 12)	417,888.61	0.00	0.00	417,888.61
Due From Other Agencies (Note 12)	136,656,409.71	81,187,855.44	0.00	217,844,265.15
Consumable Inventories	48,591.55	0.00	0.00	48,591.55
Total Current Assets	\$ 5,204,795,196.14	\$ 183,229,404.23	\$ 4,978,589,789.48	\$ 10,366,614,389.85
Non-Current Assets:				
Receivables:				
Taxes	\$ 0.00	\$ 174.52	\$ 0.00	\$ 174.52
Investments (Note 3)	66,521,627.90	0.00	44,603,042,109.17	44,669,563,737.07
Capital Assets (Note 2):				
Non-Depreciable or Non-Amortizable	0.00	0.00	0.00	0.00
Depreciable or Amortizable, Net	0.00	0.00	0.00	0.00
Total Non-Current Assets	\$ 66,521,627.90	\$ 174.52	\$ 44,603,042,109.17	\$ 44,669,563,911.59
Total Assets	\$ 5,271,316,824.04	\$ 183,229,578.75	\$ 49,581,631,898.65	\$ 55,036,178,301.44
DEFERRED OUTFLOWS				
Deferred Outflow of Revenues	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total Deferred Outflows	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Payables:				
Accounts	\$ 1,840,386,703.27	\$ 6,819.00	\$ 4,343,366.11	\$ 1,844,736,888.38
Other Intergovernmental	374,081,722.00	0.00	0.00	374,081,722.00
Payroll	8,575,220.74	0.00	1,261,869.43	9,837,090.17
Investment Trade Payable	0.00	0.00	66,842,341.91	66,842,341.91
Due to Other Funds (Note 12)	417,888.61	0.00	0.00	417,888.61
Due to Other Agencies (Note 12)	9,108,997.83	0.00	0.00	9,108,997.83
Unearned Revenues	2,165,012.19	928.31	0.00	2,165,940.50
Employee Compensable Leave (Note 5)	0.00	0.00	0.00	0.00
Obligations / Securities Lending	0.00	0.00	2,632,362,765.23	2,632,362,765.23
Total Current Liabilities	\$ 2,234,743,053.20	\$ 7,747.31	\$ 2,704,810,342.68	\$ 4,939,561,143.19
Non-Current Liabilities:				
Employee Compensable Leave (Note 5)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total Non-Current Liabilities	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total Liabilities	\$ 2,234,743,053.20	\$ 7,747.31	\$ 2,704,810,342.68	\$ 4,939,561,143.19
DEFERRED INFLOWS				
Deferred Inflow of Resources (Note 28)	\$ 0.00	\$ 0.00	\$ 17,842,556.75	\$ 17,842,556.75
Total Deferred Inflows	\$ 0.00	\$ 0.00	\$ 17,842,556.75	\$ 17,842,556.75
Fund Financial Statement				
Fund Balances (Deficits):				
Nonspendable	\$ 48,591.55	\$ 0.00	\$ 45,057,400,462.59	\$ 45,057,449,054.14
Restricted	429,018,879.70	183,221,831.44	1,801,578,536.63	2,413,819,247.77
Committed	2,430,457,266.17	0.00	0.00	2,430,457,266.17
Assigned	0.00	0.00	0.00	0.00
Unassigned	177,049,033.42	0.00	0.00	177,049,033.42
Total Fund Balances	\$ 3,036,573,770.84	\$ 183,221,831.44	\$ 46,858,978,999.22	\$ 50,078,774,601.50
Total Liabilities, Deferred Inflows and Fund Balances	\$ 5,271,316,824.04	\$ 183,229,578.75	\$ 49,581,631,898.65	\$ 55,036,178,301.44
Government-wide Statement - Net Position				
Net Position:				
Invested in Capital Assets, Net of Related Debt				
Restricted				
Expendable				
Unrestricted				
Total Net Position				

The accompanying notes to the financial statements are an integral part of this financial statement.

UNAUDITED

Statewide Adjustments			Statement of Net Position FY2021
Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	
\$ 0.00	\$ 0.00	\$ 0.00	\$ 140.00
0.00	0.00	0.00	63,162,502.47
0.00	0.00	0.00	3,150,622,437.50
0.00	0.00	0.00	382,637,468.59
0.00	0.00	0.00	2,622,652,025.84
0.00	0.00	0.00	220,247,770.88
0.00	0.00	0.00	1,702,189,623.73
0.00	0.00	0.00	1,836,272,223.00
0.00	0.00	0.00	74,945,994.93
0.00	0.00	0.00	6,129,601.81
0.00	0.00	0.00	1,606.87
0.00	0.00	0.00	75,187,811.51
0.00	0.00	0.00	14,254,437.41
0.00	0.00	0.00	417,888.61
0.00	0.00	0.00	217,844,265.15
0.00	0.00	0.00	48,591.55
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 10,366,614,389.85</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 174.52
0.00	0.00	0.00	44,669,563,737.07
40,000.00	0.00	0.00	40,000.00
9,235,927.55	0.00	0.00	9,235,927.55
<u>\$ 9,275,927.55</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 44,678,839,839.14</u>
<u>\$ 9,275,927.55</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 55,045,454,228.99</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,844,736,888.38
0.00	0.00	0.00	374,081,722.00
0.00	0.00	0.00	9,837,090.17
0.00	0.00	0.00	66,842,341.91
0.00	0.00	0.00	417,888.61
0.00	0.00	0.00	9,108,997.83
0.00	0.00	(928.31)	2,165,012.19
0.00	5,831,678.21	0.00	5,831,678.21
0.00	0.00	0.00	2,632,362,765.23
<u>\$ 0.00</u>	<u>\$ 5,831,678.21</u>	<u>\$ (928.31)</u>	<u>\$ 4,945,391,893.09</u>
\$ 0.00	\$ 4,113,998.27	\$ 0.00	\$ 4,113,998.27
\$ 0.00	\$ 4,113,998.27	\$ 0.00	\$ 4,113,998.27
\$ 0.00	\$ 9,945,676.48	\$ (928.31)	\$ 4,949,505,891.36
\$ 0.00	\$ 0.00	\$ (17,842,556.75)	\$ 0.00
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (17,842,556.75)</u>	<u>\$ 0.00</u>
			\$ 45,057,449,054.14
			2,413,819,247.77
			2,430,457,266.17
			0.00
			177,049,033.42
			<u>\$ 50,078,774,601.50</u>
\$ 9,275,927.55	\$ 0.00	\$ 0.00	\$ 9,275,927.55
0.00	0.00	17,843,485.06	17,843,485.06
0.00	(9,945,676.48)	0.00	(9,945,676.48)
<u>\$ 9,275,927.55</u>	<u>\$ (9,945,676.48)</u>	<u>\$ 17,843,485.06</u>	<u>\$ 50,095,948,337.63</u>

Texas Education Agency (701)

Exhibit II

Combined Statement of Revenues, Expenditures, and Changes
in Fund Balance/Statement of Activities - Governmental Funds

For the fiscal year ended August 31, 2021

	Governmental Fund Types			Governmental Funds
	General (Exhibit A-2)	Special Revenue Fund 0002	Permanent Fund (Exhibit E-2)	Total FY2021
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$ 276,772,131.44	\$ 0.00	\$ 0.00	\$ 276,772,131.44
Additional Appropriations	10,202,371.22	0.00	0.00	10,202,371.22
Taxes	0.00	947,948,963.64	0.00	947,948,963.64
Federal Revenue (Sch. 1A)	7,204,062,974.29	0.00	0.00	7,204,062,974.29
Federal Grant Pass-Through Revenue (Sch. 1A)	31,885,438.34	0.00	0.00	31,885,438.34
Licenses, Fees and Permits	28,009,066.46	0.00	0.00	28,009,066.46
Interest and Other Investment Income	3,434,208.56	700,985.67	1,305,865,475.46	1,310,000,669.69
Net Increase (Decrease) in Fair Value	(632,327.29)	0.00	6,967,222,826.23	6,966,590,498.94
Settlement of Claims	0.00	0.00	274,162.02	274,162.02
Sales of Goods and Services	147,920.09	0.00	0.00	147,920.09
Other	2,852,657,939.02	0.00	123.88	2,852,658,062.90
Total Revenues	\$ 10,406,539,722.13	\$ 948,649,949.31	\$ 8,273,362,587.59	\$ 19,628,552,259.03
EXPENDITURES				
Salaries and Wages	\$ 77,933,755.58	\$ 0.00	\$ 14,814,225.95	\$ 92,747,981.53
Payroll Related Costs	23,903,449.33	0.00	3,322,233.79	27,225,683.12
Professional Fees and Services	264,274,494.05	0.00	6,210,500.80	270,484,994.85
Travel	107,717.21	0.00	15,668.61	123,385.82
Materials and Supplies	11,323,640.76	0.00	381,482.12	11,705,122.88
Communication and Utilities	1,751,607.71	0.00	4,617,984.08	6,369,591.79
Repairs and Maintenance	407,104.06	0.00	62,871.62	469,975.68
Rentals and Leases	1,376,277.88	0.00	909,129.94	2,285,407.82
Printing and Reproduction	5,946.87	0.00	6,786.53	12,733.40
Federal Grant Pass Through Expenditures (Sch. 1A)	63,254,969.63	0.00	0.00	63,254,969.63
State Grant Pass Through Expenditures (Sch. 1B)	136,008,881.43	2,502,094.74	0.00	138,510,976.17
Intergovernmental Payments	29,290,881,284.81	2,461,470,199.00	0.00	31,752,351,483.81
Public Assistance Payments	76,535,377.88	0.00	0.00	76,535,377.88
Other Expenditures	9,021,549.37	0.00	1,776,050.10	10,797,599.47
Capital Outlay	52,821.79	0.00	4,665.05	57,486.84
Depreciation and Amortization Expense	0.00	0.00	0.00	0.00
Total Expenditures / Expenses	\$ 29,956,838,878.36	\$ 2,463,972,293.74	\$ 32,121,598.59	\$ 32,452,932,770.69
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ (19,550,299,156.23)	\$ (1,515,322,344.43)	\$ 8,241,240,989.00	\$ (12,824,380,511.66)
OTHER FINANCING SOURCES (USES):				
Transfers In (Note 12)	\$ 20,037,681,825.11	\$ 1,851,669,656.89	\$ 514,296,291.39	\$ 22,403,647,773.39
Transfers Out (Note 12)	(150,261,646.87)	(238,748,894.04)	(1,720,965,948.28)	(2,109,976,489.19)
Gain (Loss) on Sale of Capital Assets	0.00	0.00	0.00	0.00
Total Other Financing Sources (Uses)	\$ 19,887,420,178.24	\$ 1,612,920,762.85	\$ (1,206,669,656.89)	\$ 20,293,671,284.20
Net Change in Fund Balances / Net Assets	\$ 337,121,022.01	\$ 97,598,418.42	\$ 7,034,571,332.11	\$ 7,469,290,772.54
Fund Financial Statement - Fund Balances				
Fund Balance - September 1,	\$ 2,740,234,146.07	\$ 85,623,413.02	\$ 39,824,407,667.11	\$ 42,650,265,226.20
Appropriations Lapsed	\$ (40,781,397.24)	\$ 0.00	\$ 0.00	\$ (40,781,397.24)
Fund Balances - August 31, 2021	\$ 3,036,573,770.84	\$ 183,221,831.44	\$ 46,858,978,999.22	\$ 50,078,774,601.50
Government-wide Statement - Net Position				
Change in Net Position				\$ 50,078,774,601.50
Net Position - September 1,				
Net Position - August 31, 2021				\$ 50,078,774,601.50

The accompanying notes to the financial statements are an integral part of this financial statement.

UNAUDITED

Statewide Adjustments				
Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities FY2021	
\$ 0.00	\$ 0.00	\$ 0.00	\$	276,772,131.44
0.00	0.00	0.00		10,202,371.22
0.00	0.00	921.25		947,949,884.89
0.00	0.00	0.00		7,204,062,974.29
0.00	0.00	0.00		31,885,438.34
0.00	0.00	0.00		28,009,066.46
0.00	0.00	1,719,115.65		1,311,719,785.34
0.00	0.00	0.00		6,966,590,498.94
0.00	0.00	0.00		274,162.02
0.00	0.00	0.00		147,920.09
0.00	0.00	0.00		2,852,658,062.90
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,720,036.90</u>	<u>\$</u>	<u>19,630,272,295.93</u>
\$ 0.00	\$ 651,125.45	\$ 0.00	\$	93,399,106.98
0.00	0.00	0.00		27,225,683.12
0.00	0.00	0.00		270,484,994.85
0.00	0.00	0.00		123,385.82
0.00	0.00	0.00		11,705,122.88
0.00	0.00	0.00		6,369,591.79
0.00	0.00	0.00		469,975.68
0.00	0.00	0.00		2,285,407.82
0.00	0.00	0.00		12,733.40
0.00	0.00	0.00		63,254,969.63
0.00	0.00	0.00		138,510,976.17
0.00	0.00	0.00		31,752,351,483.81
0.00	0.00	0.00		76,535,377.88
0.00	0.00	0.00		10,797,599.47
(57,486.84)	0.00	0.00		0.00
6,456,055.05	0.00	0.00		6,456,055.05
<u>\$ 6,398,568.21</u>	<u>\$ 651,125.45</u>	<u>\$ 0.00</u>	<u>\$</u>	<u>32,459,982,464.35</u>
<u>\$ (6,398,568.21)</u>	<u>\$ (651,125.45)</u>	<u>\$ 1,720,036.90</u>	<u>\$</u>	<u>(12,829,710,168.42)</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$	22,403,647,773.39
0.00	0.00	0.00		(2,109,976,489.19)
(40,661.27)	0.00	0.00		(40,661.27)
<u>\$ (40,661.27)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$</u>	<u>20,293,630,622.93</u>
<u>\$ (6,439,229.48)</u>	<u>\$ (651,125.45)</u>	<u>\$ 1,720,036.90</u>	<u>\$</u>	<u>7,463,920,454.51</u>
			\$	42,650,265,226.20
			\$	(40,781,397.24)
			<u>\$</u>	<u>50,073,404,283.47</u>
\$ (6,439,229.48)	\$ (651,125.45)	\$ 1,720,036.90	\$	50,073,404,283.47
15,715,157.03	(9,294,551.03)	16,123,448.16		22,544,054.16
<u>\$ 9,275,927.55</u>	<u>\$ (9,945,676.48)</u>	<u>\$ 17,843,485.06</u>	<u>\$</u>	<u>50,095,948,337.63</u>

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NOTES TO THE FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

Entity - The Texas Education Agency is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies*.

The Texas Education Agency (TEA or Agency) consists of the Commissioner of Education and agency staff. The Agency is statutorily charged with administering and monitoring compliance with education programs required by federal or state law and with funding public primary and secondary education in Texas.

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

The Agency does not have any blended or discretely presented component units.

In response to the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The act provides economic grants to offset some of the additional expenses and forgone revenue because of COVID-19. Through the CARES Act, the Texas Education Agency received funding from the Coronavirus Relief Fund as well as the Elementary and Secondary School Relief Fund to support local educational agencies in offsetting expenditures associated with the pandemic.

Fund Structure - The accompanying financial statements of the Texas Education Agency are presented on the basis of funds, each of which is considered a separate accounting entity.

Governmental Fund Types & Government-wide Adjustment Fund Types

General Fund - The General Fund is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those required to be accounted for in another fund.

The Charter District Bond Guarantee Reserve Fund is one component of the general fund and was created pursuant to Texas Education Code Chapter 45, section 45.0571 as a special fund to hold and invest contributions required from charter districts who participate in the Bond Guarantee Program, to be used to pay bond principal and interest costs in the event of a participating charter district default. This statute authorizes the State Board of Education (SBOE or Board) to manage the Charter Reserve Fund in the same manner that the Permanent School Fund is managed by the Board, in accordance with the persons of ordinary prudence investment standard described by Government Code Chapter 404, Section 404.024(j). The financial activities of the Charter District Bond Guarantee Reserve Fund are captured and reported in fund 0053.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for private-purpose trusts or for major capital projects) that are legally restricted to use for specified purposes. The Available School Fund (fund 0002) derives a significant portion of its financing from legally dedicated motor fuel tax revenue. It is restricted to providing funding for schools and funding for the State Instructional Materials Fund (fund 0003).

Permanent Funds – Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the programs of the State of Texas. The Permanent School Fund is a permanent fund administered by the State Board of Education in a trustee capacity. All investment activity of the Permanent School Fund is reported as a permanent fund. The annual distribution provided to the Available School Fund by the Permanent School Fund is calculated using a total return methodology, and by the Texas Constitution, and may be used for purposes that support the programs of the State of Texas. The Natural Resources Code, Subchapter I, Chapter 51 was amended by the 86th

Legislature to authorize establishment of the Permanent School Fund Liquid Account on September 1, 2019. This statute directs the School Land Board to deposit cash not required for its immediate needs (or next 90 days) into the Liquid Account which is managed by the SBOE. The SBOE is required to invest these funds in liquid assets only and must send cash back to the School Land Board within five business days of a request. The financial activities of the Liquid Account are reported in fund 0044 (see Exhibit E-1 and E-2).

State-wide Adjustment Fund Types – The Capital Asset Adjustment Fund Type, Long-Term Liabilities Adjustment Fund Type, and Other Adjustments Fund Type are used to convert governmental fund types' capital assets, debt, and other fund type activity from modified accrual to full accrual basis.

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

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. The State of Texas considers receivables collected within sixty days after year end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified accrual basis. Amounts are considered measurable if they can be estimated or otherwise determined. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the Government-wide Financial Statements are accounted for using the full accrual basis of accounting. This includes capital assets, accumulated depreciation, unpaid employee compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, long-term claims and judgments, and full accrual revenues and expenses. The activity will be recognized in these fund types.

The Permanent School Fund and the Charter District Bond Guarantee Reserve Fund have implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment to GASB Statement No. 3. This Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

The Permanent School Fund is classified as a governmental permanent fund while the Charter District Bond Guarantee Reserve Fund is classified as a governmental general fund. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The Permanent School Fund and the Charter District Bond Guarantee Reserve Fund do not present a Statement of Cash Flows because governmental funds are not required to present this statement. Measurement focus refers to the definition of the resource flows measured, and has to do with the types of transactions or events reported in the statement of revenues, expenditures, and changes in fund balance. Basis of accounting refers to the timing of the recognition of transactions or events.

Budgets and Budgetary Accounting - The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Assets, Liabilities, and Fund Equity

ASSETS

Cash and Cash Equivalents

The money market account held at the Permanent School Fund's Custodian, The Bank of New York Mellon (Custodian), is integral to the Permanent School Fund's cash management activities rather than investment activities. The collateral margin account held at Societe Generale Americas Securities, LLC is integral to the Permanent School Fund's investment management activities.

Investments

Investments are reported at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. Fair value is determined on the basis of market valuations provided by the Custodian. Short-term securities, which have maturities less than one year at the time of purchase, are valued at amortized cost, which approximates fair value.

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 that appear in the governmental fund type. The cost of these items is expensed when the items are consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. The capitalization threshold for intangible capital assets is \$1 million for internally generated computer software and \$100,000 for purchased software and intellectual rights. These assets are capitalized at cost or, if not purchased, at appraised fair value as of the date of acquisition. Purchase of assets by government funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Donated assets are reported at fair value on the acquisition date. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

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 Intergovernmental Payables

Other Intergovernmental Payables represents the amounts owed to school districts in Texas.

Employees' Compensable Leave

Employees' Compensable Leave represents the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

Capital Lease Obligations

Capital Lease Obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or non-current in the statement of net assets.

FUND BALANCE/NET POSITION

The difference between fund assets and liabilities is 'Net Position' on the government-wide statements and the 'Fund Balance' is the difference between fund assets and liabilities on the governmental fund statements.

Fund Balance Components

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* requires that governmental fund balances be classified in the fund financial statements as nonspendable, restricted, committed, assigned and unassigned.

- Nonspendable fund balance includes amounts not available to be spent because they are either (1) not in spendable form, such as consumable inventories, or (2) legally or contractually required to be maintained intact.
- Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state's highest level of decision making authority.

- Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (1) the Texas Legislature or (2) a body (for example a budget or finance committee) or official to which the governing body has delegated the authority to assign amount to be used for specific purposes.
- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund. Negative fund balances of other fund types are also classified as 'Unassigned'.

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

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

Unrestricted Net Assets

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

Interfund Activity and Transactions

The Agency has the following types of transactions between funds:

- 1) Transfers: Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.
- 2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- 3) Interfund receivables and payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as "Current"; repayment for two (or more) years is classified as "Non-Current".
- 4) Interfund sales and purchases: Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

The composition of the Agency's interfund receivables and payables on August 31, 2021 are presented in Note 12.

Note 2 Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2021, is presented on the following page:

Primary Government								
			Reclassifications					
	Balance 09/01/2020	Adjustments/ Restatements	Completed CIP	Inc-Int'agy Trans	Dec- Int'agy Trans	Additions	Deletions	Balance 08/31/2021
Governmental Activities								
Non- Depreciable Assets:								
Construction in Progress								
Other Tangible Capital Assets	\$ 40,000.00							\$ 40,000.00
Total Non-Depreciable Assets	\$ 40,000.00							\$ 40,000.00
Depreciable Assets:								
Furniture and Equipment	\$ 3,966,855.08					\$ 57,486.84	\$ (380,700.35)	\$ 3,643,641.57
Vehicles, Boats and Aircraft	\$ 82,082.71							\$ 82,082.71
Total Depreciable Assets at Historical Costs	\$ 4,048,937.79					\$ 57,486.84	\$ (380,700.35)	\$ 3,725,724.28
Less Accumulated Depreciation for:								
Furniture and Equipment	\$ (3,568,782.67)					\$ (145,703.25)	\$ 340,039.08	\$ (3,374,446.84)
Vehicles, Boats, and Aircraft	\$ (82,082.71)							(82,082.71)
Total Accumulated Depreciation	\$ (3,650,865.38)					\$ (145,703.25)	\$ 340,039.08	\$ (3,456,529.55)
Depreciable Assets, Net	\$ 398,072.41					\$ (88,216.41)	\$ (40,661.27)	\$ 269,194.73
Amortizable Assets:								
Computer Software	\$ 32,898,872.39							\$ 32,898,872.39
Other Capital Intangible Assets	\$ 79,673,236.68							\$ 79,673,236.68
Total Amortizable Assets – Intangible	\$112,572,109.07							\$112,572,109.07
Less Accumulated Amortization for:								
Computer Software	\$(32,898,872.39)					\$ -		\$(32,898,872.39)
Other Intangible Capital Assets	\$(64,396,152.06)					\$ (6,310,351.80)		(70,706,503.86)
Total Accumulated Amortization	\$(97,295,024.45)					\$ (6,310,351.80)		(103,605,376.25)
Amortizable Assets – Intangible - Net	\$ 15,277,084.62					\$ (6,310,351.80)	\$ -	\$ 8,966,732.82
Governmental Activities, Capital Assets, Net	\$ 15,715,157.03					\$ (6,398,568.21)	\$ (40,661.27)	\$ 9,275,927.55

Note 3 Deposits, Investments, and Repurchase Agreements

Deposits and investments of the Permanent School Fund are exposed to risks that have the potential to result in losses. GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an Amendment to GASB Statement No. 3*, establishes and modifies disclosure requirements related to deposit and investment risks. Deposit risks include custodial credit and foreign currency risk. Investment risks include credit risk (custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. This statement applies to all state and local governments.

The Texas Constitution and applicable statutes delegate to the State Board of Education the authority and responsibility for investment of the Permanent School Fund (PSF or Fund) excluding investment of the land endowment, which is the responsibility of the School Land Board. In making these investments, the State Board of Education is charged with exercising the judgment and care under the circumstances then prevailing which persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital. The PSF is authorized to purchase, sell, and invest its funds and funds under its control in accordance with the Texas Administrative Code. The deposit policy of the Fund states that all residual cash must be invested on a daily basis. Permissible investments subject to Constitutional and State Board of Education imposed restrictions include the following:

- a) Equities listed on well recognized principal U.S. or foreign exchanges or nationally recognized over-the-counter markets, including common or preferred stocks; equity futures; exchange traded funds (ETF's); convertible preferred corporate stocks that may be converted into equities; and, investment trusts.
- b) Fixed income securities, including U.S. or foreign treasury or government agency obligations, U.S. or foreign corporate bonds, asset or mortgage backed securities, taxable municipal obligations, Yankee bonds, supranational bonds denominated in U.S. dollars, 144A securities, exchange traded funds (ETF's), and interest rate futures. Fixed income securities must be rated at least BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch at time of purchase. Fixed income securities may not be purchased unless there is stated par value amount due at maturity.
- c) Short term U.S. Government or U.S. Government agency securities, money market funds, corporate discounted instruments, corporate-issued commercial paper, U.S. or foreign bank time deposits, bankers acceptances, and fully collateralized repurchase agreements. Short term money market instruments must be rated at least A-1 by Standard and Poor's or P-1 by Moody's at time of purchase.
- d) Real estate investments in real properties as well as investments in real estate related securities and real estate related debt.
- e) Private equity investments including, but not limited to venture capital, buy-out investing, mezzanine financing and distressed debt.
- f) Absolute return investments.
- g) Real return investments.
- h) Any new form of investment or non-publicly traded investment approved by the SBOE based on risk and return characteristics consistent with the Fund's goals and objectives.
- i) Currency hedging strategies, as approved by the State Board of Education, for international portfolios.

Cash

The Cash in Bank amount includes \$25,000.00 for the Travel Advance Bank Account at August 31, 2021. The Cash in Bank for the PSF amount represents the U.S. dollar equivalent of amounts held in foreign currencies for which trade settlement is pending, dividend payments that are

cash invested overnight at the Fund's custodial bank, totaling \$63,137,502.47. The total cash in bank available as of August 31, 2021, is as follows:

Cash in Bank	Bank Balance
Cash in Bank - Travel Advance	\$ 25,000.00
Charter District Bond Guarantee Reserve Fund	0.00
Permanent School Fund	63,137,502.47
Total Cash in Bank (Exh. I)	\$ 63,162 502.47

Investments

Security transactions are recorded on a trade date basis. Public market investments, except those held within the alternative investments, are registered in the nominee name of The Bank of New York Mellon, the Custodian of the Permanent School Fund, at the Depository Trust Company. At the Custodian, the securities are held in the name of the Permanent School Fund. Certain physical securities are held in the name of the Fund. Alternative investments are held within LLCs (limited liability companies) or LPs (limited partnerships) in the name of the Texas Education Agency.

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application (GASB 72).

GASB 72 defines "fair value" as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction.

GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy under GASB 72 are described below:

- Level 1 inputs – Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 inputs – Inputs, other than quoted prices in active markets that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- Level 3 Inputs – Prices or valuations that require inputs that are both significant to the fair measurement and unobservable. Valuation under Level 3 generally involves a significant degree of judgment from management. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for the investments existed.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires

judgment and consideration of factors specific to the investment.

In accordance with GASB 72, valuation techniques used for assets and liabilities accounted for at fair value are generally categorized into three types:

1. Market approach valuation techniques use prices and other relevant information from market transactions involving identical or comparable assets or liabilities. Valuation techniques consistent with the market approach include comparable and matrix pricing. Comparables use market multiples, which might lie in ranges with a different multiple for each comparable. The selection of where within the range the appropriate multiple falls requires judgment, considering both quantitative and qualitative factors specific to the measurement. Matrix pricing is a mathematical technique used principally to value certain securities without relying exclusively on quoted prices for the specific securities, but rather comparing the securities to benchmark or comparable securities.
2. Income approach valuation techniques convert future amounts, such as cash flows or earnings, to a single present amount, or a discounted amount. These techniques rely on current market expectations of future amounts. Examples of income approach valuation techniques include present value techniques; option-pricing models, binomial or lattice models that incorporate present value techniques; and the multi-period excess earnings method.
3. Cost approach valuation techniques are based upon the amount that, at present, would be required to replace the service capacity of an asset, or the current replacement cost. That is, from the perspective of a market participant (seller), the price that would be received for the asset is determined based on the cost to market participant (buyer) to acquire or construct a substitute asset of comparable utility.

The three approaches described above are consistent with generally accepted valuation methodologies. While all three approaches are not applicable to all assets or liabilities accounted for at fair value, where appropriate and possible, one or more valuation techniques may be used. The selection of the valuation method to apply considers the definition of an exit price and the nature of the asset being valued, and significant expertise and judgment is required. For assets accounted for at fair value, the valuation selected is generally the market or income approach. For the year ended August 31, 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent.

The following table presents information about the Permanent School Fund's assets measured at fair value as of August 31, 2021.

Investments	Level 1	Level 2	Level 3	Total
Domestic Equity	\$ 9,551,510,461.25			\$ 9,551,510,461.25
International Equity	7,105,316,146.76			7,105,316,146.76
Asset Backed Securities		\$ 166,239,710.02		166,239,710.02
Collateralized Loan Obligations		147,771,110.42		147,771,110.42
Commercial Mortgage Backed Securities	9,506,938.20	50,161,578.76		59,668,516.96
U.S. Government Agency Commercial Mortgage Backed Securities		13,062,643.38		13,062,643.38
Corporate Obligations	112,480,408.38	1,843,028,290.85		1,955,508,699.23
Non-Agency Mortgage Backed Securities		304,029,796.86		304,029,796.86

Investments	Level 1	Level 2	Level 3	Total
Non-U.S. Government Agency Obligations		87,220,280.31		87,220,280.31
Non-U.S. Sovereign Government Debt Obligations		83,893,950.26		83,893,950.26
U.S. Government Agency Obligations	16,211,106.95	60,095,359.66		76,306,466.61
U.S. Government Agency Mortgage Backed Securities	108,865,384.24	870,809,935.22		979,675,319.46
U.S. Taxable Municipal Bonds	12,281,888.17	99,311,435.16		111,593,323.33
U.S. Treasury TIPS	1,343,077,205.54			1,343,077,205.54
U.S. Treasury Securities	3,660,033,594.57			3,660,033,594.57
Short-term Investment Facility	382,530,702.36			382,530,702.36
Total investment by fair value level	\$ 22,301,813,836.42	\$ 3,725,624,090.90		\$ 26,027,437,927.32

The Fund measures the fair value of its securities lending program cash collateral by the same methodology described above, as follows:

Invested Securities Lending Collateral	Level 1	Level 2	Level 3	Total
Asset Backed Floating Rate Notes		\$ 125,112,518.46		\$ 125,112,518.46
Certificate of Deposit		450,429,344.10		450,429,344.10
Commercial Paper		288,542,498.14		288,542,498.14
Corporate Floating Rate Notes		1,592,464,879.14		1,592,464,879.14
Repurchase Agreements		71,172,786.00		71,172,786.00
Time Deposits		94,930,000.00		94,930,000.00
Total Securities Lending Collateral		\$ 2,622,652,025.84		\$ 2,622,652,025.84

The following table presents information about Charter District Bond Guarantee Reserve Fund's assets measured at fair value as of August 31, 2021.

Charter District Bond Guarantee Reserve Fund	Level 1	Level 2	Level 3	Total
Commercial Mortgage Backed Securities	\$ 1,824,343.52			\$ 1,824,343.52
Corporate Obligations	14,062,001.14			14,062,001.14
U.S. Government Agency Mortgage Backed Securities	25,782,484.32			25,782,484.32
U.S. Government Agency Obligations	1,476,425.09			1,476,425.09
U.S. Taxable Municipal Bonds	1,337,892.01			1,337,892.01
U.S. Treasury Securities	22,038,481.82			22,038,481.82
Subtotal	\$ 66,521,627.90			\$ 66,521,627.90

The Fund utilizes the net asset value (NAV) per share as a method for determining fair value for its investments in absolute return, real estate, private equity, emerging market debt, emerging market equity, and real return strategies. These investments calculate the NAV consistent with Governmental Accounting Standards Board's measurement principles for investment companies and the Fund does not intend to sell all or a portion of the investment for an amount that is different from the NAV. These investments are exempt from classification within the fair value hierarchy.

The following table presents information about the Fund's assets measured at NAV at August 31, 2021:

Investments measured at NAV	
Absolute Return Investments	\$ 3,546,052,339.87
Real Estate Investments	3,706,056,721.00
Private Equity Investments	7,724,558,888.29
Emerging Market Debt	2,683,646,979.92
Emerging Market Equity	1,297,819,955.13
Total investments measured at NAV	\$ 18,958,134,884.21

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice	Liquidity Expectation	
Absolute Return - Credit	\$ 970,974,793.57		Monthly, Quarterly, Semi-Annual, Annual, 2-Year, Distribution Provision	30-180 days		(1)
Absolute Return - Relative Value	252,133,686.92		Monthly, Quarterly	17-93 days		(2)
Absolute Return - Multi-Strategy	801,921,283.90		Quarterly, Semi-Annual, Distribution Provision	60-90 days		(3)
Absolute Return - Equity	1,056,573,798.82		Monthly, Quarterly, Annual, Other	33-366 days		(4)
Absolute Return - Macro	370,981,942.64		Daily, Monthly, Quarterly	1-98 days		(5)
Absolute Return – Commodities	16,180,183.46		Daily, Quarterly	30 days		(6)
Absolute Return – Other	77,286,650.56		Distribution Provision	None		(7)
Real Estate Investments	3,706,056,721.00	\$ 2,159,522,979.70	None	None	0-16 years	(8)

Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice	Liquidity Expectation	
Private Equity - Large Capital Buy-out	1,846,241,050.00	399,765,743.00	None	None	0-15 years	(9)
Private Equity – Mid Capital Buy-out	3,161,638,086.00	1,081,505,059.42	None	None	0-15 years	(9)
Private Equity - Special Situations	865,246,206.00	551,396,145.89	None	None	0-15 years	(9)
Private Equity - Venture/Growth Capital	2,048,407,815.00	442,023,017.01	None	None	0-15 years	(9)
Accumulated Incentive Allocation	(196,974,268.71)		None	None		(9)
Emerging Market Debt	2,683,646,979.92		Daily	5 days		
Emerging Market Equity	1,297,819,955.13		Daily	1-3 days		
Total investments measured at NAV	\$ 18,958,134,884.21	\$ 4,634,212,945.02				

- (1) Investment includes fund of funds which have been valued using the NAV per share for the fund. Investments representing 34.6% of the fair value have redemption restrictions that do not allow for redemption during a restricted time period. Investments representing 29.6% of the fair value have certain gate restrictions ranging from 3.75% to 50.0%. The restriction period at August 31, 2021 ranges from September 1, 2021 to August 1, 2023 for these investments.
- (2) Investment includes fund of funds which have been valued using the NAV per share for the fund. Investments representing 48.1% of the fair value have redemption restrictions that do not allow for redemption during a restricted time period. Investments representing 77.3% of the fair value have certain gate restrictions ranging from 25.0% to 50.0%. The restriction period at August 31, 2021 ranges from September 1, 2021 to January 1, 2022 for these investments.
- (3) Investment includes fund of funds which have been valued using the NAV per share for the fund. Investments representing 41.2% of the fair value have redemption restrictions that do not allow for redemption during a restricted time period. Investments representing 52.0% of the fair value have certain gate restrictions ranging from 3.0% to 25.0%. The restriction period at August 31, 2021 ranges from October 1, 2021 to November 1, 2024 for these investments.
- (4) Investment includes fund of funds which have been valued using the NAV per share for the fund. Investments representing 84.3% of the fair value have redemption restrictions that do not allow for redemption during a restricted time period. Investments representing 67.4% of the fair value have certain gate restrictions ranging from 12.5% to 50.0%. The restriction period at August 31, 2021 ranges from September 1, 2021 to December 2, 2022 for these investments.

- (5) Investment includes fund of funds which have been valued using the NAV per share for the fund. Investments representing 62.5% of the fair value have redemption restrictions that do not allow for redemption during a restricted time period. Investments representing 77.8% of the fair value have certain gate restrictions ranging from 25.0% to 33.3%. The restriction period at August 31, 2021 ranges from September 1, 2021 to November 29, 2021 for these investments.
- (6) Investment includes fund of funds which have been valued using the NAV per share for the fund and have no redemption or gate restrictions. The redemption period at August 31, 2021 is September 1, 2021 to October 1, 2021.
- (7) Investment includes fund of funds which have been valued using the NAV per share for the fund. Investments representing 3.1% of the fair value do not have redemption provisions and distributions will be made as the underlying investments are liquidated.
- (8) Investment includes real estate funds that primarily invest in real estate, including commercial, residential, and industrial, and real estate financing. Investments are located in the Americas, Asia, Australia, New Zealand, and Europe. The investments have been valued using the NAV per share for the fund. The majority of these investments are in close end funds and cannot be redeemed. Investments representing 36.0% of the fair value are open ended, and require redemption notice ranging from 0 to 90 days. Investments representing 4.5% of the fair value have lock periods of 24 months. Distributions from each fund will be received as the underlying investments are liquidated. It is expected that the funds will be liquidated over the next 1-16 years.
- (9) Investment includes 4 separate private equity fund-of-funds and direct investments in limited partnerships, each utilizing various strategies as listed. There are no redemption provisions with the investment funds, distributions will be made as the underlying investments are liquidated. The underlying assets are expected to be liquidated over the next 0 -15 years. The underlying investments are within various industries including communications, consumer services, distressed debt, diversified, energy, financial services, government services, healthcare, industrial, manufacturing, software and technology. Also included is the cumulative incentive allocation due to the fund-of-funds managers. This allocation is not allocable to the various investment strategies.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the deposits may not be recovered. Except for the requirement to invest cash daily, the State Constitution, applicable statutes, and the Permanent School Fund's investment policies do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. The Travel deposits in the Travel Advance Bank Account are insured or collateralized with securities held by Texas Education Agency or its agent in the Agency's name. Collateral for Cash in State Treasury is held in the State's name. The Permanent School Fund deposits in the bank, which are subject to custodial credit risk, are uninsured and uncollateralized.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the Permanent School Fund will not be able to recover the value of the investment or securities held as collateral that are in the possession of an outside party. Because Permanent School Fund investments are registered in the nominee name of The Bank of New York Mellon at the Depository Trust Company and held in the name of the Permanent School Fund at The Bank of New York Mellon, Permanent School Fund investments are not subject to custodial credit risk. However, the invested securities lending collateral detailed below as of August 31, 2021 is subject to custodial credit risk because the collateral is purchased and held by the counterparty, The Bank of New York Mellon, who is contracted to serve as both the custodian and the securities lending agent.

The invested securities lending collateral subject to custodial credit risk as of August 31, 2021 is presented on the following page:

Invested Securities Lending Collateral	Amortized Cost	Fair Value
Asset Backed Floating Rate Notes	\$ 125,049,595.26	\$ 125,112,518.46
Certificate of Deposit	450,405,414.18	450,429,344.10
Commercial Paper	288,521,156.37	288,542,498.14
Corporate Floating Rate Notes	1,602,283,813.42	1,592,464,879.14
Repurchase Agreements	71,172,786.00	71,172,786.00
Time Deposits	94,930,000.00	94,930,000.00
Total Securities Lending Collateral (Exh. I)	\$ 2,632,362,765.23	\$ 2,622,652,025.84

The State Constitution, applicable statutes, and the Permanent School Fund's investment policies do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments, including securities lending collateral investments.

Credit Risk for Debt Investments

Credit risk is the risk that an issuer or other counterparty of an investment will not fulfill its obligation to pay interest and repay principal.

The rated debt investments of the Permanent School Fund as of August 31, 2021 are as indicated in the table below. The Standard and Poor's rating scale was used to rate the securities. For issues where the rating services differ, the lower rating is disclosed. For purposes of this disclosure, ratings have been aggregated to the base alpha rating.

Investment Type	Rating	Rating Service	Fair Value
Asset Backed Securities	AAA	Standard & Poor's	\$ 18,560,435.24
Asset Backed Securities	AAA	Fitch	4,264,144.82
Asset Backed Securities	AA	Standard & Poor's	50,033,327.54
Asset Backed Securities	AA	Fitch	10,085,208.00
Asset Backed Securities	AA	Moody's	20,047,311.50
Asset Backed Securities	A	Standard & Poor's	12,112,773.66
Asset Backed Securities	A	Fitch	11,826,644.24
Asset Backed Securities	A	Moody's	20,040,484.00
Asset Backed Securities	BBB	Standard & Poor's	17,618,152.10
Asset Backed Securities	BBB	Fitch	1,651,228.92
Total Asset Backed Securities			166,239,710.02
Collateralized Loan Obligations	AAA	Moody's	9,494,063.00
Collateralized Loan Obligations	AA	Standard & Poor's	11,988,680.70
Collateralized Loan Obligations	AA	Moody's	9,750,000.00
Collateralized Loan Obligations	A	Standard & Poor's	17,857,942.50
Collateralized Loan Obligations	A	Moody's	12,509,649.50
Collateralized Loan Obligations	BBB	Standard & Poor's	5,059,672.61

Investment Type	Rating	Rating Service	Fair Value
Collateralized Loan Obligations	Baa	Moody's	81,111,102.09
Total Collateralized Loan Obligations			147,771,110.40
Commercial Mortgage Backed Securities	AAA	Standard & Poor's	9,506,938.20
Commercial Mortgage Backed Securities	AAA	Fitch	2,303,560.18
Commercial Mortgage Backed Securities	AA	Moody's	2,749,999.73
Commercial Mortgage Backed Securities	A	Fitch	2,828,739.33
Commercial Mortgage Backed Securities	A	Moody's	12,334,155.87
Commercial Mortgage Backed Securities	BBB	Fitch	29,945,123.65
Total Commercial Mortgage Backed Securities			59,668,516.96
U.S. Government Agency Commercial Mortgage Backed Securities	AA	Fitch	9,407,070.00
U.S. Government Agency Commercial Mortgage Backed Securities	BBB	Fitch	3,655,573.38
Total U.S. Government Agency Commercial Mortgage Backed Securities			13,062,643.38
Corporate Obligations	AA	Standard & Poor's	84,746,367.02
Corporate Obligations	AA	Fitch	9,861,352.59
Corporate Obligations	AA	Moody's	7,504,399.10
Corporate Obligations	A	Standard & Poor's	391,287,506.18
Corporate Obligations	A	Fitch	31,422,910.43
Corporate Obligations	A	Moody's	74,737,285.58
Corporate Obligations	BBB	Standard & Poor's	956,113,013.54
Corporate Obligations	BBB	Fitch	145,817,273.73
Corporate Obligations	Baa	Moody's	211,138,058.69
Corporate Obligations	BB	Standard & Poor's	21,911,456.52
Corporate Obligations	Ba	Moody's	20,968,775.85
Total Corporate Obligations			1,955,508,399.23
Non-Agency Mortgage Backed Securities	AAA	Standard & Poor's	29,040,737.71
Non-Agency Mortgage Backed Securities	AAA	Fitch	39,778,613.43
Non-Agency Mortgage Backed Securities	AAA	Moody's	49,027,523.54
Non-Agency Mortgage Backed Securities	AA	Standard & Poor's	2,299,546.12
Non-Agency Mortgage Backed Securities	AA	Fitch	18,607,470.32
Non-Agency Mortgage Backed Securities	AA	Moody's	63,172,867.71
Non-Agency Mortgage Backed Securities	A	Fitch	21,673,100.09
Non-Agency Mortgage Backed Securities	A	Moody's	41,965,250.08
Non-Agency Mortgage Backed Securities	BBB	Fitch	24,191,568.29
Non-Agency Mortgage Backed Securities	Baa	Moody's	14,273,119.57

Investment Type	Rating	Rating Service	Fair Value
Total Non-Agency Mortgage Backed Securities			304,029,796.86
Non-U.S. Government Agency Obligations	AAA	Standard & Poor's	15,127,394.30
Non-U.S. Government Agency Obligations	AAA	Fitch	10,203,051.60
Non-U.S. Government Agency Obligations	AA	Standard & Poor's	5,600,000.00
Non-U.S. Government Agency Obligations	AA	Fitch	9,297,176.78
Non-U.S. Government Agency Obligations	A	Standard & Poor's	5,154,611.60
Non-U.S. Government Agency Obligations	A	Fitch	3,401,804.70
Non-U.S. Government Agency Obligations	BBB	Standard & Poor's	31,280,180.00
Non-U.S. Government Agency Obligations	BB	Fitch	7,156,061.33
Total Non-U.S. Government Agency Obligations			87,220,280.31
Non-U.S. Government Sovereign Debt Obligations	A	Fitch	15,261,328.00
Non-U.S. Government Sovereign Debt Obligations	BBB	Standard & Poor's	15,664,049.10
Non-U.S. Government Sovereign Debt Obligations	BBB	Fitch	32,473,473.16
Non-U.S. Government Sovereign Debt Obligations	BB	Standard & Poor's	20,495,100.00
Total Non-U.S. Government Sovereign Debt Obligations			83,893,950.26
U.S. Government Agency Obligations	AA	Standard & Poor's	76,306,466.61
Total U.S. Government Agency Obligations			76,306,466.61
U.S. Government Agency Mortgage Backed Securities	AA	Standard & Poor's	979,675,319.46
Total U.S. Government Agency Mortgage Backed Securities			979,675,319.46
U.S. Taxable Municipal Bonds	AAA	Standard & Poor's	15,668,817.19
U.S. Taxable Municipal Bonds	AA	Standard & Poor's	27,302,629.98
U.S. Taxable Municipal Bonds	AA	Fitch	14,526,403.72
U.S. Taxable Municipal Bonds	AA	Moody's	34,521,668.65
U.S. Taxable Municipal Bonds	A	Standard & Poor's	5,185,162.46
U.S. Taxable Municipal Bonds	A	Fitch	14,388,641.33
Total U.S. Taxable Municipal Bonds			111,593,323.33
U.S. Treasury TIPS	AA	Standard & Poor's	1,343,077,205.54
Total U.S. Treasury TIPS			1,343,077,205.54
U.S. Treasury Securities	AAA	Standard & Poor's	152,287,030.10
U.S. Treasury Securities	AA	Standard & Poor's	3,507,746,564.47
Total U.S. Treasury Securities			3,660,033,594.57
Total Credit Risk Rated Debt Securities			8,988,080,316.93

Investment Type	Rating	Rating Service	Fair Value
Collateralized Loan Obligations	Withdrawn Rating		0.02
Corporate Obligations	Withdrawn Rating		300.00
Total Fixed Income			\$ 8,988,080,616.95

The credit ratings of investments held in the Charter District Bond Guarantee Reserve Fund as of August 31, 2021 are indicated in the table below.

Investment Type	Rating	Rating Service	Fair Value
Commercial Mortgage Backed Securities	AAA	Standard & Poor's	\$ 1,824,343.52
Corporate Obligations	A	Standard & Poor's	14,062,001.14
U.S. Government Agency Mortgage Backed Securities	AA	Standard & Poor's	25,782,484.32
U.S. Government Agency Obligations	AA	Standard & Poor's	1,476,425.09
U.S. Taxable Municipal Bonds	AA	Standard & Poor's	1,337,892.01
U.S. Treasury Securities	AAA	Standard & Poor's	22,038,481.82
Total Charter District Reserve Fund			\$ 66,521,627.90

Credit Risk for Invested Securities Lending Collateral

The following presents the rated investments of the cash collateral as of August 31, 2021. The Standard & Poor's (S&P) rating scale is used as the primary source for ratings. The investment policy of the Permanent School Fund defines the various permissible collateral investments, including required ratings, at the time of purchase. Fixed rate negotiable certificates of deposit drawn on certain prescribed banks, commercial paper, asset backed commercial paper, and the short term corporate debt other than commercial paper must carry a "Tier 1" rating, defined as the highest short-term rating category by Standard & Poor's, Moody's or Fitch. Floating rate bank obligations as defined in the investment policy of the Permanent School Fund must be rated at least Aa2 by Moody's Investor Service and AA by Standard & Poor's Corporation. Asset backed securities shall be rated Aaa or AAA by Moody's and Standard & Poor's respectively. Reverse repurchase agreements must have a counterparty rated Tier 1 and the underlying collateral will be Tier 1 if the security is a short term security and at least Aa2 Moody's/AA Standard & Poor's or better if the collateral is corporate debt (other than commercial paper). Foreign sovereign debt issued by a foreign government rated Aa2 Moody's/AA Standard & Poor's or better is permissible collateral.

Investment Type	Rating	Rating Service	Fair Value
Asset-Backed Floating Rate Notes	AAA	Standard & Poor's	\$ 106,236,391.27
Asset-Backed Floating Rate Notes	AAA	Fitch	18,876,127.19
Total Asset-Backed Floating Rate Notes			125,112,518.46
Certificate of Deposit	A-1	Standard & Poor's	294,349,677.33
Certificate of Deposit	F1	Fitch	123,754,705.48
Certificate of Deposit	P-1	Moody's	32,324,961.29
Total Certificate of Deposit			450,429,344.10
Commercial Paper	A-1	Standard & Poor's	276,101,860.54
Commercial Paper	F1	Fitch	12,440,637.60

Investment Type	Rating	Rating Service	Fair Value
Total Commercial Paper			288,542,498.14
Corporate Floating Rate Notes	AA	Standard & Poor's	378,598,340.13
Corporate Floating Rate Notes	A	Standard & Poor's	918,038,055.31
Corporate Floating Rate Notes	A	Fitch	281,545,526.96
Corporate Floating Rate Notes	A	Moody's	14,282,956.74
Total Corporate Floating Rate Notes			1,592,464,879.14
Repurchase Agreements	Not Rated		71,172,786.00
Total Repurchase Agreements			71,172,786.00
Time Deposits	A-1	Standard & Poor's	68,490,000.00
Time Deposits	P-1	Moody's	26,440,000.00
Total Time Deposits			94,930,000.00
Total Investments			\$ 2,622,652,025.84

Interest Rate Risk for Debt Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of the investment. Duration is a measure of the price sensitivity of a debt investment to changes arising from movements in interest rates.

Duration is the weighted average maturity of an instrument's cash flows, where the present value of the cash flows serves as the weights. The duration of an instrument can be calculated by first multiplying the time until receipt of cash flow by the ratio of the present value of that cash flow to the instrument's total present value. The sum of these weighted time periods is the duration of the instrument. Effective duration extends this analysis to incorporate an option adjusted measure of an instrument's sensitivity to changes in interest rates. The State Board of Education approved Investment Procedures Manual mandates the average duration of the following portfolios be consistent with the following indices:

- Core Fixed Income – Bloomberg U.S. Aggregate Bond Index
- U.S. Treasuries - Bloomberg U.S. Long Treasury Total Return
- Real Return (TIPS) - Bloomberg U.S. Treasury: US TIPS Index
- Emerging Market Debt - JPM GBI-EM Global Diversified Index.
- Liquid Core Fixed Income - Bloomberg U.S. Aggregate Bond Index
- Liquid TIPS - Bloomberg U.S. Treasury: US TIPS Index
- Liquid Short Duration Fixed Income – Bloomberg U.S. 1-3 Year Aggregate Total Return

As of August 31, 2021, the Bloomberg U.S. Aggregate Bond Index duration is 6.65 years, the Bloomberg U.S. Long Treasury Total Return index duration is 18.89, the Bloomberg U.S. TIPS Index duration is 7.91 years, the JPM GBI-EM Global Diversified Index duration is 5.23, and the Bloomberg U.S. 1-3 Year Aggregate Total Return index duration is 1.93.

Investments by investment type, fair value, and the effective weighted duration rate as of August 31, 2021 are as follows for the Core Fixed Income, U.S. Treasuries, Real Return, Emerging Market Debt, Liquid Core Fixed Income, Liquid TIPS, Liquid Short Duration Fixed Income portfolios:

Investment Type	Fair Value	Effective Weighted Duration (Years)
Asset Backed Securities	\$ 166,239,710.02	2.637
Collateralized Loan Obligations	147,771,110.42	0.165
Commercial Mortgage Backed Obligations	59,668,516.96	5.099

Investment Type	Fair Value	Effective Weighted Duration (Years)
U.S. Government Agency Commercial Mortgage Backed Securities	13,062,643.38	2.046
Corporate Obligations	1,955,508,699.23	8.038
Non-Agency Mortgage Backed Securities	304,029,796.86	3.622
Non-U.S. Government Agency Obligations	87,220,280.31	2.374
Non-U.S. Sovereign Government Debt Obligations	83,893,950.26	6.776
U.S. Government Agency Obligations	76,306,466.61	4.585
U.S. Government Agency Mortgage Backed Securities	979,675,319.46	5.100
U.S. Taxable Municipal Bonds	111,593,323.33	7.455
U.S. Treasury TIPS	1,343,077,205.54	7.588
U.S. Treasury Securities	3,660,033,594.57	9.713
Investment Totals	\$ 8,988,080,616.95	7.823

Emerging Market Debt Portfolio	\$ 2,683,646,979.92	5.310
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The State Board of Education approved Investment Procedures Manual also mandates the average duration of the Charter District Bond Guarantee Reserve Fund be consistent with the duration of the Bloomberg US Aggregate 3-5 year Bond Index which was 3.54 as of August 31, 2021. The interest rate risk of investments held within the Charter District Bond Guarantee Reserve Fund as of August 31, 2021 are as follows:

Investment Type	Fair Value	Effective Weighted Duration (Years)
Commercial Mortgage Backed Securities	\$ 1,824,343.52	5.100
Corporate Obligations	14,062,001.14	3.553
U.S. Government Agency Mortgage Backed Securities	25,782,484.32	4.325
U.S. Government Agency Obligations	1,476,425.09	3.830
U.S. Taxable Municipal Bonds	1,337,892.01	9.200
U.S. Treasury Securities	22,038,481.82	2.933
Charter District Reserve Fund Totals	\$ 66,521,627.90	3.809

Interest Rate Risk for Invested Securities Lending Collateral

The Permanent School Fund's investment policy defines the maturities of all permissible securities lending collateral investments. The maximum maturity for invested securities lending collateral is 397 days except for banktime deposits which is 60 days, bankers acceptances which is 45 days, reverse repurchase agreements which is 180 days and three years on floating rate securities, including U.S. Government, U.S. Agencies, Bank Obligations, Corporate Debt or Asset Backed Securities with a maximum reset period of 94 days. The maximum weighted average maturity of the entire collateral portfolio is 180 days. The maximum weighted average interest rate exposure of the entire portfolio is 60 days.

The following provides information about the interest rate risks and maturities associated with invested collateral by investment type:

Investment Type	Fair Value	Investment Maturities in Less Than One Year	Investment Maturities Greater Than One Year
Asset Backed Floating Rate Notes	\$ 125,112,518.46	\$ 125,112,518.46	
Certificate of Deposit	450,429,344.10	450,429,344.10	
Commercial Paper	288,542,498.14	288,542,498.14	
Corporate Floating Rate Notes	1,592,464,879.14	1,564,412,778.10	\$ 28,052,101.04
Repurchase Agreements	71,172,786.00	71,172,786.00	
Time Deposits	94,930,000.00	94,930,000.00	
Total	\$ 2,622,652,025.84	\$ 2,594,599,924.80	\$ 28,052,101.04

Concentration of Credit Risk

Concentration of credit risk is the risk of loss due to the magnitude of the Permanent School Fund's investment in a single issuer. The related investment policies of the Permanent School Fund preclude engaging in any purchase transaction after which the cumulative market value of fixed income securities, or cash equivalent securities of a single corporation (excluding the U.S. government or its agencies) exceeds 2.5% of the Permanent School Fund's total market value or 5.0% of the manager's total portfolio market value. As of August 31, 2021, the Permanent School Fund was not exposed to any concentration risk.

As of August 31, 2021, the concentration of credit risk of investments held within the Charter District Bond Guarantee Reserve Fund (Fund Type 01) is listed in the table below.

Issuer	Carry Value	% of Manager's Total Portfolio
iShares 0-5 Year Investment Grade Corporate Bond ETF	\$ 6,266,765.30	9.38
iShares 3-7 Year Treasury Bond ETF	8,139,082.28	12.18
iShares MBS ETF	12,465,263.28	18.65
Schwab Short-Term U.S. Treasury ETF	13,899,399.54	20.79
SPDR Portfolio Intermediate Term Corporate Bond ETF	7,795,235.84	11.66
Vanguard Mortgage-Backed Securities ETF	13,317,221.04	19.92

Investments with Fair Values that are Highly Sensitive to Interest Rate Changes

In accordance with Permanent School Fund investment policies, the Permanent School Fund may invest in asset backed and mortgage backed obligations. The Permanent School Fund may also invest in investments that have floating rates with periodic changes in market rates, zero coupon bonds, and stripped U.S. Treasury and Agency securities created from coupon securities. At August 31, 2021, the Permanent School Fund held investments that are highly sensitive to interest rate changes.

Mortgage backed obligations are subject to early principal payment in a period of declining interest rates. These securities also tend to increase in maturity as interest rates rise. The resultant reduction or extension in expected cash flows will affect the fair value of these securities. As of August 31, 2021 these securities totaled \$1,356,436,276.66.

Collateralized Loan Obligations are asset backed securities backed by the receivables on leveraged business loans, and are similar to collateralized mortgage obligations. The investor receives scheduled debt payments from the underlying loans but assumes most of the risk in the

event that borrowers default. The securities held by PSF are in low duration tranches to mitigate default risk but are still subject to this risk. As of August 31, 2021 these securities totaled \$147,771,110.42.

Asset backed obligations are backed by home equity loans, auto loans, equipment loans, and credit card receivables. Pre-payments by the obligees of the underlying assets in periods of declining interest rates could reduce or eliminate the stream of income that would have been received. Conversely, rising interest rates could extend the stream of income that would have been received. As of August 31, 2021 these securities totaled \$166,239,710.02.

Foreign Currency Risk for Deposits and Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit or an investment. The exposure to foreign currency risk as of August 31, 2021 is as follows:

Deposits	Amount
Currency	
Australian Dollar	\$ 351,251.41
Brazil Real	470,165.18
Canadian Dollar	4,179,102.39
Chilean Peso	1,445.79
Chinese Yuan Renminbi	73,071.21
Colombian Peso	377,341.10
Czech Koruna	0.13
Danish Krone	33,378.18
Egyptian Pound	0.05
Euro Currency Unit	1,636,686.70
Hong Kong Dollar	269,977.87
Hungarian Forint	93,817.70
Indonesian Rupiah	149,336.57
Israeli Shekel	167,631.07
Japanese Yen	46,053.39
Malaysian Ringgit	1.31
Mexican Peso	392,552.01
Moroccan Dirham	1.47
New Taiwan Dollar	2,067,115.25
New Zealand Dollar	3.90
Norwegian Krone	1,584,435.08
Peruvian Sol	0.18
Philippines Peso	141,623.67
Polish Zloty	47,496.67
Pound Sterling	99,859.89
Qatari Riyal	183,498.29

Deposits	Amount
Russian Ruble (New)	3,642.78
Singapore Dollar	307,501.79
South African Rand	177,633.76
South Korean Won	843,962.22
Swedish Krona	5,666.48
Swiss Franc	314,738.31
Thailand Baht	601,895.58
Turkish Lira	117,427.81
UAE Dirham	158,609.79
Total Deposits Subject to Foreign Currency Risk	\$ 14,896,924.98

Investments in Foreign Currency			
Currency Name	International Equity	Alternative Investments	Total
Australian Dollar	\$ 318,569,082.77	\$ 40,336,142.24	\$ 358,905,225.01
Brazil Real	105,803,807.99		105,803,807.99
Canadian Dollar	502,599,686.14		502,599,686.14
Chilean Peso	9,047,232.75		9,047,232.75
Chinese Yuan Renminbi	96,331,052.60		96,331,052.60
Colombian Peso	4,223,945.41		4,223,945.41
Czech Koruna	2,795,156.37		2,795,156.37
Danish Krone	126,353,564.46		126,353,564.46
Egyptian Pound	1,521,906.20		1,521,906.20
Euro Currency Unit	1,545,459,434.15	449,779,939.38	1,995,239,373.53
Hong Kong Dollar	637,532,702.90		637,532,702.90
Hungarian Forint	5,376,845.55		5,376,845.55
Indonesian Rupiah	26,057,606.86		26,057,606.86
Israeli Shekel	18,803,044.50		18,803,044.50
Japanese Yen	1,035,771,925.98		1,035,771,925.98
Malaysian Ringgit	32,297,373.01		32,297,373.01
Mexican Peso	41,318,777.03		41,318,777.03
New Taiwan Dollar	316,462,423.16		316,462,423.16
New Zealand Dollar	13,691,023.13		13,691,023.13
Norwegian Krone	29,134,688.93		29,134,688.93
Philippines Peso	14,554,217.72		14,554,217.72
Polish Zloty	18,084,952.95		18,084,952.95
Pound Sterling	627,099,264.48	220,018,696.96	847,117,961.44
Qatari Riyal	17,507,128.14		17,507,128.14
Russian Ruble (New)	41,603,994.02		41,603,994.02
Saudi Arabia Riyal	3,560,812.91		3,560,812.91
Singapore Dollar	47,976,794.82		47,976,794.82
South African Rand	76,606,695.72		76,606,695.72

Investments in Foreign Currency			
Currency Name	International Equity	Alternative Investments	Total
South Korean Won	273,145,098.23		273,145,098.23
Swedish Krona	168,338,521.55		168,338,521.55
Swiss Franc	452,576,900.18		452,576,900.18
Thailand Baht	39,122,378.09		39,122,378.09
Turkish Lira	6,198,857.64		6,198,857.64
UAE Dirham	19,670,749.96		19,670,749.96
Total	\$ 6,675,197,646.30	\$ 710,134,778.58	\$ 7,385,332,424.88

The investment policy of the Permanent School Fund allows for international diversification to improve the risk and return characteristics of the Permanent School Fund. As such, the Permanent School Fund investments are exposed to foreign currency risk. The investment policy of the Permanent School Fund does not contain legal or policy requirements that limit the exposure to foreign currency risk. However, with State Board of Education approval, the Permanent School Fund is permitted to hedge currency. Hedging currency is a way to limit exposure to foreign currency risk. Currently, however, foreign currency exchange forward contracts are only executed as part of normal trading of foreign denominated securities.

Securities Lending

The Permanent School Fund is authorized to conduct a securities lending program in accordance with Article VII, Section 5 of the Texas Constitution. The implementation policy for the program is further defined in Texas Administrative Code Title 19, Part 2, Chapter 33. The Permanent School Fund, through its current securities lending agent The Bank of New York Mellon (Agent), lends securities to certain brokers in exchange for authorized collateral.

Authorized collateral includes cash, government securities, irrevocable letters of credit, and other assets specifically agreed to by the Agent and the State Board of Education. The Permanent School Fund receives collateral against the loaned securities in an amount of 102.0% of the fair value plus accrued income for domestic corporate securities and 105.0% of the fair value plus accrued income for foreign securities; except in the case of foreign securities denominated and payable in U.S. Dollars, the required percentage is 102.0%. Collateral provided for Reverse Repurchase Agreements is maintained at various percentages depending on the type of security provided as collateral.

The Agent indemnifies the State Board of Education against losses as a result of the broker's failure to return loaned securities. Securities collateral cannot be pledged or sold unless the borrower defaults. All securities within the Permanent School Fund, excluding the Liquid Account group of securities, are available to be loaned to brokers based on market demand. The contract does not restrict the total aggregate value of loaned securities outstanding at any one time and loans are made to a specific list of brokers. The Permanent School Fund has the option to set a maximum aggregate loan limit for each broker.

As defined by the lending agreement, the length of maturities permitted for loans are clearly selected, defined, and approved by the lender. Loans made in this program can be terminated on demand by either party and are considered to have a one-day maturity, although cash collateral is invested in securities having longer maturities. As of August 31, 2021, PSF Fund 0044 and Liquid Account Fund 0045 invested cash collateral had weighted average maturity of 39 days and 56 days, respectively, to reset date. This data could not be aggregated for the PSF total.

During the fiscal year ending August 31, 2021, the Agent did not experience any losses on securities lending activity as a result of borrower defaults. Since there were no losses related to borrower defaults in the fiscal year ending August 31, 2021, no losses were recovered in the fiscal year ending August 31, 2021.

Assets held in the invested cash collateral pool experienced a permanent impairment as of September 30, 2008. The original amortized cost of these permanently impaired assets totaled \$104,953,800.00. Partial cash recoveries since impairment reduced the amortized cost to \$71,717,706.42. Beginning in April 2013, all Fund earnings from the securities lending program have been directed to further reduce the amortized cost. At fiscal year-end, these assets remain in the cash collateral pool at an amortized cost of \$9,984,020.43; however, the estimated market value is \$0.00 as of August 31, 2021.

As of August 31, 2021, the fair value of securities on loan to brokers equaled \$2,925,759,131.59 against non-cash collateral with a fair value of \$370,705,060.23 and invested cash collateral with an amortized cost of \$2,632,362,765.23 and a fair value of \$2,622,652,025.84.

At fiscal year end, the Fund does not have a credit risk associated with the securities lending program, because the Fund owes the borrowers a total of approximately \$3.0 billion in non-cash and cash collateral while the borrowers owe securities back to the Fund with a fair value of approximately \$2.93 billion.

Securities lending income is earned either through fees paid by the borrower to the lender or by splitting returns from invested cash collateral. In some cases, the investment of cash collateral fails to provide enough income to pay the borrower a rebate and also earn a return for the lender, so the lender and borrower may negotiate a negative rebate or fee to be paid by the borrower. During fiscal year 2021, cash collateral loans were negotiated with negative rebates, as warranted by conditions. The other type of arrangement is for the borrower to provide securities or letters of credit as collateral for the securities lent and pay a negotiated lender fee.

Net income generated from securities lending transactions is then split between the Permanent School Fund and its securities lending agent. For fiscal year 2021, gross securities lending revenue totaled \$5,393,823.04, gross expenditures for bank fees and other adjustments totaled \$808,811.96, while net securities lending income totaled \$4,585,011.08.

Note 4 Short-Term Debt

Not applicable.

Note 5 Long-Term Liabilities

Changes in Long-Term Liabilities

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

Balance 09/01/2020	Additions	Reductions	Balance 8/31/2021	Amounts Due Within One Year
\$ 9,294,551.03	\$ 7,760,485.27	\$ (7,109,359.82)	\$ 9,945,676.48	\$ 5,831,678.21
\$ 9,294,551.03	\$ 7,760,485.27	\$ (7,109,359.82)	\$ 9,945,676.48	\$ 5,831,678.21

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months.

Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Note 6 Bonded Indebtedness

Not applicable.

Note 7 Derivative Instruments

Derivatives are financial instruments, the value of which is derived, in whole or part, from the value of any one or more underlying assets or index of asset values. Derivatives include swap contracts, futures contracts, options, options on futures contracts and forward contracts.

The Permanent School Fund enters into futures contracts to facilitate various trading strategies, primarily as a tool to increase or decrease market exposure to various asset classes, and therefore classifies its futures contracts as investments.

The State Board of Education approved Investments Procedure Manual defines the parameters for investing in futures contracts. The total amount of a portfolio's financial futures contract obligation should not exceed ten percent (10.0%) of the market value of the portfolio's total assets. The Permanent School Fund may exceed the ten percent (10.0%) rule during a transition approved by the State Board of Education. In no instance will the total amount of the contracts be an amount greater than the market value of a portfolio's cash and short-term securities.

Upon entering into a futures contract, initial margin deposit requirements are satisfied by segregating specific securities or cash as collateral for the account of the Futures Commission Merchant (FCM) broker (the Permanent School Fund's agent in acquiring the futures position). During the period the futures positions are open, the contracts are marked to market daily; that is, they are valued at the close of business each day, and a gain or loss is recorded between the value of the contracts that day and on the previous day. The daily gain or loss is referred to as the daily variation margin which is settled in cash with the broker each morning for the amount of the previous day's mark to market. The Permanent School Fund executes such contracts on major exchanges through major financial institutions and minimizes market and credit risk associated with these contracts through the managers' various trading and credit monitoring techniques.

As of August 31, 2021, the Permanent School Fund invested in various futures contracts as detailed below:

PSF Portfolio	Futures Contracts	Change in Fair Value Gain/(Loss)	Notional Value
Equity	Domestic Stock Index Futures	\$ 8,948,072.56	\$ 71,564,650.00
Commodity	Commodity Futures	95,306,792.39	427,658,751.90
International Equity	Foreign Stock Index Futures	5,620,847.87	32,029,779.13
Total		\$ 109,875,712.82	\$ 531,253,181.03

The change in fair value is included in the net increase/(decrease) in fair value of investments on the statement of revenues, expenditures, and changes in fund balance. The futures contracts themselves have no fair value at August 31, 2021. If the FCM failed, the loss that would be recognized at August 31, 2021 would be \$39,300,609.31.

Foreign currency balances are not maintained by the Permanent School Fund except for transactions that occur as part of normal security transactions; buys, sales and income payment. Foreign currency exchange (FX) contracts are executed by the external investment manager on the same day as security transactions. The investment manager buys or sells the FX contract in the currency native to the security transaction. These foreign

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exchange contracts hedge against the risk of currency changes between trade and settlement dates. Risks associated with such contracts include movement in the value of the foreign currency related to the U.S. dollar and the ability of the counterparty to perform. For income payments received in other currencies, the custodian bank executes foreign exchange spot contracts to repatriate payments to U.S. dollars on actual income payment date.

Note 8 Leases**Operating Leases**

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

Fund Type	Amount
General Fund	\$ 1,274,412.75
Permanent Fund	898,411.83
Total	\$ 2,172,824.58

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

Year Ended August 31, 2021	Amount
2022	\$ 2,195,138.55
2023	770,705.76
2024	47,671.80
2025	47,671.80
2026	11,917.95
2027-2031	0.00
Total Minimum Future Lease Rental Payments	\$ 3,073,105.86

Capital Leases

The Agency had no active capital leases during fiscal year 2021.

Note 9 Retirement Plans

Not applicable.

Note 10 Deferred Compensation

Not applicable.

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Note 11 Post Employment Health Care and Life Insurance Benefits

Not applicable.

Note 12 Interfund Activity and Transactions

As explained in Note 1 on Interfund Activity and Transactions, numerous transactions are recorded 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
- Due From Other Funds or Due To Other Funds
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

The Agency 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 statement.

Individual fund balances and activity on August 31, 2021, which tie to Exhibits I and II, are as follows:

DUE FROM /TO OTHER FUNDS:			
	Due From Other Funds	Due To Other Funds	Purpose
GENERAL REVENUE (01)			
Appd. Fund 0001, D23 0001	\$ 3,378.30		Reimbursement. between funds
Totals for Fund 0001	\$ 3,378.30		
Appd. Fund 0148, D23 0148	\$ 413,445.05		Reimbursement. between funds
Totals for Fund 0148	\$ 413,445.05		
Appd. Fund 0325, D23 0325	\$ 1,065.26		Reimbursement. between funds
Totals for Fund 0325	\$ 1,065.26		
Appd. Fund 0900, D23 0900		\$ 417,888.61	Reimbursement. between funds
Totals for Fund 0900		\$ 417,888.61	
Total Interfund Receivable/Payable (Exh I)	\$ 417,888.61	\$ 417,888.61	

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DUE FROM/TO OTHER AGENCIES:			
	Due From Other Agencies	Due To Other Agencies	Source
GENERAL REVENUE (01)			
Appd. Fund 0001, D23 0001			
Agency 711, D23 Fund 7999	\$ 651.40		State Pass Through
Agency 731, D23 Fund 7999		\$ 1,968.89	State Pass Through
Agency 733, D23 Fund 7999	757.61		State Pass Through
Agency 750, D23 Fund 7999		6,204.14	State Pass Through
Agency 753, D23 Fund 7999		0.03	State Pass Through
Agency 760, D23 Fund 7999		53,014.71	State Pass Through
Totals for Fund 0001	\$ 1,409.01	\$ 61,187.77	
Appd. Fund 0003, D23 Fund 0003			
Agency 753, D23 Fund 7999	\$ 7,122.86		State Pass Through
Totals for Fund 0003	\$ 7,122.86		
Appd. Fund 0148, D23 Fund 0148			
Agency 320, D23 Fund 0001	\$ 2,000,000.00		Federal Pass Through
Agency 320, D23 Fund 5026	2,778,021.39	\$ 26,630.33	Federal Pass Through
Agency 529, D23 Fund 0001	381,531.12	31,561.51	Federal Pass Through
Agency 644, D23 Fund 0220		5,306.11	Federal Pass Through
Agency 644, D23 Fund 0274		17,244.02	Federal Pass Through
Agency 644, D23 Fund 0285		26,336.56	Federal Pass Through
Agency 696, D23 Fund 0991		464,708.09	Federal Pass Through
Agency 711, D23 Fund 7999		14,784.72	Federal Pass Through
Agency 721, D23 Fund 7999	1,959.35	377,019.49	Federal Pass Through
Agency 733, D23 Fund 7999		53,576.29	Federal Pass Through
Agency 744, D23 Fund 7999		1,603,679.44	Federal Pass Through
Agency 750, D23 Fund 7999		998.00	Federal Pass Through
Agency 753, D23 Fund 7999		675,626.30	Federal Pass Through
Agency 754, D23 Fund 7999		39,123.94	Federal Pass Through
Agency 755, D23 Fund 7999		2,166.48	Federal Pass Through
Agency 772, D23 Fund 0090		373,888.56	Federal Pass Through
Agency 781, D23 Fund 0001	283,559.45	104,385.80	Federal Pass Through
Totals for Fund 0148	\$ 5,445,071.31	\$ 3,817,035.64	
Appd. Fund 0193, D23 Fund 0193			
Agency 362, D23 Fund 5025	\$ 116,688,067.48		Lottery Proceeds

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DUE FROM/TO OTHER AGENCIES:			
	Due From Other Agencies	Due To Other Agencies	Source
Agency 753, D23 Fund 7999	961,015.61		State Pass Through
Totals for Fund 0193	\$ 117,649,083.09		
Appd. Fund 0325, D23 Fund 0325			
Agency 300 D23 Fund 7023	\$ 463,626.24	\$ 4,594,254.49	Federal Pass Through
Agency 696 D23 Fund 0991		463,626.24	Federal Pass Through
Agency 721 D23 Fund 7999		44,926.45	Federal Pass Through
Agency 750 D23 Fund 7999		127,967.24	Federal Pass Through
Totals for Fund 0325	\$ 463,626.24	\$ 5,230,774.42	
Appd. Fund 0599, D23 Fund 0599			
Agency 753, D23 Fund 7999	\$ 6,854.97		State Pass Through
Agency 902 D23 Fund 0599	13,067,080.54		Shared Cash
Totals for Fund 0599	\$ 13,073,935.51		
Appd. Fund 0802, D23 Fund 2242			
Agency 608, D23 Fund 0802	\$ 961.00		License Plate Proceeds
Appd. Fund 0802, D23 Fund 2250			
Agency 608, D23 Fund 0802	2,590.21		License Plate Proceeds
Appd. Fund 0802, D23 Fund 2260			
Agency 608, D23 Fund 0802	44.00		License Plate Proceeds
Appd. Fund 0802, D23 Fund 2270			
Agency 608, D23 Fund 0802	2,530.71		License Plate Proceeds
Appd. Fund 0802, D23 Fund 2271			
Agency 608, D23 Fund 0802	1,734.80		License Plate Proceeds
Appd. Fund 0802, D23 Fund 2273			
Agency 608, D23 Fund 0802	4,833.36		License Plate Proceeds
Appd. Fund 0802, D23 Fund 2274			
Agency 608, D23 Fund 0802	3,467.61		License Plate Proceeds
Totals for Fund 0802	\$ 16,161.69		
SPECIAL REVENUE (02)			
Appd. Fund 0002, D23 Fund 0002			
Agency 753, D23 Fund 7999	\$ 100,196.47		State Pass Through
Agency 902, D23 Fund 0001	81,087,658.97		Fuel Tax
Totals for Fund 0002	\$ 81,187,855.44		
Total Due From/To Other Agencies (Exh I)	\$ 217,844,265.15	\$ 9,108,997.83	

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TRANSFERS IN/OUT:			
		TRANSFERS IN	TRANSFERS OUT
GENERAL REVENUE (01)			
Appd. Fund 0001, D23 Fund 0001			
Agency 701, D23 Fund 0326			\$ (5,000.00)
Agency 902, D23 Fund 0001			217,447.43
Total Transfers for Fund 0001			\$ 212,447.43
Appd. Fund 0003, D23 Fund 0003			
Agency 701, D23 Fund 0002		\$ 238,748,894.04	\$ 150,000,000.00
Total Transfers for Fund 0003		\$ 238,748,894.04	\$ 150,000,000.00
Appd. Fund 0053, D23 Fund 0053			
Agency 701, D23 Fund 0326		\$ 61,942.40	
Total Transfers for Fund 0053		\$ 61,942.40	
Appd. Fund 0193, D23 Fund 0193			
Agency 362, D23 Fund 5025		\$ 1,974,473,847.66	
Agency 902, D23 Fund 0001		14,229,094,689.44	
Agency 902, D23 Fund 0304		2,196,639,519.84	
Agency 902, D23 Fund 0305		1,156,700,000.00	
Total Transfers for Fund 0193		\$ 19,556,908,056.94	
Appd. Fund 0326, D23 Fund 0001			
Agency 701, D23 Fund 0001		\$ (5,000.00)	
Agency 701, D23 Fund 0053			\$ 61,942.40
Total Transfers for Fund 0326		\$ (5,000.00)	\$ 61,942.40
Appd. Fund 0599, D23 Fund 0599			
Agency 902, D23 Fund 0599		\$ 241,980,708.50	
Total Transfers for Fund 0599		\$ 241,980,708.50	
Appd. Fund 0802, D23 Fund 2242			
Agency 608, D23 Fund 0802		\$ (651.32)	\$ (650.41)
Appd. Fund 0802, D23 Fund 2250			
Agency 608, D23 Fund 0802		(7,922.14)	(7,920.46)
Appd. Fund 0802, D23 Fund 2260			
Agency 608, D23 Fund 0802		(5.62)	(5.62)
Appd. Fund 0802, D23 Fund 2270			

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TRANSFERS IN/OUT:			
		TRANSFERS IN	TRANSFERS OUT
Agency 608, D23 Fund 0802		(1,153.22)	(1,150.88)
Appd. Fund 0802, D23 Fund 2271			
Agency 608, D23 Fund 0802		(738.14)	(736.40)
Appd. Fund 0802, D23 Fund 2273			
Agency 608, D23 Fund 0802		(1,178.66)	1(,174.47)
Appd. Fund 0802, D23 Fund 2274			
Agency 608, D23 Fund 0802		(1,127.67)	(1,104.72)
Total Transfers for Fund 0802		\$ (12,776.77)	\$ (12,742.96)
SPECIAL REVENUE (02)			
Appd. Fund 0002, D23 Fund 0002			
Agency 305, D23 Fund 0013		\$ 600,000,000.00	
Agency 701, D23 Fund 0003		150,000,000.00	\$ 238,748,894.04
Agency 701, D23 Fund 0044		1,101,669,656.89	
Total Transfers for Fund 0002		\$ 1,851,669,656.89	\$ 238,748,894.04
PERMANENT FUND (19)			
Appd. Fund 0044, D23 Fund 0044			
Agency 305, D23 Fund 0013		\$ 45,000,000.00	\$ 300,000,000.00
Agency 701, D23 Fund 0002			1,101,669,656.89
Agency 701, D23 Fund 0045		69,296,291.39	
Appd. Fund 0044, D23 Fund 0045			
Agency 305 D23 Fund 0013		400,000,000.00	250,000,000.00
Agency 701, D23 Fund 0044			69,296,291.39
Total Transfers for Fund 0044		\$ 514,296,291.39	\$ 1,720,965,948.28
Total Transfers (Exh II)		\$ 22,403,647,773.39	\$ 2,109,976,489.19

Note 13 Continuance Subject to Review

The Sunset Act provides for the periodic review and/or possible termination of certain state boards, commissions, and agencies. The Texas Education Agency is subject to that Act and, unless continued in existence as provided by that Act, will be abolished effective September 1, 2027. The State Board of Education is subject to review by the Sunset Advisory Commission at the same time as the Agency; however, the Board is created by the State Constitution and would not be abolished.

Note 14 Adjustments to Fund Balances and Net Assets

Not applicable.

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Note 15 Contingencies and Commitments

Federal Assistance

The Agency 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.

Bond Guarantee Program

As described by Note 30 in greater detail, the Agency administers a Bond Guarantee Program for qualified school districts and charter districts who choose to participate. The purpose of the Program is to ultimately reduce borrowing costs for participating districts by increasing their credit rating through association with the Program. The Agency, through the Permanent School Fund, commits to the payment of scheduled principal and interest on behalf of a participating district in the event of that district's default.

As of August 31, 2021, no financial liability to the Permanent School Fund has been recorded in relation to the Fund's obligation to stand ready to perform over the term of the guarantee. The guarantee functions as a liquidity facility and an intercept program that carries little risk exposure to the Permanent School Fund. The guarantee is offered at a nominal cost to a school district or charter district that properly applies, receives endorsement by the Commissioner, and has its bonds approved by the State of Texas Attorney General.

Foundation School Program Guarantee

Legislation passed by the 2009 regular session of the Texas Legislature creates two programs to enhance the credit of school district and charter school debt issued for the purpose of financing facilities. Subchapters I and J of Chapter 45 of the Texas Education Code provide for credit enhancement "intercept" programs that would make payments from the state Foundation School Program appropriation in the event of a default on the part of a school district or charter school. The charter school program in Subchapter J requires a pledge of private funds to that program equal to the amount of state funds made available. Any payments from the Foundation School Program or the private funds pledged would be recouped from state funds due to the district or charter. The Agency does not anticipate implementing these two programs due to the reopening of the school district bond guarantee program in 2010, and legislation adopted in 2011 making some charter schools eligible for the same type of bond guarantee as noted above.

Pending Litigation

Non-Permanent School Fund (PSF) Pending Litigation

The Agency is a party to certain litigation pending in state and federal court as noted below.

1. LULAC v. Texas, No. 5:15-CV-00219-RP, U.S. District Court, Western District of Texas, San Antonio Div.

This suit was filed by the League of United Latin American Citizens (LULAC) against the State of Texas, Southwest Independent School District (SWISD) and North East Independent School District (NEISD), after the Fifth Circuit Court of Appeals issued a reversal and remand in *U.S. v. Texas*, 601 F.3d 354 (5th Cir. 2010). The causes of action against NEISD were dismissed without prejudice in May, 2016. The suit alleges that current practices by the state and by SWISD violate the Equal Educational Opportunities Act of 1974 (20 U.S.C. § 1703(f)). LULAC pursued class certification, but this request has been denied. Plaintiffs have been given the opportunity to amend the complaint but have not yet done so. This suit does not seek specific monetary damages, but an injunction against the state could ultimately require spending in excess of \$10 million in order to achieve compliance. The case has currently stayed for nine

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months due to the passage of House Bill (HB) 3, 86th Legislature, Regular Session, and its potential impact on the case. HB 3 increased the amount of funding available for school districts for general operations and for services directed at special populations.

The following cases are pending but deemed very low-risk loss contingency:

2. Youth Empowerment Services, Inc. d/b/a Higgs Carter King Gifted and Talented Charter Academy v. Williams,

Cause Number D-1-GN-15-001090; In the 53rd District Court of Travis County, Texas

Plaintiff, a revoked charter school, sued TEA and the Commissioner in his official capacity alleging that the charter school's substantive and procedural due process rights were violated in an action revoking their charter contract, and that the Agency's directives regarding the return of state property in the possession of the charter school was an unconstitutional taking. The school's claim asserting a right to ownership of the state's real property remains pending. Plaintiff also seeks attorney's fees.

3. The Phoenix School d/b/a Phoenix Charter School v. Williams, Cause No. D-1-GN-15-003067; In the 419th District Court of Travis County

Plaintiff, a former-charter school, filed suit challenging the Commissioner's mandatory non-renewal of the charter under statute. Plaintiff also seeks attorney's fees. The Commissioner has filed a plea to the jurisdiction and the case remains pending at the trial court. The Commissioner filed a motion to Dismiss for Want of Prosecution, the Plaintiff has filed a Motion to Retain, and the Commissioner has filed a Reply to the Plaintiff's Motion to Retain. The case is currently pending.

Permanent School Fund (PSF) Litigation

The PSF has potential liability in a class action defense which asserts fraudulent conveyance claims and which seeks to recover moneys paid the PSF for the sale of publicly-traded securities in response to tender offers made in the context of leveraged buy-outs. While ultimately uncertain whether the PSF will have any liability for this matter, management believes that it is unlikely that this suit will result in any liability to the PSF for the next 12 months. Therefore, in accordance with GAAP, no accrual for this matter is currently reflected in the accompanying financial statements. The Attorney General's Office is representing the PSF and asserting sovereign immunity and other defenses.

1. In re: Tribune Company, No. 08-13141; The Official Committee of Unsecured Creditors of Tribune Company v. Fitzsimmons, Adv. Pro. No. 10-54010 (Bankr. D. Del); and Deutsche Bank v. Employees Retirement Fund of the City of Dallas, No. 3:11-CV-1167-F; (N. D. Tex. Dallas Div.) CONSOLIDATED in: In re: Tribune Company Fraudulent Conveyance Litigation; Nos. 11-MD-2296 and 12-MC-2296 (S. D. N. Y.). The PSF received approximately \$3.9 million for Tribune stock.

Significant Commitments

As of August 31, 2021, the State Board of Education has approved and the Permanent School Fund has made capital commitments to externally managed real estate investment funds in a total amount of \$6,378,596,543.88 and private equity program capital commitments to private equity limited partnerships in the total amount of \$8,838,605,029.04 to be implemented over several years. Unfunded commitments at August 31, 2021 totaled \$2,159,522,979.79 in real estate investments and \$2,474,689,965.23 in private equity programs.

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Note 16 Subsequent Events

Not applicable.

Note 17 Risk Management

The Texas Education Agency is exposed to a variety of civil claims resulting from the performance of its duties. It is the Agency's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Agency assumes substantially all risks associated with tort claims and liability claims due to the performance of its duties. Besides the commercial insurance purchased on its three vehicles during the fiscal year, the Agency currently has not purchased any other commercial insurance nor is the Agency involved in any risk pools with other governmental entities. The agency is required by state law to participate in the State's workers' compensation insurance program administered through the State Office of Risk Management. This program covers risks of loss resulting from job-related illness or injuries to employees while in the course and scope of their work responsibilities. Following a work-related illness or injury, employees enter into a return-to-work program, if necessary, thus reducing indemnity payments for loss compensation.

The Agency's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Changes in the balances of the agency's claims during fiscal years 2021 and 2020 are shown below:

Fiscal Year	Beginning Balance	Additions	Reductions	Ending Balance
2020	\$ 0.00	\$ 150,000.00	\$ (150,000.00)	\$ 0.00
2021	\$ 0.00	\$ 0.00	\$ (0.00)	\$ 0.00

Note 18 Management Discussion and Analysis

The Permanent School Fund is a permanent fund of financial investment assets administered by the State Board of Education in a trustee capacity. The Permanent School Fund was funded with a \$2,000,000.00 appropriation by the Legislature of 1854 expressly for the benefit of funding public education for present and future generations. The Constitution of 1876 stipulated that certain lands and all proceeds from the sale of these lands should also constitute the Permanent School Fund. Additional Acts later gave more public domain land and rights to the Permanent School Fund. In 1953, the U.S. Congress passed the Submerged Lands Act that relinquished to coastal States all rights of the U.S. navigable waters within State boundaries. Submerged lands were defined to be those lands beneath and beyond three miles. If the State, by law, had set a larger boundary prior to or at the time of admission to the Union, or if the boundary had been approved by Congress, then the larger boundary applied. Concluding three years of litigation, the U.S. Supreme Court on May 31, 1960, affirmed Texas' historic three league (10.35 miles) seaward boundary. Texas proved its submerged lands property rights to three leagues into the Gulf of Mexico by citing historic laws and treaties dating back to 1836. All lands lying within that limit belong to the Permanent School Fund. The Permanent School Fund currently owns approximately 15 million acres. The responsibility for accounting for this land belongs to the General Land Office. The value of the land balance and any related transactions are carried on the General Land Office financial records.

Article VII of the Texas Constitution assigns control of the Permanent School Fund's financial assets to the State Board of Education while administrative duties related to the fund reside with the Commissioner of Education.

The State Constitution describes the Permanent School Fund as "permanent" with proceeds produced by the Permanent School Fund to be used to complement taxes in financing public education. The sole purpose of the Permanent School Fund is to assist in the funding of public education for present and future generations. The Permanent School Fund calculates its annual distribution using a total return methodology. Article VII, Section 5

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authorizes the SBOE to determine the amount to be distributed from the Permanent School Fund to the Available School Fund (ASF) each year of a fiscal biennium.

Two constraints in Article VII, Section 5 affect the amount that may be distributed. First, distributions made in each year are limited to not more than 6.0% of the average market value of the PSF for the 16 fiscal quarters preceding the legislative session before the state fiscal biennium, and second, the total amount distributed over the 10-year period as defined in subsection 5(a)(2) may not exceed the total return on all investment assets of the PSF over the same ten-year period.

Under administrative rules adopted in 2009, the SBOE determines whether a distribution to the Available School Fund (ASF) is permitted under the Texas Constitution, Article VII, §5(a)(2) and whether such distribution shall be made for each current state fiscal year. In fiscal year 2021, the distribution to the ASF totaled \$1,101,669,656.89.

Note 19 The Financial Reporting Entity

The Permanent School Fund-State Board of Education is the sole member for certain limited liability companies it has elected to establish as vehicles for investments in the absolute return and emerging market equity asset classes. The fair value of the investments held by these vehicles is carried in the balance sheet and more fully discussed in Note 3 above. During the fiscal year, the investment vehicles transferred \$455,000,000.00 to the Permanent School Fund-State Board of Education and the Permanent School Fund-State Board of Education invested \$39,600,000.00 in two of the vehicles. At fiscal year-end, there were no outstanding receivables or payables between the Permanent School Fund-State Board of Education and these investment vehicles, nor were there any outstanding commitments to or from the vehicles.

Note 20 Stewardship, Compliance, and Accountability

Not applicable.

Note 21 (Deleted by Comptroller of Public Accounts)

Not applicable.

Note 22 Donor-Restricted Endowments

Not applicable.

Note 23 Extraordinary and Special Items

Not applicable.

Note 24 Disaggregation of Receivable and Payable Balances

As of August 31, 2021, the Agency had several intergovernmental receivables and payables which would be settled in the 2022 appropriation accounts. By statute, the Foundation School Program pays out the settlement owed from the past school year in September of the following school year; the expenditure refund amounts owed back to the Fund are subtracted from the allocations made to the districts for the following year.

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Note 25 Termination Benefits

Not applicable.

Note 26 Segment Information

Not applicable.

Note 27 Service Concession Arrangements

Not applicable.

Note 28 Deferred Outflows of Resources and Deferred Inflows of Resources

In fiscal year 2021, the Agency reported deferred inflows of resources in connection with fixed income and international equity investments for Permanent Fund as presented below:

As of August 31, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Permanent School Fund:		
Interest and International Dividends		\$ 17,842,556.75
Total (Exh. I)		\$ 17,842,556.75

Deferred inflows of resources of \$17,842,556.75 were related to revenue measurable at year-end and due to the Agency, but not available within sixty days subsequent to year-end

Note 29 Troubled Debt Restructuring

Not applicable.

Note 30 Non-Exchange Financial Guarantees**Bond Guarantee Program**

In 1983, the voters of the State approved a constitutional amendment which provides for the guarantee of school district bonds by the Permanent School Fund. This amendment was statutorily codified in the Texas Education Code Title 2, Subtitle I, Chapter 45, Subchapter C. The Guarantee Program is administered by the Commissioner of Education. For eligible bonds, including refunding bonds, school districts submit an application for guarantee and a \$1,500.00 processing fee. The Commissioner may endorse bonds for guarantee only after investigating the accreditation and financial viability of the applying school district. If the school district is considered viable and the bonds are approved by the State of Texas Attorney General, then the guarantee is endorsed at a zero premium

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charge to the district. In the event of a default by a school district, and upon proper notice to the Commissioner, the Permanent School Fund will transfer to the Paying Agent/Registrar an amount necessary to pay the maturing or matured principal and/or interest. Upon receipt of funds for payment of such principal or interest, the Paying Agent/Registrar must pay the amount due and forward the canceled Bond or evidence of payment of the interest to the State Comptroller of Public Accounts (the "Comptroller"). The Commissioner will instruct the Comptroller to withhold the amount paid, plus interest, from the first State money payable to the school district. The amount withheld will be deposited to the credit of the Permanent School Fund. To date, no school districts have ever defaulted on their guaranteed bonded indebtedness.

In 2011, the 82nd Texas Legislature enacted a Bill that established the Charter District Bond Guarantee Program as a new component of the Guarantee Program and authorized the use of the Permanent School Fund to guarantee revenue bonds issued by or for the benefit of certain open-enrollment charter schools that are designated as "charter districts" by the Commissioner. Charter district applicants are subject to the same application fee structure as described above for school districts. Upon meeting certain statutory eligibility requirements and approval by the Commissioner, bonds properly issued by a charter district are fully guaranteed by the corpus of the Permanent School Fund. Implementation of the Charter District Bond Guarantee Program was deferred pending receipt of guidance from the Internal Revenue Service, which was received in September 2013, and the establishment of regulations to govern the program, which were published for public comment in December 2013, approved in January 2014, and became effective in March, 2014.

Statute requires charter district participants in the Program to contribute a portion of their savings that result from their participation in the Program to a Charter District Bond Guarantee Reserve Fund. This fund is maintained by the Texas Education Agency. In the event of a default by a charter district, the Commissioner shall instruct the Comptroller to transfer from the Charter District Bond Guarantee Reserve Fund to the district's paying agent the amount necessary to pay the maturing or matured principal and/or interest. If funds in the Charter District Bond Guarantee Reserve Fund are insufficient to pay the amount due on a bond in default, the payment process followed is the same as for school districts. As with school districts, no charter districts have defaulted on their guaranteed bond indebtedness.

The Internal Revenue Service issued Notice 2010-5 on December 16, 2009 stating that it intended to propose regulations to replace the previous federal law limit on the Guarantee program capacity to be no more than five times the cost value of the Permanent School Fund on that date. Section 4 of the Notice states that it may be relied on for bonds issued after December 16, 2009. The Notice was codified by Internal Revenue Code 1.148-11 on July 18, 2016.

The 80th Texas Legislature adopted a change in the state law limit, amending Section 45.053 of the Texas Education Code to allow the State Board of Education (SBOE) to increase the guarantee capacity up to five times the cost value of the Permanent School Fund, provided that the Board determines that any increase will still allow school district bonds to receive the highest rating. Effective March 1, 2017, the SBOE authorized capacity multiplier for the State Capacity Limit was increased to 3.50 times the cost value of the Fund, including the portion managed by the School Land Board (SLB).

As of August 31, 2021, the capacity of the Guarantee Program is \$117,318,653,038.00 under Federal law and \$127,972,362,945.00 under State law. Total outstanding bonds guaranteed by the Permanent School Fund under this program total \$95,259,161,922.19 at August 31, 2021; of that, \$91,951,175,922.19 is for school district guarantees (855 school districts) and \$3,307,986,000.00 is for charter district guarantees (25 charter districts). These dollar amounts represent the outstanding principal amount of the bonds issued. They do not reflect any subsequent accretions in value for the compound interest bonds (zero coupon bonds), nor do they include interest on current interest bonds or variable rate notes. The balances also exclude bonds that have been refunded and released from the Bond Guarantee Program. The balance of bonds guaranteed under the program does not exceed the calculated capacity of the program as of August 31, 2021.

Guarantees extend through the maturity dates of the bonds. As of August 31, 2021, the total principal debt guaranteed on bond issues is \$95,259,161,922.19, the expected interest to be paid out over the remaining life of

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those bond issues is \$48,878,451,601.01, and the final maturity is scheduled to occur in the year 2061.

Note 31 Tax Abatements

Not applicable.

Note 32 Fund Balances

The agency has the following restrictions/covenants causing fund balances to be committed, restricted, and nonspendable:

GAAP Fund	Fund	AFR 54 Class	Amounts	Citation	Comments
General:					
0001	0001	Nonspendable	\$ 48,591.55		Imprest Funds & Consumable Inventory
0003	0003	Restricted	\$ 421,190,836.45	Texas Constitution, Article VII, Sec. 3	To hold for expenditure money transferred from Available School Fund (0002) to provide free textbooks and instructional materials for use of children attending the public schools.
0053	0053	Committed	\$ 68,931,018.48	Texas Education Code Annotated., Sec. 45.0571	Committed for the payment of charter district bond guaranty defaults
0148	0148	Restricted	\$ 7,435,157.43	Various Federal CFDA's	Federal funds, restrictions are imposed by federal government agencies.
0193	0193	Committed	\$ 2,359,936,025.53	Texas Education Code Annotated., Sec. 42.253 and 42.259 and Texas Gov't Code Annotated, Sec 466.355	Committed for allocation of Foundation School Program funds to school districts based on formulas in the Texas Education Code.
0325	0325	Restricted	\$ 392,885.82	Various Federal CFDA's	Federal funds for COVID-19 relief, restrictions are imposed by federal government agencies.
0326	0326	Committed	\$ 1,590,222.16	Texas Education Code Annotated., Sec. 12.141.	Committed for the payment of expenses relating to managing and closing an open-enrollment charter school
Special					
0002	0002	Restricted	\$ 183,221,831.44	Texas Education Code Annotated., Sec. 43.001 and	Restricted for the support of the public free schools and its funds are to be

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GAAP Fund	Fund	AFR 54 Class	Amounts	Citation	Comments
				Texas Constitution, Article VII, Sec. 5 (c)	distributed annually according to counties' scholastic population.
Permanent:					
0044	0044	Restricted	\$ 1,801,578,536.63	Texas Constitution, Article VII, Sec. 5.(a), (b), & (d)	Appropriated expenditures, Available School Fund transfers, payment of guaranteed bond defaults
0044	0044	Nonspendable	\$45,057,400,462.59	Texas Constitution, Article VII, Sec. 5.(a), (b), & (d)	The remainder of the fund balance is classified as nonspendable in alignment with the fund's permanent nature as described in the Texas Constitution.

Texas Education Agency (701)
Exhibit A-1
Combining Balance Sheet-
All General and Consolidated Funds
August 31, 2021

	General Revenue Fund 0001	State Instructional Materials Fund 0003	Charter District Bond Guarantee Reserve Fund 0053	Coronavirus Relief Fund 0325	Charter School Liquid Fund 0326
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash on Hand	\$ 140.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Cash in Bank	25,000.00	0.00	0.00	0.00	0.00
Cash Equivalents	0.00	0.00	106,766.23	0.00	0.00
Cash in State Treasury	0.00	437,308,969.54	2,302,165.47	7,950,225.61	1,610,054.91
Legislative Appropriations	220,247,770.88	0.00	0.00	0.00	0.00
Receivables:					
Federal	0.00	0.00	0.00	680,307,441.94	0.00
Intergovernmental	0.00	0.00	0.00	0.00	0.00
Interest and Dividends	6,245.97	77,395.62	458.88	7,508.56	0.00
Accounts	48,022.50	0.00	0.00	0.00	0.00
Due From Other Funds (Note 12)	3,378.30	0.00	0.00	1,065.26	0.00
Due From Other Agencies (Note 12)	1,409.01	7,122.86	0.00	463,626.24	0.00
Consumable Inventories	48,591.55	0.00	0.00	0.00	0.00
Total Current Assets	<u>\$ 220,380,558.21</u>	<u>\$ 437,393,488.02</u>	<u>\$ 2,409,390.58</u>	<u>\$ 688,729,867.61</u>	<u>\$ 1,610,054.91</u>
Non-Current Assets:					
Investments	\$ 0.00	\$ 0.00	\$ 66,521,627.90	\$ 0.00	\$ 0.00
Total Non-Current Assets	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 66,521,627.90</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Total Assets	<u><u>\$ 220,380,558.21</u></u>	<u><u>\$ 437,393,488.02</u></u>	<u><u>\$ 68,931,018.48</u></u>	<u><u>\$ 688,729,867.61</u></u>	<u><u>\$ 1,610,054.91</u></u>
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Payables:					
Accounts	\$ 38,332,323.32	\$ 16,043,318.59	\$ 0.00	\$ 682,851,271.98	\$ 37.38
Other Intergovernmental	0.00	0.00	0.00	0.00	0.00
Payroll	4,724,708.20	159,332.98	0.00	247,426.83	19,795.37
Due to Other Funds (Note 12)	0.00	0.00	0.00	0.00	0.00
Due to Other Agencies (Note 12)	61,187.77	0.00	0.00	5,230,774.42	0.00
Unearned Revenues	164,713.95	0.00	0.00	0.00	0.00
Total Current Liabilities	<u>\$ 43,282,933.24</u>	<u>\$ 16,202,651.57</u>	<u>\$ 0.00</u>	<u>\$ 688,336,981.79</u>	<u>\$ 19,832.75</u>
Total Liabilities	<u>\$ 43,282,933.24</u>	<u>\$ 16,202,651.57</u>	<u>\$ 0.00</u>	<u>\$ 688,336,981.79</u>	<u>\$ 19,832.75</u>
Fund Financial Statement - Fund					
Fund Balances (Deficits):					
Nonspendable	\$ 48,591.55	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Restricted	0.00	421,190,836.45	0.00	392,885.82	0.00
Committed	0.00	0.00	68,931,018.48	0.00	1,590,222.16
Assigned	0.00	0.00	0.00	0.00	0.00
Unassigned	177,049,033.42	0.00	0.00	0.00	0.00
Total Fund Balances	<u>\$ 177,097,624.97</u>	<u>\$ 421,190,836.45</u>	<u>\$ 68,931,018.48</u>	<u>\$ 392,885.82</u>	<u>\$ 1,590,222.16</u>
Total Liabilities and Fund Balances	<u><u>\$ 220,380,558.21</u></u>	<u><u>\$ 437,393,488.02</u></u>	<u><u>\$ 68,931,018.48</u></u>	<u><u>\$ 688,729,867.61</u></u>	<u><u>\$ 1,610,054.91</u></u>

Consolidated Accounts							
License Plate Trust Fund 0802	Federal Health, Education & Welfare Fund 0148	Federal School Lunch Fund 0171	Foundation School Fund 0193	Economic Stabilization Fund 0599	Child Support Deduction 8070 8070	Agency Suspense Fund 0900	Memorandum Totals FY2021 Exhibit I
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 140.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,000.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	106,766.23
0.00	10,999,394.69	0.00	848,080,336.51	0.00	21,817.32	418,186.85	1,308,691,150.90
0.00	0.00	0.00	0.00	0.00	0.00	0.00	220,247,770.88
0.00	717,506,244.98	304,375,936.81	0.00	0.00	0.00	0.00	1,702,189,623.73
0.00	0.00	0.00	1,836,272,223.00	0.00	0.00	0.00	1,836,272,223.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	91,609.03
0.00	0.00	0.00	0.00	0.00	0.00	0.00	48,022.50
0.00	413,445.05	0.00	0.00	0.00	0.00	0.00	417,888.61
16,161.69	5,445,071.31	0.00	117,649,083.09	13,073,935.51	0.00	0.00	136,656,409.71
0.00	0.00	0.00	0.00	0.00	0.00	0.00	48,591.55
<u>\$ 16,161.69</u>	<u>\$ 734,364,156.03</u>	<u>\$ 304,375,936.81</u>	<u>\$ 2,802,001,642.60</u>	<u>\$ 13,073,935.51</u>	<u>\$ 21,817.32</u>	<u>\$ 418,186.85</u>	<u>\$ 5,204,795,196.14</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 66,521,627.90</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 66,521,627.90</u>
<u>\$ 16,161.69</u>	<u>\$ 734,364,156.03</u>	<u>\$ 304,375,936.81</u>	<u>\$ 2,802,001,642.60</u>	<u>\$ 13,073,935.51</u>	<u>\$ 21,817.32</u>	<u>\$ 418,186.85</u>	<u>\$ 5,271,316,824.04</u>
\$ 16,161.69	\$ 717,709,822.92	\$ 304,375,936.81	\$ 67,983,895.07	\$ 13,073,935.51	\$ 0.00	\$ 0.00	\$ 1,840,386,703.27
0.00	0.00	0.00	374,081,722.00	0.00	0.00	0.00	374,081,722.00
0.00	3,402,140.04	0.00	0.00	0.00	21,817.32	0.00	8,575,220.74
0.00	0.00	0.00	0.00	0.00	0.00	417,888.61	417,888.61
0.00	3,817,035.64	0.00	0.00	0.00	0.00	0.00	9,108,997.83
0.00	2,000,000.00	0.00	0.00	0.00	0.00	298.24	2,165,012.19
<u>\$ 16,161.69</u>	<u>\$ 726,928,998.60</u>	<u>\$ 304,375,936.81</u>	<u>\$ 442,065,617.07</u>	<u>\$ 13,073,935.51</u>	<u>\$ 21,817.32</u>	<u>\$ 418,186.85</u>	<u>\$ 2,234,743,053.20</u>
<u>\$ 16,161.69</u>	<u>\$ 726,928,998.60</u>	<u>\$ 304,375,936.81</u>	<u>\$ 442,065,617.07</u>	<u>\$ 13,073,935.51</u>	<u>\$ 21,817.32</u>	<u>\$ 418,186.85</u>	<u>\$ 2,234,743,053.20</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 48,591.55
0.00	7,435,157.43	0.00	0.00	0.00	0.00	0.00	429,018,879.70
0.00	0.00	0.00	2,359,936,025.53	0.00	0.00	0.00	2,430,457,266.17
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	(0.00)	0.00	0.00	0.00	0.00	177,049,033.42
<u>\$ 0.00</u>	<u>\$ 7,435,157.43</u>	<u>\$ (0.00)</u>	<u>\$ 2,359,936,025.53</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 3,036,573,770.84</u>
<u>\$ 16,161.69</u>	<u>\$ 734,364,156.03</u>	<u>\$ 304,375,936.81</u>	<u>\$ 2,802,001,642.60</u>	<u>\$ 13,073,935.51</u>	<u>\$ 21,817.32</u>	<u>\$ 418,186.85</u>	<u>\$ 5,271,316,824.04</u>

Texas Education Agency (701)

Exhibit A-2

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance - All General and Consolidated Funds

For the fiscal year ended August 31, 2021

	General Revenue Fund 0001	State Instructional Materials Fund 0003	Charter District Bond Guarantee Reserve Fund 0053	Coronavirus Relief Fund 0325	Charter School Liquid Fund 0326	License Plate Trust Fund 0802
REVENUES						
Legislative Appropriations:						
Original Appropriations	\$ 276,772,131.44	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Additional Appropriations	10,202,371.22	0.00	0.00	0.00	0.00	0.00
Federal Revenue (Sch. 1A)	0.00	0.00	0.00	2,225,755,821.17	0.00	0.00
Federal Grant Pass-Through Revenue (Sch. 1A)	0.00	0.00	0.00	11,197,376.32	0.00	0.00
Licenses, Fees and Permits	2,874,874.41	0.00	24,967,483.72	0.00	0.00	166,708.33
Interest and Other Investment Income	205,994.64	2,534,422.39	658,593.44	35,125.20	0.00	72.89
Net Increase (Decrease) in Fair Value	0.00	0.00	(632,327.29)	0.00	0.00	0.00
Sales of Goods and Services	143,447.15	0.00	0.00	0.00	4,472.94	0.00
Other	2,696,412.37	136.10	0.00	0.00	0.00	0.00
Total Revenues	\$ 292,895,231.23	\$ 2,534,558.49	\$ 24,993,749.87	\$ 2,236,988,322.69	\$ 4,472.94	\$ 166,781.22
EXPENDITURES						
Salaries and Wages	\$ 46,051,076.55	\$ 1,331,183.98	\$ 0.00	\$ 3,336,708.54	\$ 209,603.12	\$ 0.00
Payroll Related Costs	12,440,474.05	667,377.58	0.00	1,133,113.45	64,968.52	0.00
Professional Fees and Services	41,669,424.46	16,019,651.15	0.00	85,693,094.34	53,176.66	0.00
Travel	81,543.14	18,397.53	0.00	5,560.00	0.00	0.00
Materials and Supplies	977,845.71	22,688.51	0.00	9,739,162.75	166.98	0.00
Communication and Utilities	1,101,090.52	9,704.80	0.00	19,088.15	246.42	0.00
Repairs and Maintenance	212,068.76	7,627.72	0.00	1,482.39	63,809.21	0.00
Rentals and Leases	391,900.99	833.28	0.00	(220,964.77)	0.00	0.00
Printing and Reproduction	(1,105.82)	517.33	0.00	63.92	0.00	0.00
Federal Grant Pass Through Expenditures (Sch. 1A)	0.00	0.00	0.00	1,801,815.60	0.00	0.00
State Grant Pass Through Expenditures (Sch. 1B)	4,949,862.55	943,659.12	0.00	0.00	0.00	0.00
Intergovernmental Payments	106,179,266.02	304,982,719.39	0.00	2,132,960,448.28	0.00	9,131.02
Public Assistance Payments	40,311,942.75	0.00	0.00	2,113,515.19	0.00	157,650.20
Other Expenditures	7,441,940.61	77,540.82	0.00	10,449.06	9,341.05	0.00
Capital Outlay	19,727.76	12,285.57	0.00	1,899.97	0.00	0.00
Total Expenditures / Expenses	\$ 261,827,058.05	\$ 324,094,186.78	\$ 0.00	\$ 2,236,595,436.87	\$ 401,311.96	\$ 166,781.22
Excess (Deficit) of Revenues Over (Under)	\$ 31,068,173.18	\$ (321,559,628.29)	\$ 24,993,749.87	\$ 392,885.82	\$ (396,839.02)	\$ 0.00
OTHER FINANCING SOURCES (USES):						
Transfers In (Note 12)	\$ 0.00	\$ 238,748,894.04	\$ 61,942.40	\$ 0.00	\$ (5,000.00)	\$ (12,776.77)
Transfers Out (Note 12)	(212,447.43)	(150,000,000.00)	0.00	0.00	(61,942.40)	12,742.96
Total Other Financing Sources (Uses)	\$ (212,447.43)	\$ 88,748,894.04	\$ 61,942.40	\$ 0.00	\$ (66,942.40)	\$ (33.81)
Net Change in Fund Balances / Net Assets	\$ 30,855,725.75	\$ (232,810,734.25)	\$ 25,055,692.27	\$ 392,885.82	\$ (463,781.42)	\$ (33.81)
Fund Financial Statement - Fund Balances						
Fund Balance - September 1, 2020	\$ 187,023,296.46	\$ 654,001,570.70	\$ 43,875,326.21	\$ 0.00	\$ 2,054,003.58	\$ 33.81
Appropriations Lapsed	(40,781,397.24)	0.00	0.00	0.00	0.00	0.00
Fund Balance - August 31, 2021	\$ 177,097,624.97	\$ 421,190,836.45	\$ 68,931,018.48	\$ 392,885.82	\$ 1,590,222.16	\$ 0.00

Consolidated Accounts						
Federal Health, Education & Welfare Fund 0148	Federal School Lunch Fund 0171	Foundation School Fund 0193	Economic Stabilization Fund 0599	Child Support Deduction 8070 8070	Agency Suspense Fund 0900	Memorandum Totals FY2021 Exhibit II
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 276,772,131.44
0.00	0.00	0.00	0.00	0.00	0.00	10,202,371.22
3,342,537,521.59	1,635,769,631.53	0.00	0.00	0.00	0.00	7,204,062,974.29
20,688,062.02	0.00	0.00	0.00	0.00	0.00	31,885,438.34
0.00	0.00	0.00	0.00	0.00	0.00	28,009,066.46
0.00	0.00	0.00	0.00	0.00	0.00	3,434,208.56
0.00	0.00	0.00	0.00	0.00	0.00	(632,327.29)
0.00	0.00	0.00	0.00	0.00	0.00	147,920.09
313.93	0.00	2,849,961,076.62	0.00	0.00	0.00	2,852,657,939.02
<u>\$ 3,363,225,897.54</u>	<u>\$ 1,635,769,631.53</u>	<u>\$ 2,849,961,076.62</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 10,406,539,722.13</u>
\$ 27,005,183.39	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 77,933,755.58
9,597,515.73	0.00	0.00	0.00	0.00	0.00	23,903,449.33
35,319,705.73	0.00	85,519,441.71	0.00	0.00	0.00	264,274,494.05
2,216.54	0.00	0.00	0.00	0.00	0.00	107,717.21
583,459.45	0.00	317.36	0.00	0.00	0.00	11,323,640.76
621,477.82	0.00	0.00	0.00	0.00	0.00	1,751,607.71
122,115.98	0.00	0.00	0.00	0.00	0.00	407,104.06
1,213,918.38	0.00	(9,410.00)	0.00	0.00	0.00	1,376,277.88
5,311.29	0.00	1,160.15	0.00	0.00	0.00	5,946.87
61,349,962.01	103,192.02	0.00	0.00	0.00	0.00	63,254,969.63
0.00	0.00	130,047,223.01	68,136.75	0.00	0.00	136,008,881.43
3,192,473,156.66	1,635,666,439.51	21,676,697,552.18	241,912,571.75	0.00	0.00	29,290,881,284.81
33,475,881.96	0.00	476,387.78	0.00	0.00	0.00	76,535,377.88
1,478,777.83	0.00	3,500.00	0.00	0.00	0.00	9,021,549.37
18,908.49	0.00	0.00	0.00	0.00	0.00	52,821.79
<u>\$ 3,363,267,591.26</u>	<u>\$ 1,635,769,631.53</u>	<u>\$ 21,892,736,172.19</u>	<u>\$ 241,980,708.50</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 29,956,838,878.36</u>
\$ (41,693.72)	\$ 0.00	\$ (19,042,775,095.57)	\$ (241,980,708.50)	\$ 0.00	\$ 0.00	\$ (19,550,299,156.23)
\$ 0.00	\$ 0.00	\$ 19,556,908,056.94	\$ 241,980,708.50	\$ 0.00	\$ 0.00	\$ 20,037,681,825.11
0.00	0.00	0.00	0.00	0.00	0.00	(150,261,646.87)
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 19,556,908,056.94</u>	<u>\$ 241,980,708.50</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 19,887,420,178.24</u>
\$ (41,693.72)	\$ 0.00	\$ 514,132,961.37	\$ 0.00	\$ 0.00	\$ 0.00	\$ 337,121,022.01
\$ 7,476,851.15	\$ 0.00	\$ 1,845,803,064.16	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,740,234,146.07
0.00	0.00	0.00	0.00	0.00	0.00	(40,781,397.24)
<u>\$ 7,435,157.43</u>	<u>\$ 0.00</u>	<u>\$ 2,359,936,025.53</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 3,036,573,770.84</u>

Texas Education Agency (701)
Exhibit E-1
Combining Balance Sheet - Permanent Funds
August 31, 2021

	Permanent School Fund 0044 (D23 Fund 0044)	PSF-Liquid Account Fund 0044 (D23 Fund 0045)	Memorandum Totals FY 2021 Exhibit II
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in Bank (Note 3)	\$ 62,357,195.99	\$ 780,306.48	\$ 63,137,502.47
Cash in State Treasury	493,203,312.50	1,321,918,138.96	1,815,121,451.46
Cash Equivalents	272,250,431.28	110,280,271.08	382,530,702.36
Securities Lending Collateral (Note 3)	2,187,664,582.05	434,987,443.79	2,622,652,025.84
Receivables:			
Interest and Dividends	69,911,639.73	4,898,844.03	74,810,483.76
Accounts	5,776,350.40	305,228.91	6,081,579.31
Other	1,521.34	85.53	1,606.87
Investment Trade Receivable	7,192,453.80	7,061,983.61	14,254,437.41
Total Current Assets	\$ 3,098,357,487.09	\$ 1,880,232,302.39	\$ 4,978,589,789.48
Non-Current Assets:			
Receivables:			
Investments (Note 3)	\$ 41,725,374,792.88	\$ 2,877,667,316.29	\$ 44,603,042,109.17
Total Non-Current Assets	\$ 41,725,374,792.88	\$ 2,877,667,316.29	\$ 44,603,042,109.17
Total Assets	\$ 44,823,732,279.97	\$ 4,757,899,618.68	\$ 49,581,631,898.65
DEFERRED OUTFLOWS			
Deferred Outflow of Revenues	\$ 0.00	\$ 0.00	\$ 0.00
Total Deferred Outflows	\$ 0.00	\$ 0.00	\$ 0.00
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Payables:			
Accounts	\$ 4,343,366.11	\$ 0.00	\$ 4,343,366.11
Payroll	1,261,869.43	0.00	1,261,869.43
Investment Trade Payable	65,811,056.43	1,031,285.48	66,842,341.91
Obligations / Securities Lending	2,197,405,179.67	434,957,585.56	2,632,362,765.23
Total Current Liabilities	\$ 2,268,821,471.64	\$ 435,988,871.04	\$ 2,704,810,342.68
Total Liabilities	\$ 2,268,821,471.64	\$ 435,988,871.04	\$ 2,704,810,342.68
DEFERRED INFLOWS			
Deferred Inflow of Resources (Note 28)	\$ 16,290,538.93	\$ 1,552,017.82	\$ 17,842,556.75
Total Deferred Inflows	\$ 16,290,538.93	\$ 1,552,017.82	\$ 17,842,556.75
Fund Financial Statement			
Fund Balances (Deficits):			
Nonspendable	\$ 40,737,041,732.77	\$ 4,320,358,729.82	\$ 45,057,400,462.59
Restricted	1,801,578,536.63	0.00	1,801,578,536.63
Committed	0.00	0.00	0.00
Assigned	0.00	0.00	0.00
Unassigned	0.00	0.00	0.00
Total Fund Balances	\$ 42,538,620,269.40	\$ 4,320,358,729.82	\$ 46,858,978,999.22
Total Liabilities, Deferred Inflows and Fund Balances	\$ 44,823,732,279.97	\$ 4,757,899,618.68	\$ 49,581,631,898.65

Texas Education Agency (701)

Exhibit E-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance—Permanent Funds

For the fiscal year ended August 31, 2021

	Permanent School Fund 0044 (D23 Fund 0044)	PSF-Liquid Account Fund 0044 (D23 Fund 0045)	Memorandum Totals FY 2021 Exhibit II
REVENUES			
Interest and Other Investment Income	\$ 1,263,805,941.76	\$ 42,059,533.70	\$ 1,305,865,475.46
Net Increase (Decrease) in Fair Value	6,817,684,758.62	149,538,067.61	6,967,222,826.23
Settlement of Claims	274,162.02	0.00	274,162.02
Other	123.88	0.00	123.88
Total Revenues	\$ 8,081,764,986.28	\$ 191,597,601.31	\$ 8,273,362,587.59
EXPENDITURES			
Salaries and Wages	\$ 14,814,225.95	\$ 0.00	\$ 14,814,225.95
Payroll Related Costs	3,322,233.79	0.00	3,322,233.79
Professional Fees and Services	6,210,500.80	0.00	6,210,500.80
Travel	15,668.61	0.00	15,668.61
Materials and Supplies	381,482.12	0.00	381,482.12
Communication and Utilities	4,617,984.08	0.00	4,617,984.08
Repairs and Maintenance	62,871.62	0.00	62,871.62
Rentals and Leases	909,129.94	0.00	909,129.94
Printing and Reproduction	6,786.53	0.00	6,786.53
Other Expenditures	1,776,050.10	0.00	1,776,050.10
Capital Outlay	4,665.05	0.00	4,665.05
Total Expenditures	\$ 32,121,598.59	\$ 0.00	\$ 32,121,598.59
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ 8,049,643,387.69	\$ 191,597,601.31	\$ 8,241,240,989.00
OTHER FINANCING SOURCES (USES):			
Transfers In (Note 12)	\$ 114,296,291.39	\$ 400,000,000.00	\$ 514,296,291.39
Transfers Out (Note 12)	(1,401,669,656.89)	(319,296,291.39)	(1,720,965,948.28)
Total Other Financing Sources (Uses)	\$ (1,287,373,365.50)	\$ 80,703,708.61	\$ (1,206,669,656.89)
Net Change in Fund Balances / Net Assets	\$ 6,762,270,022.19	\$ 272,301,309.92	\$ 7,034,571,332.11
Fund Financial Statement - Fund Balances			
Fund Balance - September 1,	\$ 35,776,350,247.21	\$ 4,048,057,419.90	\$ 39,824,407,667.11
Fund Balances - August 31, 2021	\$ 42,538,620,269.40	\$ 4,320,358,729.82	\$ 46,858,978,999.22

Texas Education Agency (701)
Schedule 1A - Expenditures of Federal Awards
For the fiscal year ended August 31, 2021

Federal Grantor/ Pass Through Grantor/ Program Title	NS Nam CFDA	Agency / University Number	Pass-Through From		Direct Program Amount
			Agency / University Amount	Non-State Entities Amount	
U.S. Department of the Treasury					
Pass-Through From					
COVID-19 - Coronavirus Relief Fund	21.019			\$ 17,865,768.63	
Pass-Through From:					
COVID-19 - Coronavirus Relief Fund	21.019	300	\$ (201.68)		
Governor - Fiscal					
Pass-Through To:					
University of Houston	21.019			\$ 965.00	
COVID-19 - Coronavirus Relief Fund					
Pass-Through To:					
University of Houston					
Total	21.019		\$ (201.68)	\$ 17,866,733.63	
Totals - U.S. Department of Treasury			\$ (201.68)	\$ 17,866,733.63	
U.S. Department of Defense					
Direct Programs:					
Troops to Teachers Grant Program	12.620			\$	300,869.70
Pass-Through To Non-State Entities					
Total	12.620			\$	300,869.70
Totals - U.S. Department of Defense				\$	300,869.70
U.S. Department of Education					
Education Research, Development and Dissemination - Continuous Improvement in					
Education Research	84.305H			\$ 89,878.87	
Pass-Through From:					
American Institutes for Research					
Total	84.305H			\$ 89,878.87	
Education Innovation and Research - Mid-phase Grants	84.411B			\$ 727,366.12	
Pass-Through From:					
Jobs for the Future					
Education Innovation and Research - Mid-phase Grants	84.411B				
Pass-Through To:					
University of Texas at Tyler				\$ 3,419.82	
Total	84.411B		\$	\$ 730,785.94	
Direct Programs:					
Title I Grants to Local Educational Agencies	84.010A			\$	1,482,536,348.20
Pass-Through To:					
University of Texas at Austin					
University of Houston					
University of Texas of the Permian Basin					
University of Texas at Tyler					
Texas School for the Blind and Visually Impaired					
Texas School for the Deaf					
Pass-Through To Non-State Entities					
Total	84.010A			\$ 1,482,536,348.20	
Migrant Education - State Grant Program	84.011A			\$	43,633,626.30
Pass-Through To:					
Texas A&M University					
Pass-Through To Non-State Entities					
Total	84.011A			\$ 43,633,626.30	
Title I Program for Neglected & Delinquent Children & Youth	84.013A			\$	2,090,848.83
Pass-Through To:					
Texas Juvenile Justice Department					
Texas Department of Criminal Justice					
Pass-Through To Non-State Entities					
Total	84.013A			\$ 2,090,848.83	
Career and Technical Education - Basic Grants to States	84.048A			\$	101,204,748.53
Pass-Through To:					
Texas Juvenile Justice Department					
Texas Department of Criminal Justice					
Texas School for the Blind and Visually Impaired					
Texas School For The Deaf					
Texas Higher Education Coordinating Board					
Pass-Through To Non-State Entities					
Total	84.048A			\$ 101,204,748.53	
Education for Homeless Children and Youth	84.196A			\$	9,034,735.50
Total	84.196A			\$ 9,034,735.50	
Eisenhower Professional Development State Grants	84.281A			\$	(1,188.60)
Pass-Through To Non-State Entities					
Total	84.281A			\$ (1,188.60)	

Pass-Through To					
Total Pass-Through From and Direct Program	Agency / University Number	Agency / University Amount	Non-State Entities Amount	Expenditures Amount	Total Pass-Through to and Expenditures Amount
\$ 17,865,768.63			\$ 17,865,768.63		\$ 17,865,768.63
\$ (201.68)			\$ (1,166.68)		\$ (201.68)
\$ 965.00	730	\$ 965.00			\$ 965.00
	730	965.00			
\$ 17,866,531.95		1,930.00	\$ 17,864,601.95		\$ 17,866,531.95
\$ 17,866,531.95		1,930.00	\$ 17,864,601.95	0.00	\$ 17,866,531.95
\$ 300,869.70			\$ 300,869.70		\$ 300,869.70
\$ 300,869.70			\$ 300,869.70		\$ 300,869.70
\$ 300,869.70			\$ 300,869.70		\$ 300,869.70
\$ 89,878.87				\$ 89,878.87	\$ 89,878.87
\$ 89,878.87				\$ 89,878.87	\$ 89,878.87
\$ 727,366.12			\$ 727,366.12		\$ 727,366.12
\$ 3,419.82	750	\$ 3,419.82			\$ 3,419.82
\$ 730,785.94		\$ 3,419.82	\$ 727,366.12		\$ 730,785.94
\$ 1,482,536,348.20				\$ 9,913,777.31	\$ 9,913,777.31
	721	955,064.06			955,064.06
	730	27,072.46			27,072.46
	742	10,737.95			10,737.95
	750	4,780.00			4,780.00
	771	1,283.00			1,283.00
	772	40,355.96			40,355.96
		\$ 1,471,583,277.46			1,471,583,277.46
\$ 1,482,536,348.20		\$ 1,039,293.43	\$ 1,471,583,277.46	\$ 9,913,777.31	\$ 1,482,536,348.20
\$ 43,633,626.30				\$ 1,198,600.91	\$ 1,198,600.91
		\$			0.00
		\$	42,435,025.39		42,435,025.39
\$ 43,633,626.30		0.00	\$ 42,435,025.39	\$ 1,198,600.91	\$ 43,633,626.30
\$ 2,090,848.83				\$ 16,307.24	\$ 16,307.24
	644	\$ 973,464.81			973,464.81
	696	1,099,982.79			1,099,982.79
		\$	1,093.99		1,093.99
\$ 2,090,848.83		\$ 2,073,447.60	\$ 1,093.99	\$ 16,307.24	\$ 2,090,848.83
\$ 101,204,748.53				\$ 3,825,517.60	\$ 3,825,517.60
	644	\$ 120,902.14			120,902.14
	696	1,305,633.62			1,305,633.62
	771	15,000.00			15,000.00
	772	43,995.76			43,995.76
	781	28,791,230.02			28,791,230.02
		\$ 67,102,469.39			67,102,469.39
\$ 101,204,748.53		\$ 30,276,761.54	\$ 67,102,469.39	\$ 3,825,517.60	\$ 101,204,748.53
\$ 9,034,735.50			\$ 9,030,543.50	\$ 4,192.00	\$ 9,034,735.50
\$ 9,034,735.50			\$ 9,030,543.50	4,192.00	\$ 9,034,735.50
\$ (1,188.60)			\$ (1,188.60)		\$ (1,188.60)
\$ (1,188.60)			\$ (1,188.60)		\$ (1,188.60)

Texas Education Agency (701)
Schedule 1A - Expenditures of Federal Awards
For the fiscal year ended August 31, 2021

Federal Grantor/ Pass Through Grantor/ Program Title	NS Nam CFDA	Pass-Through From			Direct Program Amount
		Agency / University Number	Agency / University Amount	Non-State Entities Amount	
<u>Charter Schools</u>	84.282A			\$	24,513,679.62
Pass-Through To Non-State Entities					
Total	84.282A			\$	24,513,679.62
<u>Twenty-First Century Community Learning Centers</u>	84.287C			\$	120,426,197.05
Pass-Through To:					
Pass-Through To Non-State Entities					
Total	84.287C			\$	120,426,197.05
<u>State Grants for Innovative Programs</u>	84.298A			\$	(2,747.86)
Pass-Through To Non-State Entities					
Total	84.298A			\$	(2,747.86)
<u>Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities</u>	84.326T			\$	552,609.02
Pass-Through To:					
Texas School for the Blind and Visually Impaired					
Total	84.326T			\$	552,609.02
<u>Gaining Early Awareness and Readiness for Undergraduate Programs</u>	84.334S			\$	3,686,181.91
Pass-Through To:					
Texas A&M University					
Pass-Through To Non-State Entities					
Total	84.334S			\$	3,686,181.91
<u>Class Size Reduction</u>	84.340A			\$	(7,221.13)
Pass-Through To Non-State Entities					
Total	84.340A			\$	(7,221.13)
<u>Rural Education</u>	84.358B			\$	11,801,370.82
Pass-Through To:					
Pass-Through To Non-State Entities					
Total	84.358B			\$	11,801,370.82
<u>English Language Acquisition State Grants</u>	84.365A			\$	121,328,864.45
Pass-Through To:					
Pass-Through To Non-State Entities					
Total	84.365A			\$	121,328,864.45
<u>Mathematics and Science Partnerships</u>	84.366B				(1,555.05)
Pass-Through To:					
University of Texas at Austin					
Total	84.366B				(1,555.05)
<u>Supporting Effective Instruction State Grants</u>	84.367A			\$	165,376,996.25
Pass-Through To:					
Texas Juvenile Justice Department					
Texas Department of Criminal Justice					
University of Texas at Austin					
University of Houston					
University of Texas of the Permian Basin					
University of Texas at Tyler					
Sam Houston State University					
Texas School for the Blind and Visually Impaired					
Texas School for the Deaf					
Pass-Through To Non-State Entities					
Total	84.367A			\$	165,376,996.25
<u>Grants for State Assessments and Related Activities</u>	84.369A			\$	15,253,429.93
Pass-Through To Non-State Entities					
Total	84.369A			\$	15,253,429.93
<u>Striving Readers/Comprehensive Literacy Development</u>	84.371C			\$	7,842.83
Pass-Through To Non-State Entities					
Total	84.371C			\$	7,842.83
<u>Statewide Longitudinal Data Systems</u>	84.372A			\$	1,482,391.42
Pass-Through To Non-State Entities					
Total	84.372A			\$	1,482,391.42
<u>School Improvement Grants</u>	84.377A			\$	31,864,298.15
Pass-Through To Non-State Entities					
Total	84.377A			\$	31,864,298.15
<u>Student Support and Academic Enrichment Program</u>	84.424A			\$	108,039,388.26
Pass-Through To:					
University of Texas at Austin					
University of Houston					
University of Texas of the Permian Basin					
Texas School for the Blind and Visually Impaired					
Texas School for the Deaf					
Pass-Through To Non-State Entities					
Total	84.424A			\$	108,039,388.26
<u>COVID-19 - Education Stabilization Fund</u>	84.425B				4,912,958.41
Pass-Through To:					
Pass-Through To Non-State Entities					
Total	84.425B			\$	4,912,958.41

Pass-Through To					
Total Pass-Through From and Direct Program	Agency / University Number	Agency / University Amount	Non-State Entities Amount	Expenditures Amount	Total Pass-Through to and Expenditures Amount
\$ 24,513,679.62	753	\$ (88.94)	\$ 24,071,357.58	\$ 442,410.98	\$ 442,322.04
\$ 24,513,679.62		(88.94)	\$ 24,071,357.58	\$ 442,410.98	\$ 24,071,357.58
\$ 120,426,197.05				\$ 3,626,467.30	\$ 3,626,467.30
		\$ 116,799,729.75			\$ 116,799,729.75
\$ 120,426,197.05		\$ 0.00	\$ 116,799,729.75	\$ 3,626,467.30	\$ 120,426,197.05
\$ (2,747.86)			\$ (2,747.86)		\$ (2,747.86)
\$ (2,747.86)			\$ (2,747.86)		\$ (2,747.86)
\$ 552,609.02					
	771	\$ 552,609.02		\$	\$ 552,609.02
\$ 552,609.02		\$ 552,609.02		\$ 0.00	\$ 552,609.02
\$ 3,686,181.91				\$ 1,167,392.75	\$ 1,167,392.75
	711	\$ 106,108.20			\$ 106,108.20
\$ 3,686,181.91		\$ 106,108.20	\$ 2,412,680.96	\$ 1,167,392.75	\$ 2,412,680.96
\$ (7,221.13)			\$ (7,221.13)		\$ (7,221.13)
\$ (7,221.13)			\$ (7,221.13)		\$ (7,221.13)
\$ 11,801,370.82				\$ 348,265.61	\$ 348,265.61
		\$ 11,453,105.21			\$ 11,453,105.21
\$ 11,801,370.82		\$ 0.00	\$ 11,453,105.21	\$ 348,265.61	\$ 11,801,370.82
\$ 121,328,864.45				\$ 2,334,391.17	\$ 2,334,391.17
		\$ 118,994,473.28			\$ 118,994,473.28
\$ 121,328,864.45		\$ 0.00	\$ 118,994,473.28	\$ 2,334,391.17	\$ 121,328,864.45
\$ (1,555.05)					
	721	\$ (1,555.05)		\$	\$ (1,555.05)
\$ (1,555.05)		\$ (1,555.05)		\$	\$ (1,555.05)
\$ 165,376,996.25				\$ 1,565,373.63	\$ 1,565,373.63
	644	\$ 70,486.67			\$ 70,486.67
	696	108,405.27			108,405.27
	721	30,496.74			30,496.74
	730	6,739.00			6,739.00
	742	5,843.89			5,843.89
	750	19,308.00			19,308.00
	753	7,543.34			7,543.34
	771	964.87			964.87
	772	10,115.09			10,115.09
		\$ 163,551,719.75			\$ 163,551,719.75
\$ 165,376,996.25		\$ 259,902.87	\$ 163,551,719.75	\$ 1,565,373.63	\$ 165,376,996.25
\$ 15,253,429.93			\$ (3,800,000.00)	\$ 19,053,429.93	\$ 19,053,429.93
\$ 15,253,429.93			\$ (3,800,000.00)	\$ 19,053,429.93	\$ (3,800,000.00)
\$ 7,842.83				\$ 7,842.83	\$ 7,842.83
\$ 7,842.83			\$ 0.00	\$ 7,842.83	\$ 0.00
\$ 1,482,391.42				\$ 1,482,391.42	\$ 1,482,391.42
\$ 1,482,391.42			\$ 0.00	\$ 1,482,391.42	\$ 0.00
\$ 31,864,298.15				\$	\$ 0.00
		\$ 31,864,298.15			\$ 31,864,298.15
\$ 31,864,298.15		\$ 31,864,298.15		\$	\$ 31,864,298.15
\$ 108,039,388.26				\$ 831,116.77	\$ 831,116.77
	721	\$ 48,245.34			\$ 48,245.34
	730	10,787.70			10,787.70
	742	4,301.67			4,301.67
	771	2,099.00			2,099.00
	772	16,212.00			16,212.00
		\$ 107,126,625.78			\$ 107,126,625.78
\$ 108,039,388.26		\$ 81,645.71	\$ 107,126,625.78	\$ 831,116.77	\$ 108,039,388.26
4,912,958.41				\$ 4,912,958.41	\$ 4,912,958.41
					0.00
\$ 4,912,958.41				\$ 4,912,958.41	\$ 4,912,958.41

Texas Education Agency (701)
Schedule 1A - Expenditures of Federal Awards
For the fiscal year ended August 31, 2021

Federal Grantor/ Pass Through Grantor/ Program Title	NS CFDA Nam I	Pass-Through From			Direct Program Amount
		Agency / University Number	Agency / University Amount	Non-State Entities Amount	
<u>COVID-19 - Governors Emergency Education Relief (GEER) Fund</u> Governor-Fiscal Pass-Through To: Texas Department of Criminal Justice Total	84.425C	300	\$ 11,197,578.00		
	84.425C		11,197,578.00		
<u>COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund</u> Pass-Through To: University of Texas at Austin University of Houston University of Texas of the Permian Basin University of Texas at Tyler Texas School for the Blind and Visually Impaired Texas School for the Deaf Pass-Through To Non-State Entities Total	84.425D			\$	1,668,279,645.31
	84.425D			\$	1,668,279,645.31
<u>COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 -</u> Total	84.425R			\$	25,000,000.00
	84.425R			\$	25,000,000.00
<u>COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief</u> Pass-Through To: University of Texas at Tyler Pass-Through To Non-State Entities Total	84.425U			\$	509,685,660.23
	84.425U			\$	509,685,660.23
<u>Hurricane Education Recovery</u> Pass-Through To Non-State Entities Total	84.938A			\$	27,678,835.32
	84.938A			\$	27,678,835.32
<u>Disaster Recovery Assistance for Education - Assistance for Homeless Children and Youth</u> Pass-Through To Non-State Entities Total	84.938B			\$	55,243.39
	84.938B			\$	55,243.39
Temporary Emergency Impact Aid for Displaced Students Program Pass-Through To Non-State Entities Total	84.938C			\$	(160,327.33)
	84.938C			\$	(160,327.33)
<u>Special Education-Grants for Infants and Families</u> Pass-Through From: Health and Human Services Commission Pass-Through To Non-State Entities Total	84.181A	529	\$ 62,606.07		
	84.181A		\$ 62,606.07		
Totals - U.S. Department of Education			\$ 11,260,184.07	\$ 820,664.81	\$ 4,478,272,859.76
U.S. Department of Health and Human Services Direct Programs: <u>Substance Abuse and Mental Health Services Projects of Regional and National Significance</u> Pass-Through To Non-State Entities Total	93.243			\$	1,263,723.31
	93.243			\$	1,263,723.31
<u>Every Student Succeeds Act/Preschool Development Grants</u> Total	93.434			\$	61,079.63
	93.434			\$	61,079.63
<u>Developmental Disabilities Basic Support and Advocacy Grants</u> Pass-Through To: University of Texas at Austin Texas Tech University University of North Texas Health Science Center at Fort Worth Pass-Through To Non-State Entities Total	93.630			\$	6,503,327.20
	93.630			\$	6,503,327.20
<u>Temporary Assistance for Needy Families</u> Pass-Through From: Health and Human Services Commission Pass-Through To Non-State Entities Total	93.558	529	\$ 4,447,203.45		
	93.558		\$ 4,447,203.45		
Totals - U.S. Department of Health and Human Services			4,447,203.45	0.00	\$ 7,828,130.14
U.S. Department of Justice Direct Programs: <u>STOP School Violence</u> Pass-Through To: Texas State University Pass-Through To Non-State Entities Total	16.839			\$	757,958.53
	16.839			\$	757,958.53
Totals - U.S. Department of Justice				\$	757,958.53
CDDF Cluster U.S. Department of Health and Human Services Pass-Through Programs: <u>Child Care and Development Block Grant</u> Pass-Through From: Texas Workforce Commission Pass-Through To: University of Texas Health Science Center at Houston Pass-Through To Non-State Entities Total	93.575	320	\$ 15,629,325.31		
	93.575		\$ 15,629,325.31		
Totals - U.S. Department of Health and Human Services			\$ 15,629,325.31		

Pass-Through To					
Total Pass-Through From and Direct Program	Agency / University Number	Agency / University Amount	Non-State Entities Amount	Expenditures Amount	Total Pass-Through to and Expenditures Amount
\$ 11,197,578.00				\$ 10,508,686.76	\$ 10,508,686.76
	696	\$ 688,891.24		\$ 688,891.24	
\$ 11,197,578.00		\$ 688,891.24		10,508,686.76	11,197,578.00
\$ 1,668,279,645.31				\$ 58,924,935.87	\$ 58,924,935.87
	721	\$ 617,471.78			617,471.78
	730	20,091.00			20,091.00
	742	90,132.00			90,132.00
	750	92,219.00			92,219.00
	771	64,101.35			64,101.35
	772	99,011.99			99,011.99
			\$ 1,608,371,682.32		1,608,371,682.32
\$ 1,668,279,645.31		\$ 983,027.12	\$ 1,608,371,682.32	\$ 58,924,935.87	\$ 1,668,279,645.31
\$ 25,000,000.00				\$ 25,000,000.00	\$ 25,000,000.00
\$ 25,000,000.00				\$ 25,000,000.00	\$ 25,000,000.00
\$ 509,685,660.23				\$ 720,013.79	\$ 720,013.79
	750	\$ 127,967.24			127,967.24
			\$ 508,837,679.20		508,837,679.20
\$ 509,685,660.23		\$ 127,967.24	\$ 508,837,679.20	\$ 720,013.79	\$ 509,685,660.23
\$ 27,678,835.32				\$ 134,246.14	\$ 134,246.14
			\$ 27,544,589.18		27,544,589.18
\$ 27,678,835.32			\$ 27,544,589.18	\$ 134,246.14	\$ 27,678,835.32
\$ 55,243.39				\$ 5,164.77	\$ 5,164.77
			\$ 50,078.62		50,078.62
\$ 55,243.39			\$ 50,078.62	\$ 5,164.77	\$ 55,243.39
\$ (160,327.33)					
			\$ (160,327.33)		(160,327.33)
\$ (160,327.33)			\$ (160,327.33)		\$ (160,327.33)
\$ 62,606.07	772	\$ 418.75			418.75
			\$ 62,187.32		62,187.32
\$ 62,606.07		\$ 418.75	\$ 62,187.32		\$ 62,606.07
\$ 4,490,353,708.64		\$ 36,191,848.55	\$ 4,308,048,498.03	\$ 146,113,362.06	\$ 4,490,353,708.64
\$ 1,263,723.31				\$ 440,817.95	\$ 440,817.95
			\$ 822,905.36		822,905.36
\$ 1,263,723.31			\$ 822,905.36	0 440,817.95	\$ 1,263,723.31
\$ 61,079.63				\$ 61,079.63	\$ 61,079.63
\$ 61,079.63				\$ 61,079.63	\$ 61,079.63
\$ 6,503,327.20				\$ 2,636,396.22	\$ 2,636,396.22
	721	4,540.50			4,540.50
	733	478,618.46			478,618.46
	763	87,343.00			87,343.00
			\$ 3,296,429.02		3,296,429.02
\$ 6,503,327.20		\$ 570,501.96	\$ 3,296,429.02	\$ 2,636,396.22	\$ 6,503,327.20
\$ 4,447,203.45				\$ 699,886.10	\$ 699,886.10
			\$ 3,747,317.35		3,747,317.35
\$ 4,447,203.45			\$ 3,747,317.35	\$ 699,886.10	\$ 4,447,203.45
\$ 12,275,333.59		\$ 570,501.96	\$ 7,866,651.73	\$ 3,838,179.90	\$ 12,275,333.59
\$ 757,958.53				\$ 72,034.94	\$ 72,034.94
	754	\$ 255,384.65			255,384.65
			\$ 430,538.94		430,538.94
\$ 757,958.53		\$ 255,384.65	\$ 430,538.94	\$ 72,034.94	\$ 757,958.53
\$ 757,958.53		\$ 255,384.65	\$ 430,538.94	\$ 72,034.94	\$ 757,958.53
				\$ (67,215.96)	\$ (67,215.96)
\$ 15,629,325.31					
	744	\$ 12,153,731.08			12,153,731.08
			\$ 3,542,810.19		3,542,810.19
\$ 15,629,325.31		\$ 12,153,731.08	\$ 3,542,810.19	\$ (67,215.96)	\$ 15,629,325.31
\$ 15,629,325.31		\$ 12,153,731.08	\$ 3,542,810.19	\$ (67,215.96)	\$ 15,629,325.31

Texas Education Agency (701)
Schedule 1A - Expenditures of Federal Awards
For the fiscal year ended August 31, 2021

Federal Grantor/ Pass Through Grantor/ Program Title	NS Nam CFDA	Agency / University Number	Pass-Through From		Direct Program Amount
			Agency / University Amount	Non-State Entities Amount	
Child Nutrition Cluster					
U.S. Department of Agriculture					
Direct Programs:					
School Breakfast Program	10.553			\$	461,905,045.30
Pass-Through To:					
University of Texas at Austin					
University of Houston					
University of Texas at Tyler					
Pass-Through To Non-State Entities					
Total	10.553			\$	461,905,045.30
National School Lunch Program					
Pass-Through To:	10.555			\$	1,173,864,586.23
University of Texas at Austin					
University of Houston					
Pass-Through To Non-State Entities					
Total	10.555			\$	1,173,864,586.23
Totals - U.S. Department of Agriculture				\$	1,635,769,631.53
Special Education (IDEA) Cluster					
U.S. Department of Education					
Direct Programs:					
Special Education - Grants to States	84.027A			\$	1,041,883,862.34
Pass-Through To:					
Health and Human Services Commission					
Texas Juvenile Justice Department					
Texas Department of Criminal Justice					
University of Texas at Austin					
University of Texas of the Permian Basin					
University of Texas at Tyler					
Sam Houston State University					
Stephen F. Austin State University					
Texas School for the Blind and Visually Impaired					
Texas School for the Deaf					
Pass-Through To Non-State Entities					
Total	84.027A			\$	1,041,883,862.34
Special Education - Preschool Grants					
Pass-Through To:	84.173A			\$	20,562,263.85
University of Texas at Austin					
Sam Houston State University					
Texas School for the Deaf					
Pass-Through To Non-State Entities					
Total	84.173A			\$	20,562,263.85
Totals - U.S. Department of Education				\$	1,062,446,126.19
WIOA Cluster					
U.S. Department of Labor					
Pass-Through From					
WIOA Adult Program	17.258				
Pass-Through From:					
Texas Workforce Commission		320	\$	548,927.19	
Pass-Through To Non-State Entities					
Total	17.258		\$	548,927.19	
Totals - U.S. Department of Labor			\$	548,927.19	
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$	31,885,438.34	\$ 18,687,398.44 \$ 7,185,375,575.85

Pass-Through To					
Total Pass-Through From and Direct Program	Agency / University Number	Agency / University Amount	Non-State Entities Amount	Expenditures Amount	Total Pass-Through to and Expenditures Amount
\$ 461,905,045.30					
	721	\$ 17,572.14		\$ 17,572.14	
	730	13,591.64		13,591.64	
	750	8,595.38		8,595.38	
		\$ 461,865,286.14	\$ 461,865,286.14		461,865,286.14
\$ 461,905,045.30		\$ 39,759.16	\$ 461,865,286.14		\$ 461,905,045.30
\$ 1,173,864,586.23					
	721	\$ 41,002.76		\$ 41,002.76	
	730	22,430.10		22,430.10	
		\$ 1,173,801,153.37	1,173,801,153.37		1,173,801,153.37
\$ 1,173,864,586.23		\$ 63,432.86	\$ 1,173,801,153.37		\$ 1,173,864,586.23
\$ 1,635,769,631.53		\$ 103,192.02	\$ 1,635,666,439.51		\$ 1,635,769,631.53
\$ 1,041,883,862.34				\$ 28,288,394.13	\$ 28,288,394.13
	529	\$ 5,131,125.00			5,131,125.00
	644	556,435.68			556,435.68
	696	327,330.90			327,330.90
	721	2,058,323.44			2,058,323.44
	742	76,279.96			76,279.96
	750	122,698.00			122,698.00
	753	1,311,545.38			1,311,545.38
	755	32,343.84			32,343.84
	771	3,128,163.77			3,128,163.77
	772	1,216,437.81			1,216,437.81
		\$ 999,634,784.43	999,634,784.43		999,634,784.43
\$ 1,041,883,862.34		\$ 13,960,683.78	\$ 999,634,784.43	\$ 28,288,394.13	\$ 1,041,883,862.34
\$ 20,562,263.85				\$ 46,476.88	\$ 46,476.88
	721	\$ 3,745.94			3,745.94
	753	570.34			570.34
	772	13,381.31			13,381.31
		\$ 20,498,089.38	20,498,089.38		20,498,089.38
\$ 20,562,263.85		\$ 17,697.59	\$ 20,498,089.38	\$ 46,476.88	\$ 20,562,263.85
\$ 1,062,446,126.19		\$ 13,978,381.37	\$ 1,020,132,873.81	\$ 28,334,871.01	\$ 1,062,446,126.19
\$ 548,927.19			\$ 548,927.19		\$ 548,927.19
\$ 548,927.19			\$ 548,927.19		\$ 548,927.19
\$ 548,927.19			\$ 548,927.19		\$ 548,927.19
\$ 7,235,948,412.63		\$ 63,254,969.63	\$ 6,994,402,211.05	\$ 178,291,231.95	\$ 7,235,948,412.63

(UNAUDITED)

Texas Education Agency (701)
Schedule 1A
Expenditures of Federal Awards
For the fiscal year ended August 31, 2021

Note 1 - Non-Monetary Assistance

Not applicable.

Note 2 - Reconciliation

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

Per Combined Statement of Revenues, Expenditures, and Changes in Fund
Balance/Statement of Net Activities - Governmental Fund Types (Exh. II):

Federal Revenues (Exh. II)	\$ 7,204,062,974.29
Federal Pass-Through Revenues (Exh. II)	<u>31,885,438.34</u>
Total Pass-Through and Direct Expenditures per Federal Schedule	<u><u>\$ 7,235,948,412.63</u></u>

Note 3 - Student Loans

Not applicable.

Note 4 - Depository Libraries for Government Publications

Not applicable.

Note 5 - Unemployment Insurance Funds

Not applicable.

Note 6 - Rebates from the Special Supplemental Food Program for Women, Infant and Children (WIC)

Not applicable.

Note 7 - Federal Unearned Revenue

All unearned revenues related to federal programs reported below are prepaid federal grants that have not been

(UNAUDITED)

Texas Education Agency (701)
Schedule 1A
Expenditures of Federal Awards
For the fiscal year ended August 31, 2021

earned by fiscal year-end.

Federal Unearned Revenue as of 09/01/2020	\$ -
Net Change During the Fiscal Year - Increase / (Decrease)	2,000,000.00
Federal Unearned Revenue as of 08/31/2021	<u>\$ 2,000,000.00</u>

CFDA Number	
84.048A	<u>\$ 2,000,000.00</u>
	<u>\$ 2,000,000.00</u>

Note 9 - Economic Adjustment Assistance

Not applicable.

Note 10 - Ten Percent de Minimis Indirect Cost Rate

TEA does not use the 10 percent de minimis indirect cost rate.

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Texas Education Agency (701)
Schedule 1B
Schedule of State Grant Pass-Throughs From/To State Agencies
For the Year Ended August 31, 2021

Pass-Through From/To	Agency Number	Pass-Through Amount
<u>Pass-Through To:</u>		
TEA Social Studies for English Lang Learners		
University of Texas Rio Grande Valley	746	\$ 7,536.06
		\$ 7,536.06
Available School Fund - Per Capita		
Texas Juvenile Justice Department	644	\$ 363,325.00
University of Texas at Austin	721	408,981.00
University of Houston	730	58,649.00
Lamar University	734	18,119.00
University of Texas of the Permian Basin	742	353,449.00
University of Texas Rio Grande Valley	746	96,611.00
University of Texas at Tyler	750	388,655.00
University of North Texas	752	176,846.00
Sam Houston State University	753	135,466.74
Stephen F. Austin State University	755	121,041.00
Texas A&M International University	761	49,662.00
Texas School for the Blind and Visually Impaired	771	63,909.00
Texas School for the Deaf	772	267,381.00
		\$ 2,502,094.74
Council Early Childhood Intervention		
Health and Human Services Commission	529	\$ 16,498,102.00
		\$ 16,498,102.00
Early Childhood School Readiness		
University of Texas Health Science Center at Houston	744	\$ 2,541,872.75
		\$ 2,541,872.75
Foundation School Program (FSP) - Formula		
Texas Military Department	401	1,429,500.00
University of Texas at Austin	721	\$ 12,343,833.00
University of Houston	730	735,594.00
Lamar University	734	387,343.00
University of Texas of the Permian Basin	742	6,524,450.00
University of Texas Rio Grande Valley	746	2,106,597.00
University of Texas at Tyler	750	7,291,078.00
University of North Texas	752	3,169,964.00
Sam Houston State University	753	3,136,093.74
Stephen F. Austin State University	755	2,084,985.00
Texas A&M International University	761	1,056,446.00
Texas School for the Blind and Visually Impaired	771	1,141,358.00
Texas School for the Deaf	772	9,859,696.00
		\$ 51,266,937.74
FSP - Texas Juvenile Justice Department		
Texas Juvenile Justice Department	644	\$ 2,775,582.00
		\$ 2,775,582.00
FSP - Windham School District		
Texas Department of Criminal Justice	696	\$ 51,035,533.00
		\$ 51,035,533.00

(UNAUDITED)

Texas Education Agency (701)
Schedule 1B
Schedule of State Grant Pass-Throughs From/To State Agencies
For the Year Ended August 31, 2021

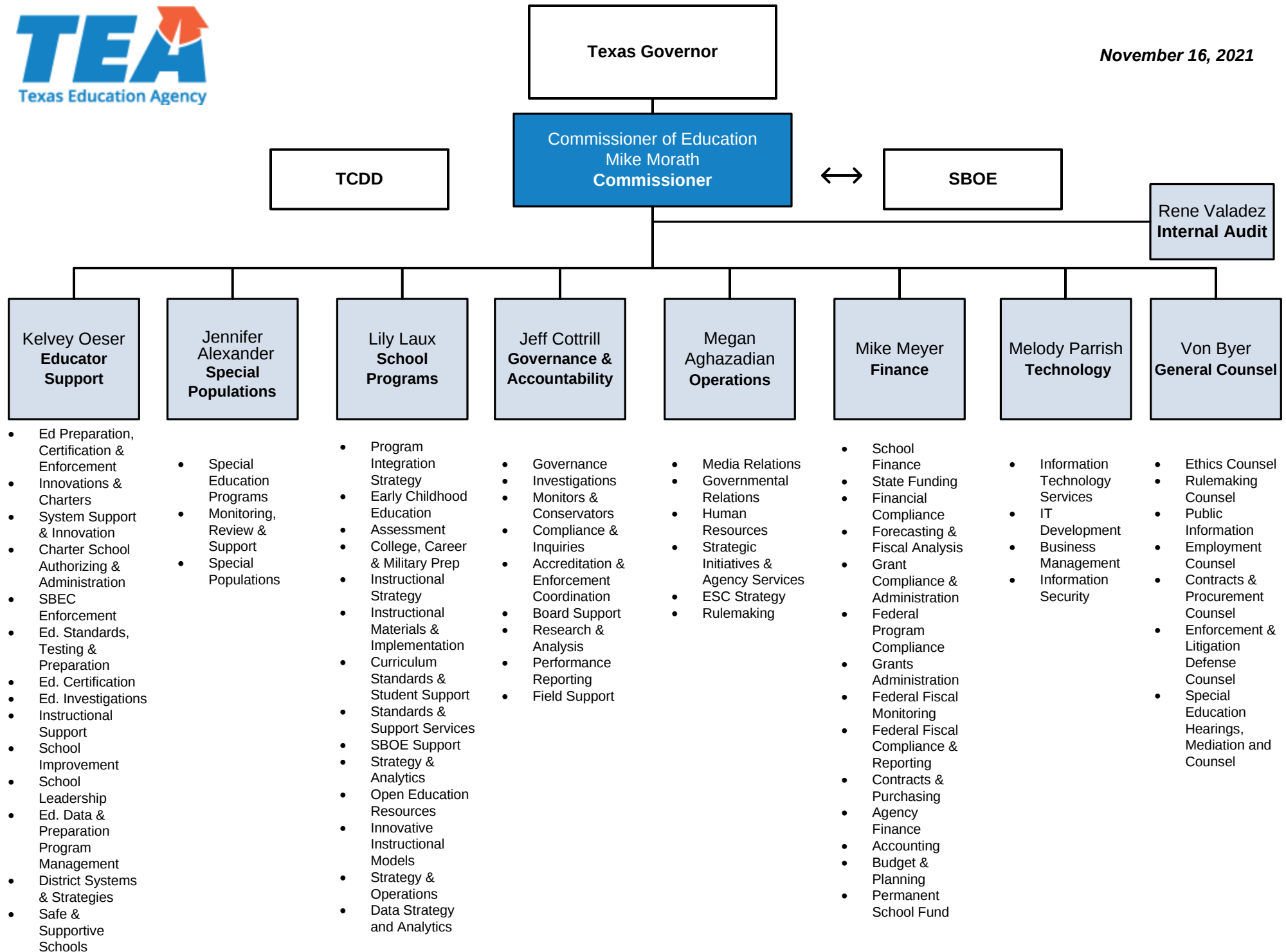
Pass-Through From/To	Agency Number	Pass-Through Amount
Juvenile Justice Alternative Education Program		
Texas Juvenile Justice Department	644	\$ 5,805,000.00
		\$ 5,805,000.00
School Lunch Matching		
University of Texas at Austin	721	\$ 922.79
University of Houston	730	354.29
		\$ 1,277.08
Students With Visual Impairment		
Texas School for the Blind and Visually Impaired	771	\$ 124,195.52
		\$ 124,195.52
Award Student Achievement and Ed Excellence		
Texas A&M University	711	\$ 9,385.33
Texas Woman's University	731	87,376.28
Texas Tech University	733	114,797.89
University of Texas at Tyler	750	68,669.62
Texas A&M University - Commerce	751	8,750.57
Stephen F Austin State University	755	8,998.04
Texas A&M University - Corpus Christi	760	214,430.29
Texas A&M International University	761	1,605.00
		\$ 514,013.02
Instructional Materials Allotment		
Texas Juvenile Justice Department	644	\$ 2,731.46
Texas Department of Criminal Justice	696	572,801.38
University of Texas at Austin	721	12,217.40
University of Texas of the Permian Basin	742	90,126.50
University of Texas at Tyler	750	78,118.31
Sam Houston State University	753	55,197.55
Stephen F. Austin State University	755	19,510.45
Texas School for the Blind and Visually Impaired	771	15,658.43
Texas School for the Deaf	772	97,297.64
		\$ 943,659.12
Onramp Dual Enrollment Course		
University of Texas at Austin	721	\$ 1,900,971.30
		\$ 1,900,971.30
Senate Bill 500 Sec. 30C (pg . 16) 86th Leg. Session 2020-2021		
University of Texas at Austin	721	\$ 61,041.00
University of Texas of the Permian Basin	742	2,414.00
University of Texas at Tyler	750	3,547.00
Sam Houston State University	753	2,064.00
Stephen F. Austin State University	755	824.00
		\$ 69,890.00
Salary Inc School Personnel TJJD -HB3-86th Article IX Sec. 18.114		
Texas Juvenile Justice Department	644	\$ 394,200.00
		\$ 394,200.00
Windham School District-HB3-86th Article IX Sec. 18.114		
Texas Department of Criminal Justice	696	\$ 1,982,228.00
		\$ 1,982,228.00

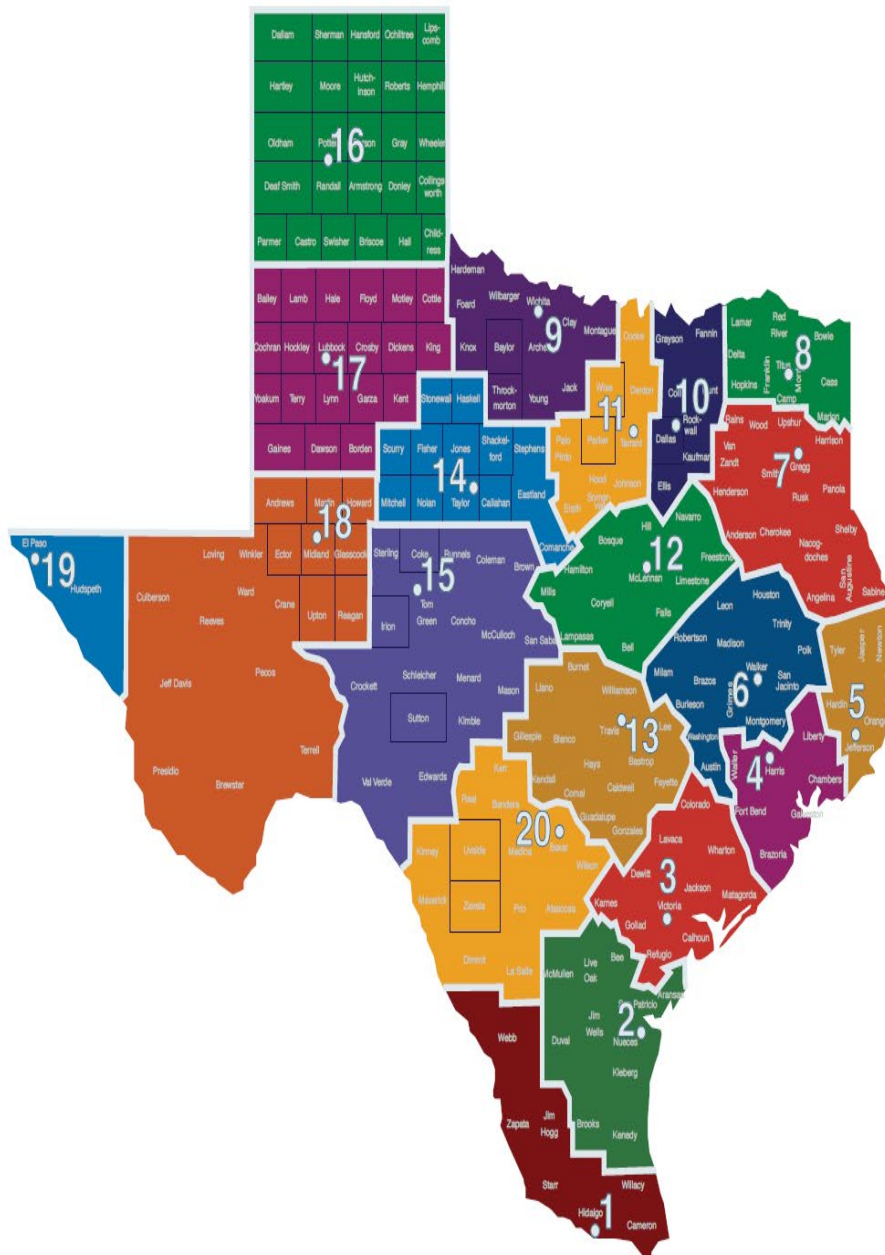
(UNAUDITED)

Texas Education Agency (701)
Schedule 1B
Schedule of State Grant Pass-Throughs From/To State Agencies
For the Year Ended August 31, 2021

Pass-Through From/To	Agency Number	Pass-Through Amount
Additional School Safety - SB500-SC32		
University of Texas at Austin	721	\$ 35,489.79
University of Texas of the Permian Basin	742	25,000.00
Sam Houston State University	753	7,136.96
Stephen F. Austin State University	755	510.00
		<u>\$ 68,136.75</u>
Blended Learning - HB3-86th Article IX Sec. 18.114		
University of Texas at Tyler	750	\$ 79,747.09
		<u>\$ 79,747.09</u>
		<u>\$ 138,510,976.17</u>

ADDENDUM





Regional Education Service Centers

- 1 Edinburg
- 2 Corpus Christi
- 3 Victoria
- 4 Houston
- 5 Beaumont
- 6 Huntsville
- 7 Kilgore
- 8 Mt. Pleasant
- 9 Wichita Falls
- 10 Richardson
- 11 Fort Worth
- 12 Waco
- 13 Austin
- 14 Abilene
- 15 San Angelo
- 16 Amarillo
- 17 Lubbock
- 18 Midland
- 19 El Paso
- 20 San Antonio

STATE BOARD OF EDUCATION
(State Board for Career and Technology Education)

KEVEN ELLIS, Lufkin
Chair of the State Board of
Education District 9

PAM LITTLE, Fairview
Vice Chair of the State Board of
Education
District 12

GEORGINA PÉREZ, El Paso
Secretary of the State Board of
Education
District 1

Board Members

LAWRENCE ALLEN, JR., Houston
District 4

JAY JOHNSON, Pampa
District 15

WILL HICKMAN, Houston
District 6

TOM MAYNARD, Florence
District 10

AUDREY YOUNG, Apple Springs
District 8

SUE MELTON-MALONE, Robinson
District 14

RUBEN CORTEZ, JR., Brownsville
District 2

REBECCA BELL-METEREAU, San Marcos
District 5

AICHA DAVIS, Dallas
District 13

MARISA PEREZ-DIAZ, Converse
District 3

PATRICIA HARDY, Fort Worth
District 11

MATT ROBINSON, Friendswood
District 7

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Commissioner of Education
(Executive Officer of the State Board of Education)

Texas State Board of Education Districts

