TENNESSEE TECHNOLOGICAL UNIVERSITY
Unaudited
Management's Discussion and Analysis
For the Year Ended June 30, 2021

This section of Tennessee Technological University's annual financial report presents a discussion and analysis of the financial performance of the university during the fiscal year ended June 30, 2021, with comparative information presented for the fiscal year ended June 30, 2020. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the financial statements and notes. The financial statements, notes, and this discussion are the responsibility of management.

The university has one discretely presented component unit, the Tennessee Technological University Foundation. More detailed information about the foundation is presented in Note 22 to the financial statements. This discussion and analysis focuses on the university and does not include the foundation.

Overview of the Financial Statements

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The financial statements are presented on a consolidated basis to focus on the university as a whole. The full scope of the university's activities is considered to be a single business-type activity, and accordingly, is reported within a single column in the basic financial statements.

The university's financial report includes the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Notes to the financial statements are also presented to provide additional information that is essential to a full understanding of the financial statements.

The Statement of Net Position

The Statement of Net Position is a point in time financial statement. The Statement of Net Position presents the financial position of the university at the end of the fiscal year. To aid the reader in determining the University's ability to meet immediate and future obligations, the statement includes all assets, liabilities, deferred outflows/inflows, and net position of the university and segregates the assets and liabilities into current and noncurrent components. Current assets are those that are available to satisfy current liabilities, inclusive of assets that will be converted to cash within one year. Current liabilities are those that will be paid within one year. The Statement of Net Position is prepared under the accrual basis of accounting; assets and liabilities are recognized when goods or services are provided or received despite when cash is actually exchanged.

From the data presented, readers of the statement are able to determine the assets available to continue the operations of the university. They are also able to determine how much the university owes vendors, lenders, and others. Net position represents the difference between the university's assets and liabilities, along with the difference between deferred outflows and deferred inflows, and is one indicator of the university's current financial condition.

The Statement of Net Position also indicates the availability of net position for expenditure by the university. Net position is divided into three major categories. The first category, net investment in capital assets, represents the university's total investment in property, plant, and equipment, net of outstanding debt obligations related to these capital assets. To the extent debt or deferred inflows of resources has been incurred but not yet expended for capital assets, such amounts are not included. The next category is restricted net position, which is sub-divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position includes endowment and similar resources whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity. Expendable restricted net position is available for expenditure by the university but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the resources. The final category is unrestricted net position. Unrestricted net position is available to the university for any lawful purpose of the university.

The following table summarizes the university's assets, liabilities, deferred outflows/inflows, and net position at June 30, 2021, and June 30, 2020.

Tennessee Technological University
Statement of Net Position
(in thousands of dollars)

	2021	2020
Assets:		
Current assets	$ 62,197	$ 66,289
Capital assets, net	333,729	321,621
Other assets	107,550	84,482
Total Assets	**$ 503,476**	**$ 472,392**
Deferred Outflows of Resources:		
Deferred Outflows	$ 12,821	$ 13,585
Total Deferred Outflows	**$ 12,821**	**$ 13,585**
Liabilities:		
Current liabilities	$ 27,593	$ 29,617
Noncurrent liabilities	128,198	135,983
Total Liabilities	**$ 155,791**	**$ 165,600**

Deferred Inflows of Resources:				
Other deferred inflows	$	10,082	$	10,915
Total Deferred Inflows	**$**	**10,082**	**$**	**10,915**
Net Position:				
Net investment in capital assets	$	234,696	$	216,143
Restricted - nonexpendable		182		180
Restricted - expendable		12,572		6,957
Unrestricted		102,974		86,182
Total Net Position	**$**	**350,424**	**$**	**309,462**

- Capital assets increased $12.1 million (3.8%) overall from the prior year. Construction upgrades to Bruner Hall, the new Lab Sciences Building, and the new Engineering Building accounted for $13.9 million in new assets. The value of capital assets was reduced by current year depreciation expense and equipment and library holding disposals. See Note 6 to the financial statements.

- Other assets increased $23.1 million (27.3%) for the year. This increase was primarily the result of a $21.2 million increase in noncurrent cash combined with a recategorization of the assets held by the Foundation for the University totaling $1.6 million. The increase in noncurrent cash is primarily the result of $11.7 million from the recording of foregone revenues due to COVID-19 combined with $924 thousand for the recording of indirect costs associated with the direct expenses all of which was incurred against the federal HEERF funding for fiscal year 2021. Additionally, the University designated $5 million for a future ERP system replacement.

- Current liabilities decreased $2.0 million (6.8%) for the year. This was primarily due to decreases in accrued liabilities for OPEB in the amount $1.6 million and interest in the amount of $76 thousand.

- Noncurrent liabilities decreased $7.8 million (5.7%) primarily due to a decrease in the university's long term debt obligations as a result of bond refunding. More information about the university's long-term liabilities is presented in Note 8 to the financial statements.

- The restricted-expendable portion of net position increased $5.6 million (80.7%) primarily due to a recategorization of LGIP cash restricted for capital projects of $2.6 million along with increases in scholarships of $978 thousand, and $1.9 million in the "other" category which consists of $992 thousand in the TN retiree trust, and total net increases of approximately $908 thousand in the restricted fund balances for academic support, student services, physical plant, and auxiliaries.

- Net position increased overall by $41.0 million (13.2%) from 2020 to 2021 due to the total asset increase of $31.1 million discussed above in the notes for capital assets and other assets combined with the overall decrease in liabilities of $9.8

million discussed above in the notes for current and noncurrent liabilities. Unrestricted net position increased $16.8 million (19.5%) primarily due to the recording of $11.7 million of foregone revenues due to COVID-19 combined with $924 thousand for the recording of indirect costs associated with the direct expenses all of which was incurred against the federal HEERF funding for fiscal year 2021. Additionally, the University designated $5 million for a future ERP system replacement.

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

The Statement of Revenues, Expenses, and Changes in Net Position presents the results of operations for the fiscal year. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received. The statement indicates whether the university's financial condition has improved or deteriorated during the fiscal year. The statement presents the revenues received by the university, both operating and nonoperating, and the expenses paid by the university, operating and nonoperating, and any other revenues, expenses, gains, or losses received or spent by the university.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the university. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the university. Nonoperating revenues are revenues received for which goods and services are not provided directly to the payor. Although Tennessee Technological University is dependent upon state appropriations and gifts to fund educational and general operations, under GASB standards these funding sources are reported as nonoperating revenues, as is investment income. As a result, the university has historically reported an excess of operating expenses over operating revenues, resulting in an operating loss. Therefore, the "increase in net position" is more indicative of overall financial results for the year.

A summary of the university's revenues, expenses, and changes in net position for the year ended June 30, 2021, and June 30, 2020, follows.

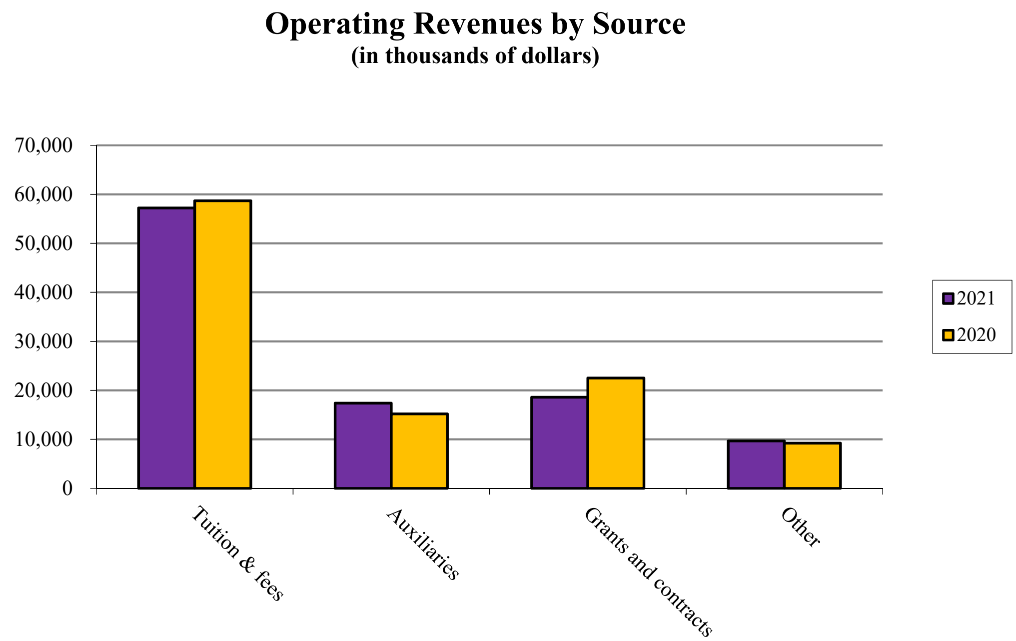
Tennessee Technological University
Statement of Revenues, Expenses and Changes in Net Position
(in thousands of dollars)

	2021	2020
Operating revenues	$ 102,867	$ 105,626
Operating expenses	195,647	189,140
Operating loss	(92,780)	(83,514)
Nonoperating revenues and expenses	123,552	103,557
Income (loss) before other revenues, expenses, gains or losses	30,772	20,043
Other revenues, expenses, gains or losses	12,549	34,727
Increase (decrease) in net position	$ 43,321	$ 54,770

Net position at beginning of year	$	309,462	$	252,512
Cumulative effect of change in accounting principle		0		0
Net position - beginning of year restated	$	309,462	$	252,512
Prior period adjustment		(2,359)		2,180
Net position at end of year	$	350,424	$	309,462

Operating Revenues

The following summarizes the operating revenues by source that were used to fund operating activities for the last two fiscal years:



Comparison of FY 2021 to FY 2020

- Tuition and fees net of the scholarship allowance decreased $1.5 million (2.5%). This decrease was primarily due to enrollment declines which were partially offset by the implementation of a new flat rate tuition model which generated $2.6 million in new revenues.

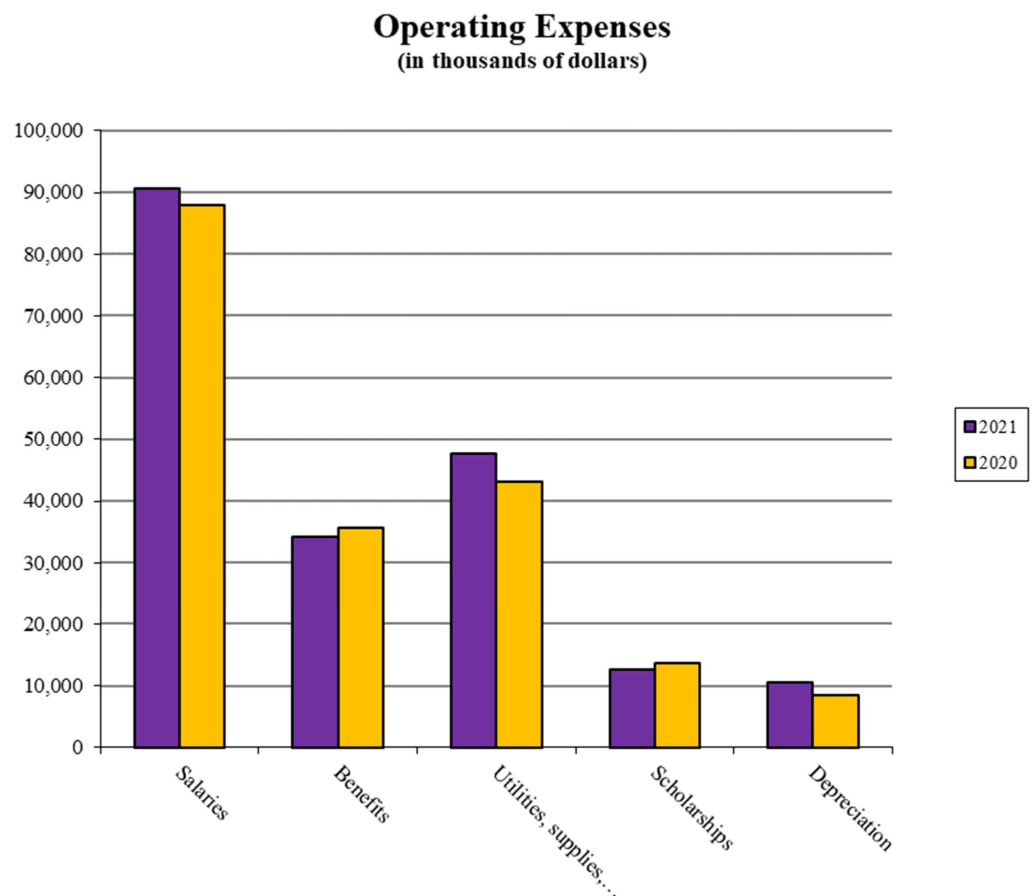
- Auxiliary revenues increased $2.2 million (14.5%) for the year. Within the auxiliary revenues, housing and food services had respective increases of 13.1% ($1.5 million) and 46.2% ($883 thousand). These increases are primarily due to the campus remaining open for the entire fiscal year 2021 whereas it had been closed due to COVID-19 the prior spring semester in fiscal year 2020.

- Approximately $7.3 million of HEERF funding was included in operating grants and contracts for the prior fiscal year 2020. After restating the HEERF funding, a comparison of operating grants and contracts for fiscal year 2021 to fiscal year

2020 resulted in an increase of $3.3 million. This net increase is the result of increased levels of federal, state, and privately funded research projects.

Operating Expenses

Operating expenses may be reported by nature or function. The university has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to the financial statements. The following summarizes the operating expenses by natural classifications for the last two fiscal years:



Comparison of FY 2021 to FY 2020

- Utilities, supplies, and other services had an increase of $4.6 million (10.6%). This increase was a direct result of grants that were awarded to students from the federal HEERF funds for CARES and CRRSAA during the fiscal year 2021.
- Depreciation expense had an increase of $1.9 million (22.3%) which was primarily due to the completion of the new academic Lab Science Building.

See Note 6 of the financial statements for additional information regarding depreciation.

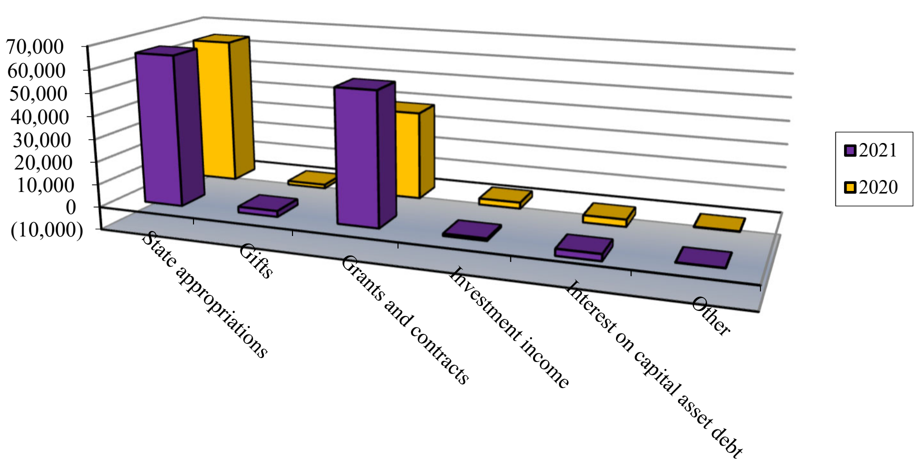
Nonoperating Revenues and Expenses

Certain revenue sources that the university relies on to provide funding for operations, including state appropriations, certain gifts and grants, and investment income, are defined by the GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the university's nonoperating revenues and expenses for the last two fiscal years:

Nonoperating Revenues and Expenses
(in thousands of dollars)

	2021	2020
State appropriations	$ 65,778	$ 64,241
Gifts	2,504	1,611
Grants and contracts	57,350	38,340
Investment income	925	2,642
Interest on capital asset debt	(2,890)	(3,149)
Other	19	(128)
	$ 123,686	$ 103,557

Nonoperating Revenues and Expenses
(in thousands of dollars)



Comparison of FY 2021 to FY 2020

- State appropriations increased $1.5 million (2.4%) overall due to a net result of increases from the THEC outcomes formula of $404 thousand, $526 thousand for salary increases, and $682 in net increases for risk management, insurance, and fee waivers.

- Gifts increased $893 thousand (55.4%) for the year. This increase is primarily attributable to a transfer from the Foundation to the University of a designated gift for the new Lab Sciences Building in the amount of $1 million.

- Nonoperating grants and contracts increased $19.0 million (49.6%) as compared to the prior fiscal year. This is primarily due to an increase in federal HEERF funding in the amount of $19.6 million for the current fiscal year.

- Investment income decreased $1.7 million (65.0%). This decrease is primarily the result of declining interest rates for fiscal year 2021.

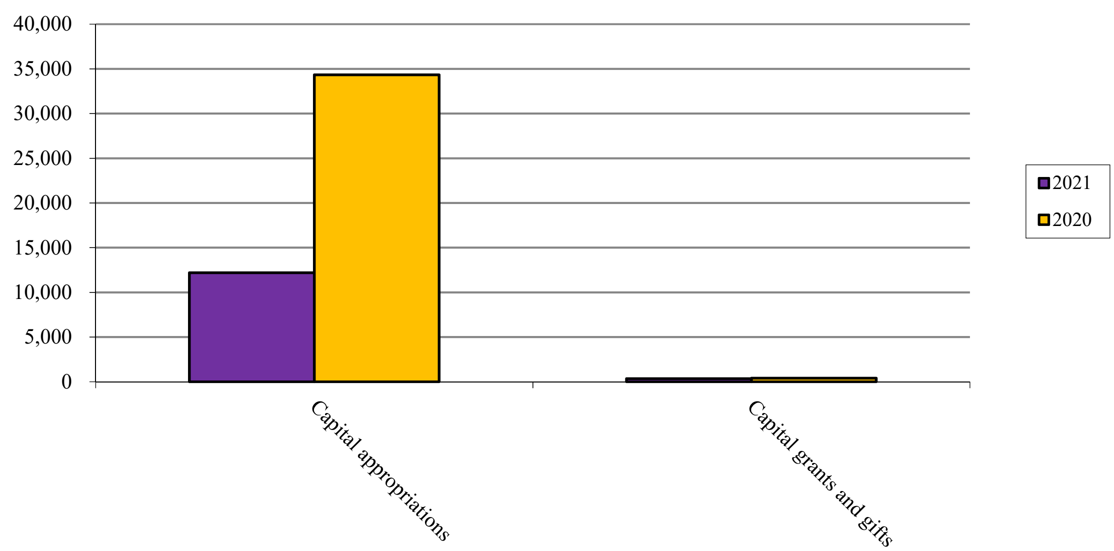
Other Revenues

This category is composed of State appropriations for capital purposes, capital grants and gifts, and additions to permanent endowments. These amounts were as follows for the last two fiscal years:

Other Revenues
(in thousands of dollars)

	2021	2020
Capital appropriations	12,192	34,329
Capital grants and gifts	356	398
Addition to endowments	1	0
	12,549	34,727

Other Revenues
(in thousands of dollars)



Comparison of FY 2021 to FY 2020

Capital appropriations decreased by $22.1 million (64.5%) from the prior fiscal year primarily due to the completion of a three year project for construction of a new Lab Science Building. Prior year capital appropriations included a large number of payments from the State for construction costs related to the new building.

Capital Assets and Debt Administration

Capital Assets

Tennessee Technological University had $333.7 million invested in capital assets, net of accumulated depreciation of $161.2 million at June 30, 2021; and $321.6 million invested in capital assets, net of accumulated depreciation of $152.5 million at June 30, 2020. Depreciation charges totaled $10.4 million and $8.5 million for the years ended June 30, 2021, and June 30, 2020, respectively. See Note 6 to the financial statements.

Schedule of Capital Assets, Net of Depreciation

(in thousands of dollars)

	2021	2020
Land	$ 11,207	$ 11,207
Land improvements & infrastructure	18,080	17,530
Buildings	279,572	191,081
Equipment	13,081	9,081
Library holdings	587	672
Intangible assets	253	369
Art & historical collections	186	192
Projects in progress	10,764	91,489
Total Capital Assets, Net of Depreciation	$ 333,729	$ 321,621

The university is involved in various renovation, new construction, and other projects on campus that increased capital assets by $12.1 million during fiscal year 2021. Expenses for both the new science building and fitness center were the largest projects, both of which were completed in the current fiscal year 2021.

At June 30, 2021, outstanding commitments under construction contracts totaled $17.9 million for various renovations and repairs of buildings and infrastructure. Future state capital outlay appropriations will fund $7.7 million of these costs. The largest of these projects are the new engineering building and several roof replacements. The University has committed $10.2 million of funding for various renovation and upgrade projects.

More detailed information about the university's capital assets is presented in Note 6 to the financial statements.

Debt

The university had $97.7 million and $105.7 million in debt outstanding at June 30, 2021, and June 30, 2020, respectively. The table below summarizes these amounts by type of debt instrument.

Schedule of Debt Outstanding
(in thousands of dollars)

Debt Instrument	2021	2020
Bonds payable	$ 76,054	$ 80,397
Unamortized bond premium	15,668	19,343
Revolving credit facility/comm paper	5,985	5,998
Total outstanding debt	$ 97,707	$ 105,738

The TSSBA issued bonds with interest rates ranging from 2.138% to 5.0% due serially until November 2049 on behalf of Tennessee Technological University. The university is responsible for the debt service of these bonds. The current portion of the $97.7 million outstanding at June 30, 2021, is $5.7 million. The university had approximately $10.8 million in unspent bond proceeds at June 30, 2021 which are shown netted against the outstanding bond total amount in the statement of net position. At this time, it is the intention of the university to spend these bond proceeds on parking and transportation projects as originally planned in the upcoming fiscal years.

On February 24, 2021, the State issued $7,170,545.00 in revenue bonds with interest rates ranging from 4 to 5 percent to advance refund $6,389,035.43 of outstanding 2012C, 2012A, 2013A and 2015B Series bonds with interest rates ranging from 2.5 to 5 percent. The net proceeds of $7,159,963.00 (after payment of $10,582.00 in underwriter's fees and issuance costs) were deposited with an escrow agent to provide for all future debt service payments on the bonds. As a result, the 2012C, 2012A, 2013A and 2015B Series bonds are considered to be defeased and the liability for those bonds has been removed from the university's long-term liabilities.

Although the advance refunding resulted in the recognition of a deferred gain of $1,546,646.89 to be amortized over the next 12 years, the university in effect reduced its aggregate debt service payments by $9,170,789.81 over the next 12 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of $1,082,388.35.

The ratings on debt issued by the Tennessee State School Bond Authority at June 30, 2021, were as follows:

Fitch	AA+
Moody's Investor Service	Aa1
Standard & Poor's	AA+

More information about the university's long-term liabilities is presented in Note 8 to the financial statements.

Economic Factors That Will Affect the Future

The economic decline created by the COVID-19 pandemic has continued to create a financial strain on the University for fiscal year 2021 which will continue into future periods. Students and their families are facing uncertainty about their ability to pay tuition bills during this unprecedented time, which is impacting the University's enrollment. While the University's top priority remains the health and well-being of our campus and extended communities, conservative financial strategies have been enacted to continue to safeguard the University's financial viability during this period of fiscal uncertainty. As the COVID-19 situation continues to evolve with new information and data, the University will remain flexible and be ready to quickly implement necessary changes as suggested or mandated by federal, state, and local authorities.

Beginning in the mid-2020's, experts and economists expect colleges and universities to experience an "enrollment cliff", a significant decrease in enrollment levels due to a substantial decline in the number of high school graduates in most regions of the United States. During the Great Recession of 2008-09, the birthrate declined and did not rebound in subsequent years; therefore, fewer students may graduate from high schools and enroll in colleges and universities. Professional associations and higher education publications have reported that the enrollment cliff could significantly impact the enrollment of four-year colleges and universities, especially regional or rural schools. Colleges and universities may experience demographic shifts in student populations and increased competition for students. The Tennessee Higher Education Commission presented information on the enrollment cliff at the 2019 Tennessee Higher Education Summit, a professional development program for university board members. TTU board members attended this summit and the university's administration is continually reviewing and discussing additional information on the enrollment cliff as it becomes available.

Tennessee Techological University
Unaudited Statement of Net Position
June 30, 2021

	Institution		Component Unit	
ASSETS				
Current assets:				
Cash and cash equivalents (Notes 2 and 22)	$	36,298,947.99	$	2,297,251.55
Accounts, notes, and grants receivable (net) (Notes 5 and 22)		20,087,127.95		132,151.40
Due from primary government		3,127,651.05		-
Due from component unit		6,928.74		-
Inventories (at lower of cost or market)		321,108.60		21,037.83
Prepaid expenses		2,343,366.37		4,245.00
Accrued interest receivable		11,908.76		-
Other assets		-		44,032.86
Total current assets		62,197,039.46		2,498,718.64
Noncurrent assets:				
Cash and cash equivalents (Notes 2 and 22)		104,222,677.77		7,532,361.75
Investments (Notes 3 and 22)		56,881.79		101,632,229.14
Investment in Tennessee Retiree Group Trust		991,823.04		-
Accounts, notes, and grants receivable (net) (Notes 5 and 22)		304,263.28		-
Net pension asset (Note 11)		379,706.00		-
Capital assets (net) (Notes 6 and 22)		333,729,292.09		11,741,854.06
Other assets		1,594,563.73		132,098.58
Total noncurrent assets		441,279,207.70		121,038,543.53
Total assets	$	503,476,247.16	$	123,537,262.17
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding	$	389,376.42	$	-
Deferred outflows related to OPEB (Note 12)		5,446,459.59		-
Deferred outflows related to pensions (Note 11)		6,985,258.94		-
Total deferred outflows of resources	$	12,821,094.95	$	-
LIABILITIES				
Current liabilities:				
Accounts payable (Notes 7 and 22)	$	3,884,051.32	$	581,798.09
Accrued liabilities		7,722,541.05		850.49
Due to primary government		3,389,843.95		6,928.74
Student deposits		670,014.84		-
Unearned revenue		4,202,007.92		112,745.94
Compensated absences (Note 8)		1,102,199.62		-
Accrued interest payable		680,551.34		364.56
Long-term liabilities, current portion (Notes and 22)		5,700,274.98		125,000.00
Deposits held in custody for others		131,948.07		-
Other liabilities		109,973.87		-
Total current liabilities		27,593,406.96		827,687.82
Noncurrent liabilities:				
OPEB liability (Note 12)		12,862,107.49		-
Net pension liability (Note 11)		18,560,125.00		-
Unearned revenue		200,000.00		-
Compensated absences (Note 8)		4,272,224.53		-
Long-term liabilities (Notes 8 and 22)		92,006,473.81		625,000.00
Due to grantors (Note 8)		297,365.93		-
Other liabilities		-		1,594,563.73
Total noncurrent liabilities		128,198,296.76		2,219,563.73
Total liabilities	$	155,791,703.72	$	3,047,251.55
DEFERRED INFLOWS OF RESOURCES				
Deferred amount on debt refunding	$	1,716,274.91	$	-
Deferred inflows related to OPEB (Note 12)		7,828,776.32		-
Deferred inflows related to pensions (Note 11)		536,803.00		-
Deferred inflows related to split interest agreements		-		176,131.44
Total deferred inflows of resources	$	10,081,854.23	$	176,131.44
NET POSITION				
Net investment in capital assets	$	234,695,644.81	$	11,741,854.06
Restricted for:				
Nonexpendable:				
Scholarships and fellowships		182,027.87		53,150,059.66
Research		-		871,206.74
Instructional department uses		-		4,204,379.20
Other		-		19,596,576.54
Expendable:				
Scholarships and fellowships		2,552,707.68		11,058,187.44
Research		1,678,357.93		295,554.32
Instructional department uses		521,413.77		2,459,951.91
Loans		403,410.77		-
Capital projects		2,560,280.47		3,809,988.10
Pensions		379,706.00		-
Other		4,476,627.18		12,333,378.63
Unrestricted		102,973,607.68		792,742.58
Total net position	$	350,423,784.16	$	120,313,879.18

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

Tennessee Technological University
Unaudited Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021

	Institution	Component Unit
REVENUES		
Operating revenues:		
Student tuition and fees (Note 13)	$ 57,228,851.63	$ -
Gifts and contributions	-	3,056,377.89
Governmental grants and contracts	18,006,143.93	-
Non-governmental grants and contracts	585,946.25	-
Sales and services of educational activities	1,372,368.08	-
Sales and services of other activities	8,236,081.70	-
Auxiliary enterprises:		
Residential life (all residential life revenues are used as security for revenue bonds, see Notes 10 and 13)	12,843,110.97	-
Bookstore (all bookstore revenues are used as security for revenue bonds, see Notes 10 and 13)	387,166.17	-
Food service (all food service revenues are used as security for revenue bonds, see Notes 10 and 13)	2,797,442.66	-
Wellness facility (all wellness facility revenues are used as security for revenue bonds, see Notes 10 and 13)	1,128,585.37	-
Other auxiliaries	224,632.12	-
Interest earned on loans to students	22,968.91	-
Other operating revenues	33,322.86	706,864.15
Total operating revenues	102,866,620.65	3,763,242.04
EXPENSES		
Operating Expenses (Note 18)		
Salaries and wages	90,720,496.87	-
Benefits	34,223,725.62	-
Utilities, supplies, and other services	47,742,322.13	1,385,466.31
Scholarships and fellowships	12,515,163.99	2,049,740.00
Depreciation expense	10,445,683.63	-
Payments to or on behalf of TTU (Note 22)	-	2,582,081.50
Total operating expenses	195,647,392.24	6,017,287.81
Operating loss	(92,780,771.59)	(2,254,045.77)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	65,645,275.00	-
Gifts, including $2,380,357.17 from component unit to institution	2,503,694.14	-
Grants and contracts	57,349,733.89	-
Investment income (net of investment expense of $0.00 for the institution and $274,355.71 for the component unit)	924,543.64	19,938,952.80
Interest on capital asset-related debt	(2,889,743.73)	-
Bond issuance costs	(10,917.65)	-
Other non-operating revenues	30,403.57	282,284.75
Net nonoperating revenues	123,552,988.86	20,221,237.55
Income before other revenues, expenses gains, or losses	30,772,217.27	17,967,191.78
Capital appropriations	12,191,964.01	-
Capital grants and gifts, including $201,724.33 from component unit	356,074.33	1,057,344.58
Additions to permanent endowments	1,500.00	2,422,042.84
Total other revenues	12,549,538.34	3,479,387.42
Increase in net position	43,321,755.61	21,446,579.20
NET POSITION		
Net position -beginning of year	309,461,887.67	98,867,299.98
Net position -beginning of year restated	309,461,887.67	98,867,299.98
Prior period adjustment (Note 21)	(2,359,859.12)	-
Net position - end of year	$ 350,423,784.16	$ 120,313,879.18

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

Tennessee Technological University
Unaudited Statement of Cash Flows
for the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$	56,497,051.52
Grants and contracts		3,754,572.79
Sales and services of educational activities		1,287,546.93
Sales and services of other activities		8,277,816.04
Payments to suppliers and vendors		(44,015,857.80)
Payments to employees		(90,926,768.32)
Payments for benefits		(35,662,423.46)
Payments for scholarships and fellowships		(12,451,073.03)
Loans issued to students		(102,754.46)
Collection of loans from students		166,494.31
Interest earned on loans to students		16,551.97
Funds received for deposits held for others		716,576.94
Funds dispersed for deposits held for others		(827,379.36)
Auxiliary enterprise charges:		
Residence halls		12,937,940.80
Bookstore		389,245.63
Food services		2,661,246.95
Wellness facility		1,155,499.74
Other auxiliaries		363,127.51
Other receipts		52,151.05
Net cash used by operating activities	$	(95,710,434.25)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	$	65,496,800.00
Proceeds from noncapital debt		
Gifts and grants received for other than capital or endowment purposes, including $2,380,357.17 from component unit to the institution		59,994,499.24
Private gifts for endowment purposes		1,500.00
Federal/state student loan receipts		35,871,161.60
Federal/state student loan disbursements		(35,464,767.59)
Other non-capital financing receipts		228,712.99
Net cash provided by non-capital financing activities	$	126,127,906.24
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants and gifts received	$	154,350.00
Proceeds from sale of capital assets		64,269.30
Purchase of capital assets and construction		(15,491,235.24)
Principal paid on capital debt and lease		(5,790,125.11)
Interest paid on capital debt and lease		(4,283,691.14)
Bond issue costs paid on new debt issue		(335.65)
Other capital and related financing receipts (payments)		(6,034.06)
Net cash used by capital and related financing activites	$	(25,352,801.90)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	$	7,395.79
Income on investments		616,714.67
Purchase of investments		(475,840.09)
Net cash provided by investing activities	$	148,270.37
Net increase in cash and cash equivalents		5,212,940.46
Cash and cash equivalents - beginning of year		135,308,685.30
Cash and cash equivalents - end of year (Note 2)	$	140,521,625.76

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH USED BY OPERATING ACTIVITIES

Operating loss	$	(92,780,771.59)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Noncash operating expenses		11,364,565.23
Change in assets, liabilities, and deferrals:		
Receivables, net		(13,790,376.23)
Due from component unit/primary government		(93,491.36)
Inventories		(728.12)
Prepaid items		290,786.51
Net pension asset		65,794.00
Deferred outflows of resources		416,283.44
Accounts payable		793,674.30
Accrued liabilities		(1,880,723.21)
Due to component unit/primary government		2,428,531.56
Unearned revenues		(234,045.75)
Deposits		(12,490.00)
Compensated absences		126,197.23
Net pension liability		2,133,651.00
Net OPEB obligation		(1,613,522.55)
Due to grantors		(369,271.70)
Loans to students		(123,562.59)
Deferred inflows of resources		(2,320,132.00)
Other		(110,802.42)
Net cash used by operating activities	$	(95,710,434.25)

Non-cash investing, capital, and financing transactions

Gifts in-kind - capital	2,381,595.79
Unrealized losses on investments	(646.88)
Loss on disposal of capital assets	(146,810.07)
Proceeds of capital debt	651,807.89
Capital appropriation	11,439,722.31
Purchase and construction of capital assets	(12,091,530.20)
Bond refunding proceeds	7,170,545.00
Bond refunding proceeds to escrow	(7,170,545.00)

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

1. Summary of Significant Accounting Policies

REPORTING ENTITY

The university is a part of the State University and Community College System of Tennessee (the System). The Focus on College and University Success Act of 2016 removed the six universities from the governance of the Tennessee Board of Regents but they remain part of the System. The universities have their own local governing boards that provide governance, approve policies, set tuition and fee rates, and hire presidents. The System has continuing oversight responsibilities in the areas of budget approval and institutional debt. The System is a component unit of the State of Tennessee because the state appoints a majority of the System's governing body and provides significant financial support; the System is discretely presented in the Tennessee Annual Comprehensive Financial Report.

The financial statements present only that portion of the System's activities that is attributable to the transactions of Tennessee Tech University.

The Tennessee Tech University Foundation is considered a component unit of the university. Although the university does not control the timing or amount of receipts from the foundation, the majority of resources, or income thereon, that the foundation holds and invests are restricted to the activities of the university by the donors. Because these restricted resources held by the foundation can only be used by, or for the benefit of, the university, the foundation is considered a component unit of the university and is discretely presented in the university's financial statements. See Note 22 for more detailed information about the component unit and how to obtain the report.

BASIS OF PRESENTATION

The university and foundation's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental colleges and universities engaged in business-type activities as prescribed by the Governmental Accounting Standards Board (GASB).

BASIS OF ACCOUNTING

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or an equivalent arrangement that meets specific criteria. The university implemented this standard as of July 1, 2020.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest costs would no longer be capitalized as part of the asset's historical cost upon implementation of this new standard. The university implemented this standard as of July 1, 2020.

For financial statement purposes, the university is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant internal activity has been eliminated.

The university has classified its revenues and expenses as either operating or nonoperating according to the following criteria: Operating revenues and expenses are those that have the characteristics of exchange and exchange-like transactions. Operating revenues include 1) tuition and fees, net of scholarship discounts and allowances, 2) most federal, state, local and private grants and contracts, 3) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and 4) interest on institutional loans. Operating expenses include 1) salaries and wages, 2) employee benefits, 3) scholarships and fellowships, 4) depreciation, and 5) utilities, supplies, and other services.

Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other activities that are defined as nonoperating by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, such as state appropriations and investment income.

When both restricted and unrestricted resources are available for use, it is the university's policy to determine whether to use restricted or unrestricted resources first depending upon existing facts and circumstances.

.

CASH EQUIVALENTS

This classification includes instruments that are readily convertible to known amounts of cash and have original maturities of three months or less.

INVENTORIES

Inventories are valued at the lower of cost or market. Textbooks included in the inventory are recorded on a first-in, first-out basis. All other items are maintained on an average cost or first-in, first-out basis.

COMPENSATED ABSENCES

The university's employees accrue annual and sick leave at varying rates, depending upon length of service or classification. Some employees also earn compensatory time.   The amount of the liabilities for annual leave and compensatory time and their related benefits are reported in the Statement of Net Position. There is no liability for unpaid accumulated sick leave since the university's policy is to pay this only if the employee is sick or upon death.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, library holdings, works of art, historical treasures/collections, and intangible assets, are reported in the Statement of Net Position at historical cost or at acquisition value at date of donation, less accumulated depreciation.   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized.

A capitalization threshold of $100,000 is used for buildings and $50,000 is used for infrastructure. Equipment is capitalized when the unit acquisition cost is $5,000 or greater. The capitalization threshold for additions and improvements to buildings and land is set at $50,000. The capitalization threshold for intangible assets is set at $100,000. The capitalization threshold for art, historical treasures/collections, and similar assets is set at $5,000.

These assets, with the exception of works of art and historical treasures/collections deemed inexhaustible and land, are depreciated/amortized using the straight-line method over the estimated useful lives of the assets, which range from 5 to 60 years.

PENSIONS

For purposes of measuring the net pension liability and/or net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Closed State and Higher Education Employee Pension Plan and the State and Higher Education Employee Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net positions have been determined on the same basis as they are reported by the TCRS. For this purpose,7 benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Closed State and Higher Education Employee Pension Plan and the State and Higher Education Employee Retirement Plan. Investments are reported at fair value.

NET POSITION

The university's net position is classified as follows:

NET INVESTMENT IN CAPITAL ASSETS*:* This represents the university's total investment in capital assets, net of accumulated depreciation and net of outstanding debt obligations and deferred outflows/inflows of resources related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

RESTRICTED NET POSITION – NONEXPENDABLE: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be expendable or added to principal.

RESTRICTED NET POSITION – EXPENDABLE: Restricted expendable net position includes resources in which the university is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

UNRESTRICTED NET POSITION: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments, sales and services of other, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the university and may be used at the discretion of the university to meet current expenses for any purpose. The auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff.

SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discount and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the university, and the amount that is paid by the student and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the university's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the university has recorded a scholarship discount and allowance.

2. Cash

This classification includes demand deposits and petty cash on hand. At June 30, 2021, cash consists of $20,388,264.62 in bank accounts, $5,999.86 of petty cash on hand, $117,567,080.81 in the State of Tennessee Local Government Investment Pool administered by the State Treasurer, and $2,560,280.47 in the Deposits – Capital Projects account.

LGIP Deposits – Capital Projects - Payments related to the university's capital projects are made by the State of Tennessee's Department of Finance and Administration. The university's estimated local share of the cost of each project is held in a separate Local Government Investment Pool (LGIP) account. As expenses are incurred, funds are withdrawn from the LGIP account by the System and transferred to the Department of Finance and Administration. The funds in the account are not available to the university for any other purpose until the project is completed and the System releases any remaining funds.

The Local Government Investment Pool (LGIP) is administered by the State Treasurer and is measured at amortized cost. The LGIP is part of the State Pooled Investment Fund. There are no minimum or maximum limitations on withdrawals. The fund's required risk disclosures are presented in the *State of Tennessee's*

Treasurer's Report. That report is available on the state's website at http://treasury.tn.gov or by calling (615) 741-2956.

3. Investments

In accordance with GASB Statement 31, as amended, investments are reported at fair value, including those with a maturity date of one year or less at the time of purchase, unless otherwise noted.

As of June 30, 2021, the university had the following investments and maturities.

Investment Type		Investments Maturities (in years)				
	Fair Value	Less than 1	1-5	6-10	More than 10	No Maturity Date
US Agencies	$ 36,361.29	$ -	$ 1,322.98	$ 2,717.13	$ 32,321.18	$ -
Total debt instruments	36,361.29	-	1,322.98	2,717.13	32,321.18	-
Non-fixed income investments						
Cash surrender value						
Life insurance	20,520.50					
Totals	$ 56,881.79					

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The university does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The university is authorized by statute to invest funds in accordance with the System's policies. Under the current policy, funds other than endowments may be invested only in obligations of the United States or its agencies which are backed by the full faith and credit of the United States, repurchase agreements for United States securities, certificates of deposit in banks and savings and loan associations, banker's acceptances, commercial paper, money market mutual funds and the State of Tennessee Local Government Investment Pool. The policy requires that investments of endowments in equity securities be limited to funds from private gifts or other sources external to the university and that endowment investments be prudently diversified. Securities are rated using Standard and Poor's, Moody's, and/or Fitch's and are presented below using the Standard and Poor's rating scale.

TBR policy restricts investments in banker's acceptances and commercial paper. The policy requires that prime banker's acceptances must be issued by domestic banks with a minimum AA rating or foreign banks with a AAA long-term debt rating by a majority of the rating services that have rated the issuer. Prime banker's acceptances are required to be eligible for purchase by the Federal Reserve System. To be eligible, the original maturity must not be more than 270 days, and it must 1) arise out of the current shipment of goods between countries or with the United States, or 2) arise out of storage within the United States of goods under contract of sale or expected to move into the channel or trade within a reasonable time and that are secured throughout their life by a warehouse receipt or similar document conveying title to the underlying goods.

The policy requires that prime commercial paper shall be limited to that of corporations that meet the following criteria: 1) Senior long-term debt, if any, should have a minimum rating of A1 or equivalent, and short-term debt should have a minimum rating of A1 or equivalent, as provided by a majority of the rating services that rate the issuer. If there is no long-term debt rating, the short-term debt rating must be A1 by all rating services (minimum of two). 2) The rating should be based on the merits of the issuer or guarantee by a nonbank. 3) A financial review should be made to ascertain the issuer's financial strength to cover the debt. 4) Commercial paper of a banking institution should not be purchased. Prime commercial paper shall not have a maturity that exceeds 270 days. As of June 30, 2021, the university's investments were rated as follows:

Investment Type	Carrying Value	Credit Quality Rating Unrated
Local Government		
Investment Pool (LGIP)	$120,127,361.28	$120,127,361.28
Total	$120,127,361.28	$120,127,361.28

Investments of endowment and similar funds are composed on the following:

	Carrying Value
Local Government Investment Pool	$ 347,123.17
Totals	$ 347,123.17

See component unit Note 22 for information on foundation investment of endowments. The Dennis Estate Quasi Endowment is held by Tennessee Tech University; however, the funds for this endowment are invested with the Tennessee Tech University Foundation.

Assets of endowment funds are pooled on a fair value basis, with each individual fund subscribing to or disposing of units on the basis of the value per unit fair value at the beginning of the calendar quarter within which the transaction takes place. At June 30, 2021, each unit had a fair value of $1.150477 and 176,610.66 units were owned by endowment, 8,467.39 units were owned by term endowment, and 116,643.06 units were owned by quasi-endowment.

The following tabulation summarizes changes in relationships between cost and fair values of the pooled assets:

	Pooled Assets			
	Market	Cost	Net Gains (Losses)	Fair Value per Unit
June 30, 2021	$ 347,123.17	$ 347,123.17	$ 0.00	$ 1.150477
July 1, 2020	345,387.60	345,387.60	0.00	1.155325
Unrealized net gains				
Realized net gains				
Total net losses			$ 0.00	($ 0.004848)

The average annual earnings per unit, exclusive of net gains, were $0.934225 for the year ended June 30, 2021.

4. Fair Value Measurement

The university categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The university has the following recurring fair value measurements as of June 30, 2021:

Assets by Fair Value Level	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at the Net Asset Value (NAV)
Debt securities					
U.S. Agencies	$ 36,361.29	$ -	$ 36,361.29	$ -	$ -
Total debt securities	36,361.29	-	36,361.29	-	-
Total assets at fair value	$ 36,361.29	$ -	$ 36,361.29	$ -	$ -

The table above includes all investments for the university with the exception of the cash surrender value life insurance of $20,520.50, which is not measured at fair value.

Assets and liabilities classified in Level 2 of the fair value hierarchy are valued using statements from their respective investment companies.

5. Accounts, Notes, and Grants Receivable

Accounts receivable included the following:

	June 30, 2021
Student accounts receivable	$ 2,317,290.72
Grants receivable	15,664,198.52
Notes receivable	139,782.34
Federal direct loans receivable	1,731,214.04
Other receivables	714,662.62
Subtotal	$ 20,567,148.24
Less allowance for doubtful accounts	(454,541.12)
Total receivables	$ 20,112,607.12

Federal Perkins Loan Program funds include the following:

	June 30, 2021
Perkins loans receivable	$ 394,847.77
Less allowance for doubtful accounts	(116,063.66)
Total	$ 278,784.11

6. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beg Balance	Additions	Transfers	Reductions	End Balance
Land	$ 11,207,039.94	$ -	$ -	$ -	$ 11,207,039.94
Land improve & infra	33,978,235.93	703,892.60	1,379,940.07	-	36,062,068.60
Buildings	297,927,563.72	647,346.59	96,401,863.15	2,143,547.58	392,833,225.88
Equipment	33,239,679.37	6,158,473.88	157,500.00	1,677,111.95	37,878,541.30
Library holdings	1,902,546.64	89,081.90	-	252,983.68	1,738,644.86
Intangible assets	4,210,079.53	-	-	-	4,210,079.53
Art & historical collections	26,010.45	-	-	-	26,010.45
Works of Art	181,321.67	-	-	-	181,321.67
Projects in progress	91,488,571.55	17,214,346.77	(97,939,303.22)	-	10,763,615.10
Total	$ 474,161,048.80	$ 24,813,141.74	$ -	$ 4,073,643.21	$ 494,900,547.33
Less accumulated depreciation/amortization:					
Land improve & infra	16,448,101.64	1,534,256.91	-	-	17,982,358.55
Buildings	106,846,087.90	6,549,714.48	-	134,569.86	113,261,232.52
Equipment	24,158,812.01	2,065,643.96	-	1,426,705.20	24,797,750.77
Library holdings	1,230,946.90	173,864.49	-	252,983.68	1,151,827.71
Intangible assets	3,841,023.87	116,092.29	-	-	3,957,116.16
Art & hist. collection	-	-	-	-	-
Works of Art	14,858.03	6,111.50	-	-	20,969.53
Total	$ 152,539,830.35	$ 10,445,683.63	$ -	$ 1,814,258.74	$ 161,171,255.24
Capital assets, net	$ 321,621,218.45	$ 14,367,458.11	$ -	$ 2,259,384.47	$ 333,729,292.09

7. Accounts Payable

Accounts payable included the following:

	June 30, 2021
Vendors payable	$3,587,959.29
Unapplied student payments	126,676.37
Other Payables	169,415.66
Total accounts payable	$3,884,051.32

8. Long-term Liabilities

Long term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	End Balance	Current Portion
Payables:					
TSSBA debt:					
Bonds	$ 80,397,190.65	$ 7,473,101.93	$ 11,816,717.47	$ 76,053,575.11	$ 5,700,274.98
Unamortized bond premium	19,342,769.73	-	3,674,596.05	15,668,173.68	-
Revolving credit facility	5,998,192.11	651,807.89	665,000.00	5,985,000.00	-
Subtotal	$105,738,152.49	$ 8,124,909.82	$ 16,156,313.52	$ 97,706,748.79	$ 5,700,274.98
Other liabilities:					
Compensated absences	5,248,226.92	2,506,171.76	2,379,974.53	5,374,424.15	1,102,199.62
Due to grantor	666,637.63	-	369,271.70	297,365.93	-
Unearned revenue	4,636,053.67	4,402,007.92	4,636,053.67	4,402,007.92	4,202,007.92
Subtotal	$ 10,550,918.22	$ 6,908,179.68	$ 7,385,299.90	$ 10,073,798.00	$ 5,304,207.54
Total long-term liabilities	$116,289,070.71	$15,033,089.50	$ 23,541,613.42	$107,780,546.79	$11,004,482.52

TSSBA Debt - Bonds Payable

Bonds, with interest rates ranging from 2.138% to 5.00%, were issued by the Tennessee State School Bond Authority. The bonds are due serially until 2049 and are secured by pledges of the facilities' revenues to which they relate and certain other revenues and fees of the university, including state appropriations; see Note 10 for further details. The bonded indebtedness with the Tennessee State School Bond Authority included in long-term liabilities on the Statement of Net Position is shown net of unexpended debt proceeds. Unexpended debt proceeds were $ 10,790,784.96 at June 30, 2021.

Debt service requirements to maturity for the university's portion of TSSBA bonds at June 30, 2021, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2022	$ 5,700,274.98	$ 3,921,559.23	$ 9,621,834.21
2023	6,105,934.05	3,623,472.69	9,729,406.74
2024	5,691,482.58	3,363,690.98	9,055,173.56
2025	5,780,331.16	3,109,534.16	8,889,865.32
2026	6,017,531.13	2,835,230.66	8,852,761.79
2027-2031	24,799,644.28	9,915,907.45	34,715,551.73
2032-2036	4,744,337.94	6,226,304.56	10,970,642.50
2037-2041	5,597,501.99	3,852,815.78	9,450,317.77
2042-2046	5,803,483.00	2,207,380.12	8,010,863.12
2047-2050	5,813,054.00	599,349.30	6,412,403.30
Total	$ 76,053,575.11	$ 39,655,244.93	$ 115,708,820.04

TSSBA Debt – Revolving Credit Facility

The Tennessee State School Bond Authority receives loans from the revolving credit facility to finance the costs of various capital projects during the construction phase. When projects are placed in service, TSSBA issues long-term, fixed-rate debt to finance the project over its useful payback period and repays the revolving credit facility debt. The total outstanding loans from the revolving credit facility was $5,985,000.00 at June 30, 2021.

More detailed information regarding the bonds and the revolving credit facility can be found in the notes to the financial statements in the financial report for the Tennessee State School Bond Authority. That report is available on the state's website at https://comptroller.tn.gov/boards/tennessee-state-school-bond-authority/investor-information/tssba-financial-reports.html.

Refunding of Debt

On February 24, 2021, the State issued $7,170,545.00 in revenue bonds with interest rates ranging from 4 to 5 percent to advance refund $6,389,035.43 of outstanding 2012C, 2012A, 2013A and 2015B Series bonds with interest rates ranging from 2.5 to 5 percent. The net proceeds of $7,159,963.00 (after payment of $10,582.00 in underwriter's fees and issuance costs) were deposited with an escrow agent to provide for all future debt service payments on the bonds. As a result, the 2012C, 2012A, 2013A and 2015B Series bonds are considered to be defeased and the liability for those bonds has been removed from the university's long-term liabilities.

Although the advance refunding resulted in the recognition of a deferred gain of $1,546,646.89 to be amortized over the next 12 years, the university in effect reduced its aggregate debt service payments by $9,170,789.81 over the next 12 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of $1,082,388.35.

9. Endowments

If a donor has not provided specific instructions to the Tennessee Tech University state law permits the university to authorize for expenditure the earnings of the investments of endowment funds. When administering its power to spend these earnings, the university is required to consider the university's long-term and short-term needs, present and anticipated financial requirements, expected return on its investments, price-level trends, and general economic conditions. Any earnings spent are required to be spent for the purposes for which the endowment was established.

The university chooses to spend only a portion of the investment income each year. Under the spending plan established by the university, only earnings of the investments of endowment funds has been authorized for expenditure. The remaining amount, if any, is retained to be used in future years when the amount computed using the spending plan exceeds the investment income. At June 30, 2021, net appreciation of $1,761,844.18 is available to be spent, of which $1,603,579.32 is included in restricted net position expendable for scholarships and fellowships, $0.00 is included in restricted net position expendable for research, $5,107.36 is included in restricted net position expendable for instructional departmental uses, $9,522.03 is included in restricted net position expendable for loans, $0.00 is included in restricted net position expendable for capital projects, $0.00 is included in restricted net position expendable for debt service, $12,106.63 is included in restricted net position expendable for other, and $131,528.84 is included in unrestricted net position.

See component unit note 22 for information on foundation investment of endowments. The Dennis Estate Quasi Endowment is held by Tennessee Tech University; however, the funds for this endowment are invested with the Tennessee Tech University Foundation.

10. Pledged Revenues

The university has pledged certain revenues and fees, including state appropriations, to repay $76,053,575.11 in revenue bonds issued from August 2012 to February 2021. Proceeds from the bonds provided financing for student housing, conditioning center, energy upgrades, a new science building, a new fitness center, and parking and transportation improvements. The bonds are payable through 2049. Annual principal and interest payments on the bonds are expected to require 4.56% of available revenues. The total principal and interest remaining to be paid on the bonds is $115,708,820.04 Principal and interest paid for the current year and total available revenues were $9,638,588.60 and $202,510,211.48, respectively. The amount of principal and interest paid for the current year does not include debt of $6,389,035.43 defeased through a bond refunding in 2021.

11. Pension Plans

Defined Benefit Plan

Closed State and Higher Education Employee Pension Plan

General Information about the Pension Plan

Plan Description - State employees and higher education employees with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014, are provided with pensions through the Closed State and Higher Education Employee Pension Plan. This plan is a component of the Public Employee Retirement Plan, an agent, multiple-employer defined benefit pension plan. The Closed State and Higher Education Employee Pension Plan stopped accepting new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, a new agent defined benefit retirement plan, the State and Higher Education Employee Retirement Plan, became effective for state employees and higher education employees hired on or after July 1, 2014.

The TCRS was created by state statute under Title 8, Chapters 34-37, Tennessee Code Annotated. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided - Title 8, Chapters 34-37, Tennessee Code Annotated, establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Closed State and Higher Education Employee Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined using the following formula:

Average of member's highest compensation for 5 consecutive years (up to Social Security integration level)	x	1.50%	x	Years of Service Credit	x	105%
Plus:						
Average of member's highest compensation for 5 consecutive years (over the Social Security integration level)	x	1.75%	x	Years of Service Credit	x	105%

A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost-of-living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw employee contributions, plus any accumulated interest.

Contributions - Contributions for state employees and higher education employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The university's employees are non-contributory, as are most members in the Closed State and Higher Education Employee Pension Plan. State and higher education agencies make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Closed State and Higher Education Employee Pension Plan are required to be paid. Employer contributions by the university for the year ended June 30, 2021, to the Closed State and Higher Education Employee Pension Plan were $4,927,899.91 which is 20.24 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liability – At June 30, 2021, the university reported a liability of $18,560,125.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The university's proportion of the net pension liability was based on the proportion of the university's contributions during the year ended June 30, 2020, to the pension plan relative to the contributions of all participating state and higher education agencies. At the June 30, 2020, measurement date, the university's proportion was 1.132882 percent. The proportionate share from the prior year's measurement date of June 30, 2019, was 1.163212 percent.

Pension expense (negative pension expense) – For the year ended June 30, 2021, the university recognized a pension expense (negative pension expense) of $5,385,361.00.

Deferred outflows of resources and deferred inflows of resources – For the year ended June 30, 2021, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 535,367.00	$ 168,616.00
Net difference between projected and actual earnings on pension plan investments	1,153,381.00	-
Changes in assumptions	-	-
Changes in proportion of Net Pension Liability (Asset)	6,192.00	353,567.00
Contributions subsequent to the measurement date of June 30, 2019	4,927,899.91	
Total	$ 6,622,839.91	$ 522,183.00

Deferred outflows of resources, resulting from the university's employer contributions of $4,927,899.91 subsequent to the measurement date will be recognized as a reduction/(increase) in net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2022	$	(617,457.00)
2023		274,091.00
2024		723,954.00
2025		792,174.00
2026		-
Thereafter		-

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions - The total pension liability as of June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2020, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount rate - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all state and higher education agencies will be made at the actuarially determined contribution rate in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate - The following presents the university's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the university's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
University's proportionate share of the net pension liability (asset)	$ 41,138,006.00	$ 18,560,125.00	$ (480,823.00)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report at www.treasury.state.tn.us/tcrs.

Payable to the Pension Plan

At June 30, 2021, the university reported a payable of $384,604.68 for the outstanding amount of legally required contributions to the pension plan required for the year ended June 30, 2021.

State and Higher Education Employee Retirement Plan

General Information about the Pension Plan

Plan description – State employees and higher education employees with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014, are provided with pensions through the Closed State and Higher Education Employee Pension Plan, an agent plan within the Public Employee Retirement Plan administered by the TCRS. The TCRS is a multiple-employer pension plan. The Closed State and Higher Education Employee Pension Plan was closed effective June 30, 2014, and covers employees hired before July 1, 2014. Employees hired after June 30, 2014, are provided with pensions through a legally separate plan referred to as the State and Higher Education Employee Retirement Plan, an agent plan within the Public Employee Retirement Plan administered by the TCRS.

The TCRS was created by state statute under Title 8, Chapters 34-37, Tennessee Code Annotated. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits provided – Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the State and Higher Education Employee Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula multiplying the member's highest five consecutive year average compensation by 1.0 percent multiplied by the member's years of service credit. A reduced early retirement benefit is available at age 60 with 5 years of service credit or pursuant to the rule of 80 in which the member's age and service credit total 80. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service-related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost-of-living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to July 2nd of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions – Contributions for state and higher education employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of their salary to the State and Higher Education Employee Retirement Plan. State and higher education agencies make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the State and Higher Education Employee Retirement Plan are required to be paid. Employer contributions by the university for the year ended June 30, 2021, to the State and Higher Education Employee Retirement Plan were $261,400.03 which is 1.80 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Asset – At June 30, 2021, the university reported an asset of ($379,706.00) for its proportionate share of the net pension liability/(asset). The net pension asset was measured as of June 30, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The university's proportion of the net pension asset was based on the proportion of the university's contributions during the year ended June 30, 2020, to the pension plan relative to the contributions of all participating state and higher education agencies. At the June 30, 2020, measurement date, the university's proportion was 1.078302 percent. The proportionate share from the prior year's measurement date of June 30, 2019, was 1.074075 percent.

Pension expense (negative pension expense) – For the year ended June 30, 2021, the university recognized a pension expense (negative pension expense) of $209,645.00.

Deferred outflows of resources and deferred inflows of resources – For the year ended June 30, 2021, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,714.00	$ 11,996.00
Net difference between projected and actual earnings on pension plan investments	39,075.00	-
Changes in assumptions	10,597.00	-
Changes in proportion of Net Pension Liability (Asset)	24,633.00	2,624.00
Contributions subsequent to the measurement date of June 30, 2019	261,400.03	-
Total	$ 362,419.03	$ 14,620.00

Deferred outflows of resources, resulting from the university's employer contributions of $261,400.03 subsequent to the measurement date will be recognized as a reduction/(increase) to the net pension liability/(asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2022	$11,428.00
2023	16,273.00
2024	18,930.00
2025	21,108.00
2026	7,538.00
Thereafter	11,120.00

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions – The total pension liability (asset) as of the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was using in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	**Long-Term Expected Real Rate of Return**	**Target Allocation**
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount rate - The discount rate used to measure the total pension liability/(asset) was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all state and higher education agencies will be made at the actuarially determined contribution rate in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Sensitivity of the proportionate share of net pension liability/(asset) to changes in the discount rate - The following presents the university's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.25 percent, as well as what the university's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
University's proportionate share of the net pension liability (asset)	$ 366,047.00	$ (379,706.00)	$ (942,744.00)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2020, the university reported a payable of $45,930.67 for the outstanding amount of legally required contributions to the pension plan required for the year ended June 30, 2021.

Total defined benefit pension expense – The total pension expense for the year ended June 30, 2020, for all defined benefit pension plans was $5,595,006.00.

Defined Contribution Plans

Optional Retirement Plan

Plan Description – The university contributes to the Optional Retirement Plan (ORP). The ORP, administered by the Tennessee Treasury Department, is a defined contribution plan. The ORP was established by state statute in Title 8, Chapter 25, Part 2 of the TCA. This statute also sets out the plan provisions. The plan provisions are amended by the Tennessee General Assembly. The ORP was designed to provide benefits at retirement to faculty and staff who are exempt from the overtime provision of the Fair Labor Standards Act and who waive membership in the TCRS. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

Funding Policy - For employees employed prior to July 1, 2014, plan members are noncontributory. The university contributes 10 percent of the employee's base salary up to the social security wage base and 11 percent above the social security wage base. For employees hired after June 30, 2014, plan members will contribute 5 percent to the ORP and the university will contribute 9 percent of the employee's base salary. The required contributions made to the ORP were $4,008,494.84 for the year ended June 30, 2021, and $ 3,915,635.20 for the year ended June 30, 2020. Contributions met the requirements for each year.

Members are immediately 100 percent vested in the employer contributions made pursuant to the ORP. The Treasury Department has selected three investment vendors who offer a variety of investment products in which members are responsible for selecting how the contributions are invested. Each member makes the decision when to reallocate future contributions or when to transfer funds from one investment product to another. Funds are held by the investment vendor in the name of the member, not in the name of the State of Tennessee. The State of Tennessee has no discretion over these funds other than to make the initial contributions. Accordingly, the State of Tennessee is not acting in a trustee capacity nor does it have a fiduciary responsibility for the funds held by the investment vendors.

Payable to the Plan – At June 30, 2021, the university reported a payable of $ 461,739.80 for the outstanding amount of legally required contributions to the plan required for the year then ended.

Deferred Compensation Plans

Employees are offered three deferred compensation plans. The university, through the State of Tennessee, provides two plans, one established pursuant to IRC, Section 457, and the other pursuant to IRC, Section 401(k). The third plan is administered by the university and was established in accordance with IRC, Section 403(b). The plans are outsourced to third-party vendors, and the administrative costs assessed by the vendors of these plans are the responsibility of plan participants. Section 401(k), Section 403(b), and Section 457 plan assets remain the property of the contributing employees; therefore, they are not presented in the accompanying financial statements. IRC Sections 401(k), 403(b) and 457 establish participation, contribution, and withdrawal provisions for the plans. The university provides up to a $50 monthly employer match for employees who participate in the state's 401(k) plan. Employees hired before July 1, 2014, voluntarily participate in the state's 401(k) plan. Pursuant to Public Chapter No. 259 of Public Acts of 2013, employees hired after June 30, 2014, are automatically enrolled in the state's 401(k) plan and contribute 2% of their salary, with the employer contributing an additional non-matching 5% for employees who elect to be in the TCRS pension plan. Employees may opt out of the 2% auto enrollment. Such contribution rates may only be amended by the Tennessee General Assembly. There are certain automatic cost controls and unfunded liability controls in the defined benefit plan where the employees participate that may impact the non-matching 5% employer contribution to the 401(k) plan. Employees will vest immediately to both the employee and employer contributions. During the year ended June 30, 2021, contributions totaling $2,375,974.30 were made by employees participating in the plan, with a related match of $1,283,232.60 made by the university. During the year ended June 30, 2020, contributions totaling $2,044,516.27 were made by employees participating in the plan, with a related match of $1,162,054.29 made by the university.

Payable to the Plan – At June 30, 2021 and June 30, 2020, the university reported a payable of $353,660.52 and $300,634.44 respectively, for the outstanding amount of legally required contributions to the plan required for the year then ended.

12. Other Postemployment Benefits

Closed State Employee Group OPEB Plan

General information about the OPEB plan

Plan description - Employees of the university, who were hired prior to July 1, 2015 and choose coverage, are provided with pre-65 retiree health insurance benefits through the closed State Employee Group OPEB Plan (EGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a cost-sharing multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The employers participating in this plan includes the primary government, the Tennessee Student Assistance Corporation, the Tennessee Housing Development Agency, the University of Tennessee and the institutions that make up the State University and Community College System. The State of Tennessee Postemployment Benefits Trust (OPEB Trust) was established to accumulate resources to pay for the retiree benefits of EGOP participants. The OPEB Trust prepares a stand-alone financial report that can be found at https://www.tn.gov/finance/rd-doa/opeb22121.html.

Benefits provided - The EGOP is offered to provide health insurance coverage to eligible retired and disabled participants and is the only postemployment benefit provided to eligible pre-65 participants. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-201. All retirees and disabled employees of the primary government and certain component units, who are eligible and choose coverage, and who have not yet reached the age of 65 are enrolled in this plan. All members have the option of choosing between the premier preferred provider organization (PPO) plan, standard PPO plan or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members receive the same plan benefits, as active employees, at a blended premium rate that considers the cost of active and retired employees. This creates an implicit subsidy for the retirees. The retirees' cost is then directly subsidized, by the employers, based on years of service. Therefore, retirees with 30 years of service are subsidized 80 percent; 20 but less than 30 years, 70 percent; and less than 20 years, 60 percent.

Contributions - Annually, an insurance committee, created in accordance with Tennessee Code Annotated (TCA) 8-27-201, establishes the required contributions to the plan by member employees through the premiums established to approximate claims cost for the year. Pre-age 65 retired members of the EGOP pay a premium based on a blended rate that considers the cost of active and retired employees as well as their individual years of service. Therefore, retirees pay either 20 percent, 30 percent, 40 percent or 100 percent of the appropriate premium rate. These payments are deposited into the OPEB Trust. Employers contribute to the OPEB Trust based on an actuarially determined contribution (ADC) rate calculated in a manner to meet the funding goals of the state. The total ADC rate for plan employers for the fiscal year ended June 30, 2021 was $137.1 million. The university's share of the ADC was $2,278,581.00 During the fiscal year the university contributed $2,278,581.00 to the OPEB Trust. The state general assembly has the authority to change the contribution requirements of the employers participating in the EGOP.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Proportionate share - The university's proportion and proportionate share of the collective net OPEB liability, related to the EGOP, is 1.5365% and $12,862,107.49, respectively. The proportion existing at the prior measurement date was 1.5203%. This represents a change in proportion of 0.0162% between the current and prior measurement dates. The university's proportion of the collective net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected share of contributions of all participating employers, actuarially determined. The collective net OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2020 and measurement date of June 30, 2020.

OPEB expense - For the fiscal year ended June 30, 2021, the university recognized OPEB expense of $555,948.45.

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June, 30, 2021, the university reported deferred outflows of resources and deferred inflows of resources related to OPEB paid by the EGOP from the following sources:

EGOP	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	$ -	$1,257,408.32
Changes of assumptions	661,744.00	3,390,920.00
Net difference between actual and projected investment earnings	246,047.00	
Changes in proportion and differences between benefits paid and proportionate share of benefits paid.	2,260,088.00	3,180,448.00
Contributions subsequent to the measurement date	2,278,580.59	-
Total	$5,446,459.59	$7,828,776.32

The amounts shown above for "contributions subsequent to the measurement date" will be recognized as a reduction to the collective net OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB paid by the EGOP will be recognized in OPEB expense as follows:

EGOP	
For the year ended June 30:	
2022	$(891,357.00)
2023	(891,357.00)
2024	(891,359.00)
2025	(894,045.00)
2026	(939,669.00)
Thereafter	(153,110.00)

In the tables above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Actuarial assumptions - The collective net OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.10%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	9.02% for 2021, decreasing annually to an ultimate rate of 4.50%
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2020, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for pre-retirement mortality and the RP-2014 Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Long-term expected rate of return - The long-term expected rate of return of 6 percent on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. TCA 8-27-802 establishes the responsibility of the trustees to adopt written investment policies authorizing how assets in the OPEB Trust may be invested and reinvested by the State Treasurer. The treasurer may invest trust assets in any security or investment in which the Tennessee Consolidated Retirement System (TCRS) is permitted to invest, provided that investments by the OPEB Trust shall be governed by the investment policies and guidelines adopted by the trustees. Any changes to the investment policy will be the responsibility of the established trustees. The OPEB Trust investment policy target asset allocation and allocation range for each major asset class is summarized in the following table:

	Allocation Range		
Asset Class	Minimum	Maximum	Target Allocation
Equities	25%	80%	53%
Fixed income and short-term securities	20%	50%	25%
Real estate	0%	20%	10%
Private equity and strategic lending	0%	20%	7%
Cash and cash equivalents	0%	25%	5%
			100%

The best-estimates of geometric real rates of return for each major asset class included in the OPEB Trust target asset allocation are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. equity	4.11%
Developed market international equity	5.19%
Emerging market international equity	5.29%
Private equity and strategic lending	4.11%
U.S. fixed income	0.00%
Real estate	3.72%

Discount rate - The discount rate used to measure the net OPEB liability was 6%. This is the same rate used at the prior measurement date. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the ADC rates pursuant to an actuarial valuation in accordance with the state's funding goals. Inactive plan members are assumed to contribute their share of the premium rate for the coverage option in which they are enrolled. Based on those assumptions, the OPEB Trust fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Trust investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

Sensitivity of proportionate share of the collective net OPEB liability to changes in the discount rate - The following presents the university's proportionate share of the collective net OPEB liability of the EGOP, as well as what the proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease (5.0%)	**Discount Rate (6.0%)**	**1% Increase (7.0%)**
Proportionate share of the collective net OPEB liability	$ 14,041,222.53	$ 12,862,107.49	$ 11,772,183.53

Sensitivity of proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rate - The following presents the university's proportionate share of the collective net OPEB liability of the EGOP, as well as what the proportionate share of the collective net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease (8.02% decreasing to 3.50%)	Healthcare Cost Trend Rates (9.02% decreasing to 4.50%)	1% Increase (10.02% decreasing to 5.50%)
Proportionate share of the collective net OPEB liability	$ 11,411,544.53	$ 12,862,107.49	$ 14,532,082.53

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the State of Tennessee Comprehensive Annual Financial Report found at https://www.tn.gov/finance/rd-doa/fa-accfin-cafr.html.

Closed Tennessee Plan

General information about the OPEB plan

Plan description - Employees of the university, who were hired prior to July 1, 2015 and choose coverage, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The primary government as well as the Tennessee Student Assistance Corporation, the Tennessee Housing Development Agency, the University of Tennessee and the institutions that make up the State University and Community College System also participates in this plan. This plan also serves eligible post-65 retirees of employers who participate in the state administered Teacher Group Insurance and Local Government Insurance Plans.

Benefits provided - The TNP is offered to help fill most of the coverage gaps created by Medicare and is the only postemployment benefit provided to eligible post-65 retired and disabled employees of participating employers. This plan does not include pharmacy. In accordance with Tennessee Code Annotated (TCA) 8-27-209, benefits are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Many retirees receive direct subsidies toward their premium cost, however, participating employers determine their own policy in this regard. The primary government contributes to the premiums of component unit retirees based on years of service. Therefore, retirees with 30 years of service receive $50 per month; 20 but less than 30 years, $37.50; and 15 but less than 20 years, $25. The university does not provide any subsidies for retirees in the TNP. The primary government paid $135,375.00 for OPEB as the benefits came due during the reporting period. This plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies.

Total OPEB Liability and OPEB Expense

Proportionate share - The primary government is entirely responsible for the TNP OPEB liability associated with the university's employees. The primary government's proportionate share of the total OPEB liability associated with the university was $3,655,521.00 At the June 30, 2020, measurement date, the proportion of the collective total OPEB liability associated with the university was 0.001773%. This represents a change of 0.000011% from the prior proportion of 0.001762%. The university's proportion of the collective total OPEB liability was based on a projection of the its long-term share of contributions to the OPEB plan relative to the projected share of contributions of all participating employers, actuarially determined. The collective total OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2020 and measurement date of June 30, 2020.

Actuarial assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.10%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection; therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2020, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for pre-retirement mortality and the RP-2014 Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate - The discount rate used to measure the total OPEB liability was 2.21 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate - The following presents primary governments proportionate share of the university's related collective total OPEB liability, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate. The university does not report a proportionate share of the OPEB liability for employees in the TNP.

	1% Decrease (1.21%)	**Discount Rate (2.21%)**	**1% Increase (3.21%)**
Primary government share of the collective total OPEB liability	$ 4,150,558.00	$ 3,655,521.00	$ 3,243,787.00

OPEB expense - For the fiscal year ended June 30, 2021, the primary government recognized OPEB expense of $215,742.00 for employees of the university participating in the TNP.

Total OPEB Expense – The total OPEB expense for the year ended June 30, 2021, was $771,690.45, which consisted of OPEB expense of $555,948.45 for the EGOP and $215,742.00 paid by the primary government for the TNP.

13. Revenues

A summary of adjustments and allowances by revenue classification is presented as follows:

Revenue Source	Gross Revenue	Less Scholarship Allowances	Less Uncollectible Debts	Net Revenue
Operating Revenues:				
Tuition and fees	$ 100,231,550.07	$ 42,458,664.72	$ 544,033.72	$ 57,228,851.63
Sales and services of educational activities	1,368,490.70	-	(3,877.38)	1,372,368.08
Sales and services of other activities	8,235,366.36	-	(715.34)	8,236,081.70
Residential life	12,851,305.66	15,452.09	(7,257,40)	12,843,110.97
Bookstore	386,898.99	-	(267.18)	387,166.17
Food service	2,796,231.00	-	(1,211.66)	2,797,442.66
Other auxiliaries	224,629.86	-	(2.26)	224,632.12
Other operating revenues	33,108.49	-	(214.37)	33,322.86
Nonoperating Revenues:				
Other nonoperating revenues	29,357.49	-	(1,046.08)	30,403.57
Total	$ 126,156,938.62	$ 42,474,116.81	$ (529,442.05)	$ 83,153,379.76

14. Chairs of Excellence

The university had $8,852,916.68 on deposit at June 30, 2021, with the State Treasurer for its Chairs of Excellence program. These funds are held in trust by the state and are not included in these financial statements.

15. Insurance-Related Activities

It is the policy of the state not to purchase commercial insurance for the risks associated with casualty losses for general liability, automobile liability, professional medical malpractice liability, and workers' compensation. By statute, the maximum liability for general liability, automobile liability, and medical malpractice liability is $300,000 per person and $1 million per occurrence. The state's management believes it is more economical to manage these risks internally and set aside assets for claim settlement in its internal service fund, the Risk Management Fund (RMF). The state purchases commercial insurance for real property, crime and fidelity coverage on the state's officials and employees, and cyber liability coverage. For property coverage, the deductible for an individual state agency is the first $25,000 of losses. The RMF is responsible for property losses for the annual aggregate deductible of $7.5 million for perils other than earthquake and flood. Purchased insurance coverage is responsible for losses exceeding the $7.5 million annual aggregate deductible. For earthquake and flood, there is a deductible of $10 million per occurrence. The maximum insurance coverage is $750 million per year for perils other than earthquake and flood. The maximum flood insurance coverage is $50 million per occurrence, except there is only $25 million of coverage in flood zones A and V. The maximum earthquake insurance coverage is $50 million per occurrence. The amounts of settlements have not exceeded insurance coverage for each of the past three fiscal years.

The university participates in the Risk Management Fund. The fund allocates the cost of providing claims servicing and claims payment by charging a premium to the university based on a percentage of the university's expected loss costs, which include both experience and exposures. This charge considers recent trends in actual claims experience of the state as a whole. An actuarial valuation is performed as of fiscal year-end to determine the fund liability and premium allocation. Information regarding the determination of the claims liabilities and the changes in the balances of the claims liabilities for the years ended June 30, 2021, is presented in the Tennessee Annual Comprehensive Financial Report. The ACFR is available on the state's website at https://www.tn.gov/finance/rd-doa/fa-accfin-ar.html. Since the university participates in the Risk Management Fund, it is subject to the liability limitations under the provisions of the Tennessee Claims Commission Act, Tennessee Code Annotated, Section 9-8-101 et seq. Liability for negligence of the university for bodily injury and property damage is limited to $300,000 per person and $1,000,000 per occurrence. The limits of liability under workers' compensation are set forth in Tennessee Code Annotated, Section 50-6-101 et seq. Claims are paid through the state's Risk Management Fund. The amount of cash and cash equivalents designated for payment of claims held by the Risk Management Fund at June 30, 2021, was not available.

At June 30, 2021, the scheduled coverage for the university was $804,570,602.00 for buildings and $140,178,973.00 for contents.

The state has also set aside assets in the Employee Group Insurance Fund, an internal service fund, to provide a program of health insurance coverage for the employees of the state with the risk retained by the state. The university participates in the Employee Group Insurance Fund. The fund allocates the cost of providing claims servicing and claims payment by charging a premium to the university based on estimates of the ultimate cost of claims, including the costs of claims that have been reported but not settled and of claims that have been incurred but not reported. Employees and providers have 13 months to file medical claims.

16. Commitments and Contingencies

Sick Leave - The university records the cost of sick leave when paid. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee dies or is absent because of illness, injury, or related family death, there is no liability for sick leave at June 30. The dollar amount of unused sick leave was $34,988,754.90 at June 30, 2021.

Operating Leases - The university has entered into various operating leases for buildings and equipment. Such leases will probably continue to be required. Expenses under operating leases for real and personal property were $127,226.65 and $287,828.12, respectively for the year ended June 30, 2021. All operating leases are cancelable at the lessee's option.

Construction in Progress - At June 30, 2021, outstanding commitments under construction contracts totaled $17,927,908.58 for the new engineering building, roof replacements, and various other renovations and upgrades of which $7,760,723.18 will be funded by future state capital outlay appropriations.

Litigation - The university is involved in several lawsuits, none of which are expected to have a material effect on the accompanying financial statements

17. Funds Held in Trust by Others

The university is beneficiary under the William Jenkins Estate trust. The underlying assets are not considered assets of the university and are not included in the university's financial statements. The university received $4,615.00 from these funds during the fiscal year ended June 30, 2021.

18. Natural Classifications with Functional Classifications

The university's operating expenses by functional classification for the year ended June 30, 2021, are as follows:

	Natural Classification					
Functional Classification	Salaries	Benefits	Other Operating	Scholarship	Depreciation	Total
Instruction	$45,004,690.50	$17,970,611.25	$8,192,111.88	$ -	$ -	$71,167,413.63
Research	5,854,449.14	1,989,900.64	3,130,054.24	-	-	10,974,404.02
Public Service	3,823,040.45	1,296,203.34	3,549,464.82	-	-	8,668,708.61
Academic Support	10,539,730.61	3,574,272.14	(413,061.66)	-	-	13,700,941.09
Student Services	10,871,063.85	4,008,952.60	5,942,383.49	-	-	20,822,399.94
Institutional Support	8,560,371.76	3,023,696.40	2,515,903.85	-	-	14,099,972.01
M&O	3,753,810.65	1,755,399.09	15,398,217.60	-	-	20,907,427.34
Scholarships & Fellowships	-	-	4,975,019.00	12,515,163.99	-	17,490,182.99
Auxiliaries	2,313,339.91	604,690.16	4,452,228.91	-	-	7,370,258.98
Depreciation	-	-	-	-	10,445,683.63	10,445,683.63
Total Expenses	$90,720,496.87	$34,223,725.62	$47,742,322.13	$12,515,163.99	$10,445,683.63	$195,647,392.24

Expenses initially incurred by the academic support function as a result of providing internal services to the other functional classifications were allocated to the other functional areas by reducing the academic support function's operating expenses by the total amount of salaries, benefits, and operating expenses incurred in the provision of these services, and allocating this amount to the other functional areas' operating expenses on the basis of usage. As a result of this process, expenses totaling $6,459,802.05 were reallocated from academic support to the other functional areas and caused academic support operating expenses to appear as a negative amount in the schedule above.

19. Affiliated Entity Not Included

The TTU Agricultural Foundation is a private, nonprofit foundation with the university as the sole beneficiary. The TTU Agricultural Foundation is controlled by a board independent of the university. The financial records, investments, and other financial transactions are handled external to the university and these amounts are not included in the university's financial report. As reported in the foundation's most recently audited financial report, at June 30, 2020 the assets of the foundation totaled $893,882.88, deferred outflows of resources were $0.00, liabilities were $0.00, deferred inflows of resources were $0.00, and the net position amounted to $893,882.88.

The Bryan Symphony Orchestra Association at Tennessee Technological University, Inc. (BSOA) is a nonprofit 501(c)(3) organization controlled by a board independent of the university. The mission of the BSOA is to provide an orchestra of the highest artistic standards, provide educational experiences for a diverse audience, and to serve as a leader and a continuing force in the Upper Cumberland region. BSOA provides support to the Bryan Symphony Orchestra jointly with Tennessee Technological University. The financial records and transactions are handled external to the university and are not included in the university's financial report.

The Friends of the Appalachian Center for Crafts of Tennessee (FACCT) is a nonprofit 501(c)(3) that promotes and supports educational art and craft outreach activities. FACCT is controlled by a board independent of the university. FACCT provides non-monetary support to the Tennessee Technological University Craft Center through marketing and other promotional activities. FACCT is currently inactive. The financial records and transactions are handled external to the university. These amounts are not included in the university's financial report.

20. On-Behalf Payments

During the year ended June 30, 2021, the State of Tennessee made payments of $135,375.00 on behalf of the university for retirees participating in the Closed Tennessee OPEB Plan. The Closed Tennessee OPEB Plan is a postemployment benefit healthcare plan and is discussed further in Note 12.

21. Prior Period Adjustment

The most recent food service contract included an agreement for capital outlay paid in kind by the vendor. These projects, completed in fiscal years 2018 and 2019, were recorded by the university as a gift in kind in fiscal year 2019-2020 which resulted in a prior period adjustment of $2,179,871.46. After audit review, it was determined the assets, which included several dining upgrades and equipment purchases should not have been recorded. The net loss from the asset write off and accumulated depreciation totals ($2,112,574.40), which is the prior period adjustment for the current fiscal year.

An additional entry was made to correct a prior year stabilization reserve amount included with pension expense and deferred outflows. A reduction to deferred outflows was made, resulting in a prior period adjustment of ($247,284.72). The total prior period adjustment for fiscal year 2020-2021 is ($2,359,859.12).

22. Component Unit(s)

Tennessee Technological University Foundation is a legally separate, tax-exempt organization supporting Tennessee Technological University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the university in support of its programs. The 17-member board of the Foundation is self-perpetuating and consists of graduates and friends of the university. Although the university does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the university by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the university, the Foundation is considered a component unit of the university and is discretely presented in the university's financial statements.

Tech Farms, LLC was established in December 2015 in anticipation of a future real estate gift. The sole member of the limited liability company is the Tennessee Technological University Foundation. The farm, now known as Tech Farms, was given on March 6, 2017. The purpose of the limited liability company is to own, manage, and operate agricultural resources. The farm is used by Tennessee Technological University for research, teaching, and outreach programs. Although it is legally separate from the foundation, it is reported in the foundation's financial statements as a blended component unit. The exclusion of the limited liability company from the foundation's reporting entity would render the foundation's financial statements incomplete. The assets, liabilities, revenues, and expenses of the limited liability company are included in the foundation's Statement of Net Position and Statement of Revenues, Expenditures, and Changes in Net Position. Upon dissolution of the limited liability company, the assets shall be distributed to the foundation.

During the year ended June 30, 2021, the Foundation made distributions of $2,582,081.50 to or on behalf of the university for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Tennessee Technological University, Office of the Vice President for Planning and Finance, TTU Box 5037, Cookeville, TN 38505.

Cash and Cash Equivalents – In addition to demand deposits and petty cash on hand, this classification includes instruments which are readily convertible to known amounts of cash and which have original maturities of three months or less. At June 30, 2021, cash and cash equivalents consists of $812,706.02 in custodial accounts of investment managers of the foundations, $60,019.57 in bank accounts for Tech Farms, $200.00 of petty cash on hand, and $8,956,687.71 in the State of Tennessee Local Government Investment Pool administered by the State Treasurer.

At June 30, 2021, $537,030.48 of the Foundation's balance of $787,030.48 held by investment managers was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$537,030.48
Total	$537,030.48

The Foundation also has deposits in the Local Government Investment Pool (LGIP) administered by the State Treasurer. The LGIP is measured at amortized cost and is part of the Pooled Investment Fund. There are no minimum or maximum limitations on withdrawals. The fund's required risks disclosures are presented in the *State of Tennessee's Treasurer's Report.* That report is available on the state's website at http://treasury.tn.gov.

Investments – The Foundation is authorized to invest funds in accordance with its board of directors' policies. In accordance with GASB Statement 31, as amended, investments are reported at fair value, including those with a maturity date of one year or less at the time of purchase, unless otherwise noted.
As of June 30, 2021, the Foundation had the following investments and maturities.

		Investments Maturities (in years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	No Maturity Date
Mutual bond funds	$ 30,133,184.32	$ -	$ -	$ -	$ 30,133,184.32
Total debt instruments	$ 30,133,184.32	$ -	$ -	$ -	$ 30,133,184.32
Non-fixed income investments					
Corporate stocks	345,914.30				
Mutual equity funds	57,424,015.39				
Other:					
Private equity	6,749,582.00				
Private Real Estate	747,899.00				
Natural resources	1,428,183.00				
Real estate	4,677,881.58				
Secondary funds	45,609.00				
Environmental sustainability	54,504.00				
Cash surrender value life ins.	23,819.60				

Marketable alternative strategies	1,636.95
Total	$ 101,632,229.14

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation has no investment policy limiting its investment choices based on ratings issued by nationally recognized statistical rating organizations. Securities are rated using Standard and Poor's, Moody's, and/or Fitch's and are presented below using the Standard and Poor's rating scale. As of June 30, 2021, the Foundation's investments were rated as follows:

Investment Type	Carrying Value	Credit Quality Rating Unrated
Local Gov Investment Pool (LGIP)	$ 8,956,687.71	$ 8,956,687.71
Mutual bond funds	30,133,184.32	30,133,184.32
Total	$ 39,089,872.03	$ 39,089,872.03

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Foundation does not have a deposit policy for custodial credit risk.

Investments of endowment and similar funds are composed on the following:

	Carrying Value – Endowment Pool	Carrying Value – Expendable Pool
Local Government Investment Pool	$	$ 8,956,687.71
Investment manager custodial accounts		812,706.02
Mutual funds	70,414,735.10	16,743,302.39
Other:		
Real estate	4,677,881.58	
Private equity funds	6,749,582.00	
Natural resources funds	1,428,183.00	
Private real estate funds	747,899.00	
Secondary Funds	45,609.00	
Environmental Sustainability Funds	54,504.00	
Total	$ 84,118,393.68	$ 26,512,696.12

As of July 1, 2017, the TTU Foundation Board voted to separate foundation funds into two pools which consist of an endowment pool and an expendable pool.

Assets of endowment funds are pooled on a fair value basis, with each individual fund subscribing to or disposing of units on the basis of the value per unit fair value at the beginning of the calendar quarter within which the transaction takes place. Of the total units at June 30, 2021, each having a fair value of $170.4215, 449,168.1693 units were owned by endowment, and 44,422.1239 units were owned by quasi-endowment. The expendable pool had a total of 214,367.7006 units at June 30, 2021, each having a fair value of 123.6786. Of those units, 131,407.7107 units were owned by funds related to the spending account of an endowment, and 82,959.9899 units were owned by non-endowment operating accounts.

The following tabulation summarizes changes in relationships between cost and fair values of the pooled assets:

	Pooled Assets – Endowment Pool							
FY 2021		Market		Cost		Net Gains/ (Losses)		Fair Value Per Unit
End of year	$	84,118,393.68	$	53,719,214.96	$	30,399,178.72	$	170.421491
Beginning of year		65,998,275.91		52,042,225.11		13,956,050.80		132.787725
Unrealized net gain					$	16,443,127.92		
Realized net gains						0.00		
Total net gain					$	16,443,127.92	$	37.633766

	Pooled Assets – Expendable Pool							
FY 2021		Market		Cost		Net Gains/ (Losses)		Fair Value Per Unit
End of year	$	26,512,696.12	$	23,949,396.50	$	2,563,299.62	$	123.678595
Beginning of year		22,932.164.36		22,145,244.02		786,920.34		122.007084
Unrealized net gain					$	1,776,379.28		
Realized net gains						0.00		
Total net gain					$	1,776,379.28	$	1.671511

The average annual earnings per unit, exclusive of net gains, were $2.7273 and $0.9660 for the endowment and expendable pools, respectively, for the year ended June 30, 2021.

Alternative Investments.

The foundation has investments in four private equity funds, two natural resource funds, a private real estate fund, a secondary partners fund, an environmental sustainability fund, real estate, and an alternative mutual fund. The estimated fair value of these assets is $13,705,295.53 at June 30, 2021. The largest funds are the real estate and private equity, which represent 11.24% of the total portfolio of investments and 83.38% of all alternative investments.

The foundation believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2021. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. These investments are made in accordance with the foundation's investment policy. These investments are designed to enhance diversification and provide reductions in overall portfolio volatility. These fair values are estimated using various valuation techniques.

These fair values for alternative investments are estimated using various valuation techniques. At June 30, 2021, the alternative marketable investment fund and alternative mutual fund investments were valued at the net asset values as determined by the portfolio managers. All funds are issued audited financial statements on a calendar year basis or June 30 fiscal year end depending on the fund. To determine the fair value of the private equity, natural resources, private real estate funds, secondary funds, and environmental sustainability funds those audited fair values are used as a beginning point, valuations are adjusted for net capital activity and marketplace considerations to ascertain the reasonableness of estimated fair values provided by the portfolio managers.

Fair Value Measurement - The foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The foundation has the following recurring fair value measurements as of June 30, 2021:

Assets by Fair Value Level	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at the Net Asset Value (NAV)
Debt securities					
Mutual bond funds	$ 30,133,184.32	$ -	$ -	$ -	$ 30,133,184.32
Total debt securities	30,133,184.32	-	-	-	30,133,184.32
Equity securities					
Corporate stock	345,914.30	345,914.30	-	-	-
Mutual equity funds	57,424,015.39	379,028.43	-	-	57,044,986.96
Real estate	4,677,881.58	-	-	4,677,881.58	-
Private equities	6,749,582.00	-	-	-	6,749,582.00
Natural resources	1,428,183.00	-	-	-	1,428,183.00
Secondary funds	45,609.00	-	-	-	45,609.00
Environmental Sustainability fd	54,504.00	-	-	-	54,504.00
Other:					
Marketable alternative strategies	1,636.95	1,636.95	-	-	-
Private Real Estate	747,899.00	-	-	-	747,899.00
Total equity securities	71,475,225.22	726,579.68	-	4,677,881.58	66,070,763.96
Total assets at fair value	$ 101,608,409.54	$ 726,579.68	$ -	$ 4,677,881.58	$ 96,203,948.28

The table above includes all investments for the foundation with the exception of the cash surrender value life insurance of $23,819.60, which is not measured at fair value.

Assets and liabilities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Assets and liabilities classified in Level 3 are valued using real estate appraisal and most recent sales prices for those assets not on an active market. A recent appraisal was obtained on the real estate in FY2020.

The valuation method for assets and liabilities measured at the net asset value per share (or its equivalent) is presented on the following table.

Assets and Liabilities Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Mutual bond funds				
Multi-Strategy Bond Fund	23,515,935.28		Monthly	5 business days
High Quality Bond Fund	3,882,972.27		Weekly	5 business days
Intermediate Term Fund	2,714,142.97		Weekly	5 business days
Mutual equity funds				
Multi-Strategy Equity Fund	50,190,953.35		Monthly	5 business days
Core Equity Fund	3,676,840.71		Weekly	5 business days
Strategic Solutions Equity Fund	3,177,192.91		Monthly	5 business days
Private equities				
Capital Partners V	2,593,600.00	211,000.00	Not applicable	Not applicable
Capital Partners VI	3,735,028.00	558,250.00	Not applicable	Not applicable
Capital Partners VII	192,441.00	168,000.00	Not applicable	Not applicable
Capital Partners VIII	228,513.00	870,000.00	Not applicable	Not applicable
Natural Resources				
Natural Resources IX	744,598.00	77,900.00	Not applicable	Not applicable
Natural Resources XI	683,585.00	1,168,500.00	Not applicable	Not applicable
Private Real Estate				
Commonfund Real Estate Opportunity	747,899.00	995,244.00	Not applicable	Not applicable
Secondary Funds				
Secondary Partners III	45,609.00	490,000.00	Not applicable	Not applicable
Environmental Sustainability Funds				
Environmental Sustainability Partners	54,504.00	1,960,000.00	Not applicable	Not applicable

The unfunded commitments listed above are due over the next several years with no set call dates. The two commitments totaling $288,900.00 terminate in May and December 2026. The third commitment of $558,250.00 terminates in June 2030. The fourth, fifth, and sixth commitments of $1,826,500.00 terminate in March and May 2033. The seventh commitment of $1,960,000.00 terminates October 2035. The eighth commitment of $995,244.00 terminates June 2036. The termination date for Commonfund Capital Partners VIII will be stated when those audited financial statements are available. The termination dates include a three-year extension that most often is exercised by the general partner.

The following summarizes specific information about the above investments:

The Multi-Strategy Bond Fund's investment objective is to offer an actively managed program that will provide broad exposure to global debt markets. The portfolio will be made up of marketable securities of intermediate and longer-term maturities. The High Quality Bond Fund will consist primarily of U.S. Treasury and Agency issues, corporate and mortgage bonds, and other asset-backed securities with an objective to outperform its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index. The investment objective of the Intermediate Term Fund is to generate a higher current yield than short-term money market investments. The Multi-Strategy Equity Fund ranges from international equity to domestic and hedged equities on investment strategy. The investment objective of the Core Equity Fund is to outperform the S&P 500 Index. The Strategic Solutions Equity Fund has an investment objective to focus on equities. The private equities' investment strategies vary among many equity industries, including services, manufacturing, and consumer related. The investment objective of the Real Estate Opportunity Fund is to deliver Non-Core real estate exposure primarily through external real estate managers advising portfolio funds the investment manager believes to be high-quality managers. The natural resources investment strategies include allocations among energy, mining, and utilities.

The Secondary Partners III fund objective is to invest in secondary market transactions in multiple types of investments. The objective of the Environmental Sustainability Partners fund is to invest in target funds which make investments that provide environmental and sustainability benefits to society. The funds themselves are liquidated when all underlying assets are liquidated. There is no exact date for this liquidation and will likely be after the termination date given in the previous paragraph. It is unlikely that any investment listed above will be sold for an amount different from the NAV per share.

Capital Assets - Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Transfers	Reductions	Ending Balance
Land	$ 10,275,167.52	$ -	$ -	$ 9,600.00	$ 10,265,567.52
Land improve & infrastructure	631,661.29	-	-	-	631,661.29
Buildings	844,559.48	-	-	-	844,559.48
Equipment	358,559.29	-	-	40,000.00	318,559.29
Intangible assets	261,685.25	-	-	-	261,685.25
Art and historical collections	110,942.34	-	-	-	110,942.34
Construction in progress	-	-	-	-	-
Projects in progress	3,167.49	-	-	3,167.49	-
Total	$ 12,485,742.66	$ -	$ -	$ 52,767.49	$ 12,432,975.17
Less accumulated depreciation/amortization:					
Land improve & infrastructure	122,857.35	35,467.88	-	-	158,325.23
Buildings	118,348.65	31,211.02	-	-	149,559.67
Equipment	100,902.72	37,314.91	-	16,666.67	121,550.96
Intangible assets	261,685.25	-	-	-	261,685.25
Total	603,793.97	103,993.81	-	16,666.67	691,121.11
Capital assets, net	$ 11,881,948.69	$ (103,993.81)	$ -	$ 36,100.82	$ 11,741,854.06

Because the Golden Eagle Golf Club and Tech Farms, LLC are not operating activities of the foundation, total depreciation of $103,993.81 is included in other non-operating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities for the foundation included the following:

	June 30, 2021
Other payables	$ 583,013.14
Total	$ 583,013.14

Long-term liabilities - Long term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Payables:					
Real estate	$ 717,118.42	$ 157,881.58	$ 125,000.00	$ 750,000.00	$ 125,000.00
Total long-term liabilities	$ 717,118.42	$ 157,881.58-	$ 125,000.00	$ 750,000.00	$ 125,000.00

Notes Payable

The foundation borrowed funds in fiscal years 2017, 2019, and 2021 for the real estate building held for investment to improve space occupied by SAIC. As of June 30, 2021, the total usable credit available to the foundation from the note was $0.00. The note bears an annually adjusted interest rate of 1.25% fixed for the first five years beginning June 2017. At the end of five years, the interest rate will convert to an annual rate equal to the WSJ Prime less 2.5% but not less than 1.25% annually, adjusted monthly. Principal payments of $125,000.00 began January 2021 and are due each January until maturity in January 2027.

The foundation's outstanding note of $750,000.00 contains a provision that in the event of default, the lender may declare all indebtedness under the note immediately due. Outstanding amounts may be declared by the lender immediately due if the foundation is unable to make payments on time or in the amount due. The foundation's outstanding note from direct borrowings is secured with collateral of assignment of leases and rents and security interest in real estate.

Debt service requirements to maturity for all notes payable at June 30, 2021, are as follows:

For the Years Ending June 30	Principal	Interest	Total
2022	$ 125,000.00	$ 8,593.75	$ 133,593.75
2023	125,000.00	7,031.25	132,031.25
2024	125,000.00	5,468.75	130,468.75
2025	125,000.00	3,906.25	128,906.25
2026	125,000.00	2,343.75	127,343.75
2027	125,000.00	781.25	125,781.25
Total	$ 750,000.00	$ 28,125.00	$ 778,125.00

Endowments - If a donor has not provided specific instructions to the foundation, the foundation's policies and procedures permits the foundation to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the foundation is required to consider its long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

The foundation chooses to spend only a portion of the investment income (including changes in the value of investments) each year. Under the spending plan established by the foundation, a percentage (as defined by the foundation) of the market value of the endowment or a percentage of the actual earnings as designated by the donor has been authorized for expenditure. The remaining amount, if any, becomes part of the permanent endowment.

Blended Component Unit

The following is a condensed Statement of Net Position, Condensed Statement of Revenues, Expenses, and Changes in Net Position, and a Condensed Statement of Cash Flows showing assets, liabilities, revenues, and expenses that are reported as a blended component unit of the foundation.

Tech Farms, LLC
Condensed Statement of Net Position
For the Year Ended June 30, 2021

ASSETS	
Current assets:	
Cash and cash equivalents	$ 60,019.57
Accounts, notes, and grants receivable (net)	37,417.90
Total current assets	$ 97,437.47
Noncurrent assets:	
Capital assets (net)	$ 7,785,616.65
Total noncurrent assets	$ 7,785,616.65
Total assets	$ 7,883,054.12
LIABILITIES	
Current liabilities:	
Accounts payable	$ 18,092.52
Accrued liabilities	850.49
Total current liabilities	$ 18,943.01
Noncurrent liabilities:	
Total liabilities	$ 18,943.01
NET POSITION	
Net investment in capital assets	$ 7,785,616.65
Restricted for expendable:	
Other	78,494.46
Total net position	$ 7,864,111.11

Tech Farms LLC

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

For the Year Ended June 30, 2021

Operating revenues	
Governmental grants and contracts	$ 67,103.15
Sales and services of other activities	306,137.25
Other operating revenues	60,000.00
Operating expenses	
Utilities, supplies, and other services	(432,082.28)
Salaries and Wages	(75,662.67)
Benefits	(16,365.41)
Depreciation	(65,860.38)
Operating income	(156,730.33)
Other non-operating revenues/(expenses)	-
Net nonoperating revenues	-
Income before other revenues,	
expenses, gains, or losses	(156,730.33)
Capital grants and gifts	-
Total other revenues	-
Increase in net position	(156,730.33)
Net position - beginning of year	8,020,841.44
Net position - end of year	$ 7,864,111.11

Tech Farms LLC
Condensed Statement of Cash Flows
for the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Grants and contracts	$	67,103.15
Payments to suppliers and vendors		(304,295.67)
Payments to employees		(75,662.67)
Payments for benefits		(16,365.41)
Payments to TTU		(114,006.17)
Other receipts (payments)		340,542.10
Net cash used by operating activities	$	(102,684.67)
Net increase in cash and cash equivalents		(102,684.67)
Cash and cash equivalents - beginning of year		162,704.24
Cash and cash equivalents - end of year	$	60,019.57
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating income	$	(130,229.51)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Noncash operating expenses		65,860.37
Other adjustments		(18,474.89)
Change in assets, liabilities, and deferrals:		-
Accounts payable		(30,607.51)
Accrued liabilities		(1,055.88)
Receivables		11,822.75
Net cash used by operating activities	$	(102,684.67)

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Tennessee Tech University Proportionate Share of the Net Pension Liability
Closed State and Higher Education Employee Pension Plan Within TCRS
Fiscal Year Ending June 30

	Institution's portion of the net pension liability	Institution's proportionate share of the net pension liability	Institution's covered payroll	Institution's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	1.132882%	$ 18,560,125.00	$ 25,076,492.96	74.01%	90.58%
2019	1.163212%	$ 16,426,474.00	$ 26,227,087.00	62.63%	91.67%
2018	1.172288%	$ 18,937,296.00	$ 27,127,594.00	69.81%	90.26%
2017	1.170505%	$ 20,947,361.00	$ 28,016,368.78	74.77%	88.88%
2016	1.159380%	$ 21,153,652.00	$ 28,294,020.23	74.76%	87.96%
2015	1.106798%	$ 14,269,753.83	$ 28,900,959.00	49.37%	91.26%
2014	1.039520%	$ 7,172,156.00	$ 28,398,868.00	25.26%	95.11%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) To correspond with the measurement date,the amounts presented were determined as of June 30 of the prior fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Tennessee Tech University Proportionate Share of the Net Pension Liability

Closed State and Higher Education Employee Pension Plan Within TCRS

Fiscal Year Ending June 30

	Institution's portion of the net pension liability	Institution's proportionate share of the net pension liability	Institution's covered payroll	Institution's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	1.132882%	$ 18,560,125.00	$ 25,076,492.96	74.01%	90.58%
2019	1.163212%	$ 16,426,474.00	$ 26,227,087.00	62.63%	91.67%
2018	1.172288%	$ 18,937,296.00	$ 27,127,594.00	69.81%	90.26%
2017	1.170505%	$ 20,947,361.00	$ 28,016,368.78	74.77%	88.88%
2016	1.159380%	$ 21,153,652.00	$ 28,294,020.23	74.76%	87.96%
2015	1.106798%	$ 14,269,753.83	$ 28,900,959.00	49.37%	91.26%
2014	1.039520%	$ 7,172,156.00	$ 28,398,868.00	25.26%	95.11%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) To correspond with the measurement date,the amounts presented were determined as of June 30 of the prior fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Tennessee Tech University Proportionate Share of the Net Pension Liability

State and Higher Education Employee Retirement Plan Within TCRS
Fiscal Year Ending June 30

	Institution's portion of the net pension liability	Institution's proportionate share of the net pension liability	Institution's covered payroll	Institution's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	1.078302%	$ (379,706.00)	$ 12,348,123.10	-3.08%	112.90%
2019	1.074075%	$ (445,500.00)	$ 10,075,443.00	-4.42%	122.36%
2018	1.085267%	$ (418,621.00)	$ 8,044,938.00	-5.20%	132.39%
2017	1.236249%	$ (256,380.00)	$ 6,584,425.59	-3.89%	131.51%
2016	1.227201%	$ (103,386.00)	$ 3,788,707.00	-2.73%	0.00%
2015	1.155489%	$ (32,133.81)	$ 1,258,292.00	-2.55%	142.55%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) To correspond with the measurement date,the amounts presented were determined as of June 30 of the prior fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Tennessee Tech University's Contributions
Closed State and Higher Education Employee Pension Plan Within TCRS
Fiscal Year Ended June 30

	Contractually Determined Contributions	Contributions in Relation to Contractually Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	$ 4,927,899.91	$ 4,927,899.91	-	$ 24,351,319.36	20.24%
2020	4,930,038.38	4,930,038.38	-	25,076,492.96	19.66%
2019	5,043,468.46	5,043,468.46	-	26,227,087.30	19.23%
2018	5,118,977.39	5,118,977.39	-	27,127,594.35	18.87%
2017	4,208,058.72	4,208,058.72	-	28,016,368.78	15.02%
2016	4,252,591.24	4,252,591.24	-	28,294,020.23	15.03%
2015	4,343,814.00	4,343,814.00	-	28,900,959.00	15.03%
2014	4,268,348.00	4,268,348.00	-	28,398,868.00	15.03%
2013	3,817,723.28	3,817,723.28	-	25,400,687.16	15.03%
2012	3,667,032.54	3,667,032.54	-	24,594,450.30	14.91%

(1) To correspond with the reporting date,the amounts presented were determined as of June 30 of the stated fiscal year.

(2) In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; and decreased the salary growth graded ranges from an average of 4.25% to an average of 4.00%.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Tennessee Tech University's Contributions
State and Higher Education Employee Retirement Plan Within TCRS
Fiscal Year Ended June 30

	Contractually Determined Contributions	Contributions in Relation to Contractually Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	$ 261,400.03	$ 261,400.03	$ -	$ 14,523,055.43	1.80%
2020	460,818.72	460,818.72	-	12,348,123.10	3.73%
2019	167,252.77	167,252.77	-	10,075,443.38	1.66%
2018	107,164.00	311,066.24	(203,902.24)	8,044,937.88	3.87%
2017	255,800.19	255,800.19	-	6,584,425.59	3.88%
2016	146,324.06	146,324.06	-	3,788,706.68	3.86%
2015	48,695.81	48,695.81	-	1,258,292.25	3.87%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; and decreased the salary growth graded ranges from an average of 4.25% to an average of 4.00%.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Employer Proportionate Share of the Collective Total OPEB Liability

State Employee Group OPEB Plan

Fiscal Year Ending June 30

	2021	2020	2019	2018
Institution's proportion of the collective total OPEB liability	1.536509%	1.520262%	1.628004%	1.347756%
Institution's proportionate share of the collective total OPEB liability	$ 12,862,107.49	$ 14,475,630.04	$ 22,551,736.02	$ 18,094,168.01
Institution's covered-employee payroll	$ 49,142,013.64	$ 51,965,224.00	$ 55,648,560.41	$ 56,177,585.07
Instititionʼs proportionate share of the collective total OPEB liability as a percentage of it's covered payroll	26.17%	27.86%	40.53%	32.21%
OPEB plans fiduciary net position as a percentage of the total OPEB liability	25.20%	18.30%		

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

(3) During fiscal year 2019, the EGOP transitioned from a pay-as-you-go OPEB plan to a prefunding arrangement where assets are accumulated in a qualifying trust and benefits are paid from that trust. This change would be reflected in the June 30, 2020 reporting period due to the one year lookback on OPEB measurement.

(4) The OPEB liability measured as of June 30, 2019 was measured with a 6% discount rate. This was a significant increase from the rate used in prior years and was due to the OPEB plans transition from pay-as-you-go funding to a prefunding arrangement through a qualifying trust.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Tennessee Tech University's Contributions to State of Tennessee Postemployment Benefits Trust
State Employee Group OPEB Plan
Fiscal Year Ended June 30

	Actuarially Determined Contributions	Contributions in Relation to Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
2021	$ 2,278,581.00	$ 2,278,581.00	$ -	$ 45,504,767.71	5.01%
2020	2,116,219.59	2,116,219.59	-	49,142,013.64	4.31%
2019	2,007,006.00	1,732,519.63	274,486.37	51,965,224.00	3.33%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) Actuarially determined contribution rates are determined based on valuations as of June 30 two years prior to the fiscal year in which the contributions are reported.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Employer Proportionate Share of the Collective Total OPEB Liability

Tennessee OPEB Plan

Fiscal Year Ending June 30

	2021	2020	2019	2018
Institution's proportion of the collective total OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%
Primary government's share of the collective total OPEB liability related to institution	$ 3,655,521.00	$ 3,083,644.00	$ 3,109,108.00	$ 2,975,101.00
Institution's covered-employee payroll	$ 57,830,852.16	$ 61,034,599.00	$ 64,226,474.31	$ 64,202,136.90
Primary government's share of the collective total OPEB liability related to institution as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

(3) There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Tennessee Tech University Proportionate Share of the Net Pension Liability

State and Higher Education Employee Retirement Plan Within TCRS
Fiscal Year Ending June 30

	Institution's portion of the net pension liability	Institution's proportionate share of the net pension liability	Institution's covered payroll	Institution's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	1.078302%	$ (379,706.00)	$ 12,348,123.10	-3.08%	112.90%
2019	1.074075%	$ (445,500.00)	$ 10,075,443.00	-4.42%	122.36%
2018	1.085267%	$ (418,621.00)	$ 8,044,938.00	-5.20%	132.39%
2017	1.236249%	$ (256,380.00)	$ 6,584,425.59	-3.89%	131.51%
2016	1.227201%	$ (103,386.00)	$ 3,788,707.00	-2.73%	0.00%
2015	1.155489%	$ (32,133.81)	$ 1,258,292.00	-2.55%	142.55%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) To correspond with the measurement date,the amounts presented were determined as of June 30 of the prior fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Tennessee Tech University's Contributions
Closed State and Higher Education Employee Pension Plan Within TCRS
Fiscal Year Ended June 30

	Contractually Determined Contributions	Contributions in Relation to Contractually Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	$ 4,927,899.91	$ 4,927,899.91	-	$ 24,351,319.36	20.24%
2020	4,930,038.38	4,930,038.38	-	25,076,492.96	19.66%
2019	5,043,468.46	5,043,468.46	-	26,227,087.30	19.23%
2018	5,118,977.39	5,118,977.39	-	27,127,594.35	18.87%
2017	4,208,058.72	4,208,058.72	-	28,016,368.78	15.02%
2016	4,252,591.24	4,252,591.24	-	28,294,020.23	15.03%
2015	4,343,814.00	4,343,814.00	-	28,900,959.00	15.03%
2014	4,268,348.00	4,268,348.00	-	28,398,868.00	15.03%
2013	3,817,723.28	3,817,723.28	-	25,400,687.16	15.03%
2012	3,667,032.54	3,667,032.54	-	24,594,450.30	14.91%

(1) To correspond with the reporting date,the amounts presented were determined as of June 30 of the stated fiscal year.

(2) In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; and decreased the salary growth graded ranges from an average of 4.25% to an average of 4.00%.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Tennessee Tech University's Contributions
State and Higher Education Employee Retirement Plan Within TCRS
Fiscal Year Ended June 30

	Contractually Determined Contributions	Contributions in Relation to Contractually Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	$ 261,400.03	$ 261,400.03	$ -	$ 14,523,055.43	1.80%
2020	460,818.72	460,818.72	-	12,348,123.10	3.73%
2019	167,252.77	167,252.77	-	10,075,443.38	1.66%
2018	107,164.00	311,066.24	(203,902.24)	8,044,937.88	3.87%
2017	255,800.19	255,800.19	-	6,584,425.59	3.88%
2016	146,324.06	146,324.06	-	3,788,706.68	3.86%
2015	48,695.81	48,695.81	-	1,258,292.25	3.87%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; and decreased the salary growth graded ranges from an average of 4.25% to an average of 4.00%.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Employer Proportionate Share of the Collective Total OPEB Liability

State Employee Group OPEB Plan

Fiscal Year Ending June 30

	2021	2020	2019	2018
Institution's proportion of the collective total OPEB liability	1.536509%	1.520262%	1.628004%	1.347756%
Institution's proportionate share of the collective total OPEB liability	$ 12,862,107.49	$ 14,475,630.04	$ 22,551,736.02	$ 18,094,168.01
Institution's covered-employee payroll	$ 49,142,013.64	$ 51,965,224.00	$ 55,648,560.41	$ 56,177,585.07
Institit(sic) Institition's proportionate share of the collective total OPEB liability as a percentage of it's covered payroll	26.17%	27.86%	40.53%	32.21%
OPEB plans fiduciary net position as a percentage of the total OPEB liability	25.20%	18.30%		

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

(3) During fiscal year 2019, the EGOP transitioned from a pay-as-you-go OPEB plan to a prefunding arrangement where assets are accumulated in a qualifying trust and benefits are paid from that trust. This change would be reflected in the June 30, 2020 reporting period due to the one year lookback on OPEB measurement.

(4) The OPEB liability measured as of June 30, 2019 was measured with a 6% discount rate. This was a significant increase from the rate used in prior years and was due to the OPEB plans transition from pay-as-you-go funding to a prefunding arrangement through a qualifying trust.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Tennessee Tech University's Contributions to State of Tennessee Postemployment Benefits Trust
State Employee Group OPEB Plan
Fiscal Year Ended June 30

	Actuarially Determined Contributions	Contributions in Relation to Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
2021	$ 2,278,581.00	$ 2,278,581.00	$ -	$ 45,504,767.71	5.01%
2020	2,116,219.59	2,116,219.59	-	49,142,013.64	4.31%
2019	2,007,006.00	1,732,519.63	274,486.37	51,965,224.00	3.33%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) Actuarially determined contribution rates are determined based on valuations as of June 30 two years prior to the fiscal year in which the contributions are reported.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Employer Proportionate Share of the Collective Total OPEB Liability

Tennessee OPEB Plan

Fiscal Year Ending June 30

	2021	2020	2019	2018
Institution's proportion of the collective total OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%
Primary government's share of the collective total OPEB liability related to institution	$ 3,655,521.00	$ 3,083,644.00	$ 3,109,108.00	$ 2,975,101.00
Institution's covered-employee payroll	$ 57,830,852.16	$ 61,034,599.00	$ 64,226,474.31	$ 64,202,136.90
Primary government's share of the collective total OPEB liability related to institution as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

(2) The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

(3) There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan.