



# COMBINED ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2023



November 16, 2023

Honorable Greg Abbott  
Governor of Texas

Honorable Glenn Hegar  
Texas Comptroller of Public Accounts

Mr. Jerry McGinty  
Director, Legislative Budget Board

Ms. Lisa Collier  
State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of The Texas State University System for the year ended August 31, 2023, in compliance with Texas Government Code Annotated, Section 2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

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

Sincerely,

Brian McCall  
Chancellor

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The Texas State University System  
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### The Texas State University System Organizational Data For the Year Ended August 31, 2023

#### Board of Regents

Name	City (Texas)	Term Expires
Duke Austin, Chairman	Houston	February 1, 2029
Alan L. Tinsley, Vice Chairman	Madisonville	February 1, 2027
Charlie Amato	San Antonio	February 1, 2025
Sheila Faske	Rose City	February 1, 2027
Dionicio (Don) Flores	El Paso	February 1, 2025
Russell Gordy	Houston	February 1, 2029
Stephen Lee	Beaumont	February 1, 2027
Tom Long	Frisco	February 1, 2029
William F. Scott	Nederland	February 1, 2025
Kelvin Elgar, Student Regent	Beaumont	May 31, 2024

#### System Administration

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

#### Component Presidents

Name	Component
Dr. Jaime Taylor	Lamar University
Dr. Alisa White	Sam Houston State University
Dr. Carlos Hernandez	Sul Ross State University
Dr. Kelly Damphousse	Texas State University
Dr. Sidney Valentine	Lamar Institute of Technology
Dr. Thomas Johnson	Lamar State College - Orange
Dr. Betty Reynard	Lamar State College - Port Arthur

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**The Texas State University System**

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**The Texas State University System**

# **Combined Financial Statements**

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**The Texas State University System  
Combined Statement of Net Position  
For the Year Ended August 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents:		
Cash on Hand (Including Petty Cash)	\$ 121,214.78	\$ 77,276.77
Cash in Bank (Note 3)	31,629,086.08	28,417,745.03
Cash in Transit/Reimb Due From Treasury	2,187,144.37	2,518,300.21
Cash in State Treasury (Schedule 3)	82,304,382.56	64,981,419.13
Cash Equivalents (Note 3)	432,174,442.24	529,502,849.92
Restricted:		
Cash and Cash Equivalents:		
Cash on Hand	160.00	160.00
Cash in Bank (Note 3)	1,450,461.85	7,172,571.95
Cash in State Treasury (Schedule 3)	999,539.22	3,442,502.22
Cash Equivalents	75,301,001.66	9,980,039.10
Short Term Investments (Note 3)	12,528,281.62	12,264,754.53
Legislative Appropriations	202,707,678.02	187,365,458.85
Receivables:		
Federal	45,576,005.00	33,742,463.60
Other Intergovernmental	1,481,660.76	2,784,678.69
Interest	1,988,643.59	31,533.90
Accounts – Tuition	173,889,958.45	158,339,173.73
Allowance Accounts	(28,882,125.52)	(33,081,280.00)
Accounts – Other Revenue	8,091,887.60	10,105,358.10
Gifts/Pledges	2,095,275.99	1,014,253.93
Leases Receivable	207,574.49	91,863.83
Other	10,384,621.31	14,545,134.33
Due From Other Agencies (Note 12)	6,546,257.89	5,466,745.36
Due From Component Units	1,131,310.05	-
Consumable Inventories	1,445,030.30	1,571,716.92
Merchandise Inventories	462,979.24	607,938.07
Prepaid Items	79,260,712.23	69,254,392.11
Loans and Contracts	33,102,005.54	32,568,311.89
Allowance-Loans & Contracts	(6,535,759.53)	(8,493,582.42)
Other Current Assets	21,597,653.43	21,639,765.38
Total Current Assets	\$ 1,193,247,083.22	\$ 1,155,911,545.13

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**The Texas State University System  
Combined Statement of Net Position  
For the Year Ended August 31, 2023**

	<u>2023</u>	<u>2022</u>
Noncurrent Assets		
Restricted:		
Cash and Cash Equivalents:		
Cash in Bank (Note 3)	\$ 2,425,597.28	\$ 3,443,504.69
Cash Equivalents (Note 3)	15,879,901.43	6,761,994.81
Investments (Note 3)	250,068,670.17	223,752,792.17
Receivables	391,943.38	193,703.89
Leases Receivable	2,606,553.47	2,162,201.57
Loans and Contracts	90,345.61	112,701.59
Investments (Note 3)	546,739,548.41	440,440,580.70
Receivables:		
Gifts/Pledges	9,043,869.99	5,041,349.81
Capital Assets: (Note 2)		
Non-Depreciable or Non-Amortizable		
Land and Land Improvements	135,700,075.09	129,649,291.81
Construction in Progress	271,760,277.49	270,561,953.68
Other Capital Assets	18,349,493.00	17,708,407.41
Depreciable or Amortizable		
Building and Building Improvements	2,960,551,247.34	2,805,164,450.44
Less Accumulated Depreciation	(1,467,482,515.84)	(1,363,521,335.69)
Infrastructure	156,097,131.29	152,108,740.72
Less Accumulated Depreciation	(83,026,742.48)	(78,363,172.19)
Facilities and Other Improvements	279,129,099.89	273,373,344.09
Less Accumulated Depreciation	(152,162,956.14)	(140,904,334.62)
Furniture and Equipment	214,508,245.78	202,624,322.01
Less Accumulated Depreciation	(163,874,257.99)	(156,529,419.97)
Vehicles, Boats, and Aircraft	26,646,229.97	24,311,682.37
Less Accumulated Depreciation	(18,756,849.02)	(17,406,921.28)
Computer Software – Intangible	36,755,667.33	36,434,899.33
Less Accumulated Amortization	(35,462,127.93)	(34,912,916.50)
Other Capital Assets	149,432,135.19	151,730,712.29
Less Accumulated Depreciation	(93,889,648.04)	(92,007,832.49)
Right to Use Assets: (Note 2)		
Amortizable:		
Land	148,210.47	134,472.77
Less Accumulated Amortization	(26,068.32)	(13,792.08)
Building and Building Improvements	8,897,444.99	8,602,604.93
Less Accumulated Amortization	(4,975,702.05)	(2,380,992.67)
Subscription Software	4,605,767.28	-
Less Accumulated Amortization	(1,426,690.47)	-
Public-Private/Public-Public Partnerships (Note 27)	1,398,670.00	-
Total Noncurrent Assets	<u>\$ 3,070,142,566.57</u>	<u>\$ 2,868,272,993.59</u>
<b>Total Assets</b>	<u><u>\$ 4,263,389,649.79</u></u>	<u><u>\$ 4,024,184,538.72</u></u>



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**The Texas State University System  
Combined Statement of Net Position  
For the Year Ended August 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>Deferred Outflows of Resources</b>		
Unamortized Loss on Refunding Debt (Note 28)	\$ 2,456,260.11	\$ 2,865,636.79
Deferred Outflow of Resources - Pension (Note 28)	119,718,522.00	98,515,960.00
Deferred Outflow of Resources - OPEB (Note 28)	113,115,844.00	253,582,979.00
<b>Total Deferred Outflows of Resources</b>	<u>\$ 235,290,626.11</u>	<u>\$ 354,964,575.79</u>
<b>Liabilities</b>		
Current Liabilities:		
Payables from:		
Accounts Payable	\$ 98,022,970.02	\$ 87,308,577.72
Payroll Payable	45,825,998.96	42,234,616.45
Federal	10,053,864.00	-
Interest Payable	14,628,990.03	15,406,811.38
Due to Other Agencies (Note 12)	1,839,128.91	2,526,467.01
Unearned Revenues	489,232,346.93	456,473,580.58
Short Term Debt (Note 4)	159,358,000.00	90,289,000.00
Net OPEB Liability (Note 5, 11)	21,776,284.00	19,140,555.00
Employees' Compensable Leave (Note 5)	15,722,593.62	14,933,272.82
Right to Use Lease Obligations (Note 5, 8)	956,996.03	2,337,236.01
Right to Use Subscription Obligations (Note 5, 8)	1,434,809.40	-
Revenue Bonds Payable (Note 5, 6)	68,650,000.00	67,580,000.00
Unamortized Premiums on Rev Bonds (Note 5, 6)	6,223,335.55	6,619,561.91
Funds Held for Others	5,712,378.36	5,347,458.78
Other Current Liabilities	3,552,924.02	2,617,834.30
Total Current Liabilities	<u>\$ 942,990,619.83</u>	<u>\$ 812,814,971.96</u>
Noncurrent Liabilities		
Right to Use Lease Obligations (Note 5, 8)	\$ 3,495,362.43	\$ 4,197,212.06
Right to Use Subscription Obligations (Note 5, 8)	1,640,372.08	-
Employees' Compensable Leave (Note 5)	15,651,983.45	14,985,767.09
Revenue Bonds Payable (Note 5, 6)	825,735,000.00	894,385,000.00
Unamortized Premiums on Rev Bonds (Note 5, 6)	91,725,900.17	97,949,235.72
Net OPEB Liability (Note 5, 11)	548,229,324.00	692,088,931.00
Net Pension Liability (Note 5, 9)	240,249,000.00	110,461,783.00
Other Non-Current Liabilities	262,825.38	277,697.78
Total Non-Current Liabilities	<u>\$ 1,726,989,767.51</u>	<u>\$ 1,814,345,626.65</u>
<b>Total Liabilities</b>	<u>\$ 2,669,980,387.34</u>	<u>\$ 2,627,160,598.61</u>

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**The Texas State University System  
Combined Statement of Net Position  
For the Year Ended August 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>Deferred Inflows of Resources</b>		
Public-Private/Public-Public Partnerships (Note 28)	\$ 1,339,152.13	\$ -
Unamortized Gain on Refunding Debt (Note 28)	4,185,464.57	4,460,673.69
Deferred Inflows of Resources - Leases (Note 28)	2,798,310.60	2,248,295.59
Deferred Inflow of Resources - OPEB (Note 28)	226,381,009.00	138,186,736.00
Deferred Inflow of Resources - Pension (Note 28)	68,236,581.00	173,839,766.00
	<u>302,940,517.30</u>	<u>318,735,471.28</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$ 302,940,517.30</u>	<u>\$ 318,735,471.28</u>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 1,080,548,486.71	\$ 1,017,217,166.27
Restricted for:		
Debt Retirement	42,082,882.84	-
Capital Projects	49,893,590.72	17,098,378.85
Other	83,799,326.29	75,484,672.71
Funds Held as Permanent Investments:		
Nonexpendable:		
Endowment Funds	170,553,409.18	166,537,572.51
Expendable:		
Endowment Funds	94,455,717.69	80,950,630.71
Unrestricted	<u>\$ 4,425,957.83</u>	<u>\$ 75,964,623.57</u>
<b>Total Net Position</b>	<u>\$ 1,525,759,371.26</u>	<u>\$ 1,433,253,044.62</u>

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**The Texas State University System  
Combined Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Operating Revenues:</b>		
Tuition and Fees – Pledged	\$ 861,647,828.07	\$ 846,391,990.76
Tuition and Fees – Discounts/Allowances	(253,765,234.36)	(235,631,088.73)
Auxiliary Enterprise – Pledged	183,559,372.07	169,379,582.29
Auxiliary Enterprise – Discounts/Allowances	(12,410,606.79)	(8,623,568.48)
Other Sales of Goods and Svcs – Pledged	21,092,162.37	22,878,112.10
Federal Revenue	72,672,634.09	63,158,662.31
Federal Pass Through Revenue	14,377,596.87	16,640,758.69
State Grant Revenue	8,403,088.30	6,975,775.26
State Grant Pass Through Revenue	64,477,484.32	70,354,363.81
Other Contract and Grants – Non-Pledged	10,987,463.92	10,868,711.24
Other Operating Revenues – Pledged	11,289,547.09	8,796,714.01
Total Operating Revenues	\$ 982,331,335.95	\$ 971,190,013.26
<b>Operating Expenses:</b>		
Instruction	\$ 455,519,829.66	\$ 444,397,378.55
Research	159,615,171.32	122,417,495.86
Public Service	32,177,054.10	32,056,955.60
Hospitals and Clinics	1,163,934.83	980,657.58
Academic Support	179,844,777.63	167,645,230.91
Student Services	95,562,556.99	90,856,974.62
Institutional Support	141,851,402.30	134,782,236.01
Operation and Maintenance of Plant	111,416,045.22	114,311,733.69
Scholarships and Fellowships	169,363,861.14	261,599,726.19
Auxiliary	198,908,616.27	171,761,960.70
Depreciation & Amortization	149,046,028.18	140,191,610.57
Total Operating Expenses	\$ 1,694,469,277.64	\$ 1,681,001,960.28
<b>Operating Income (Loss)</b>	\$ (712,137,941.69)	\$ (709,811,947.02)
<b>Nonoperating Revenues (Expenses):</b>		
Legislative Revenue (GR)	\$ 331,037,189.00	\$ 313,058,241.00
Additional Appropriations (GR)	77,100,487.26	74,928,564.81
Federal Revenue	171,402,755.84	337,576,201.13
Federal Pass Through Revenue	765,180.31	-
State Pass Through Revenue	2,800,000.00	-
Gifts – Pledged	2,499,412.09	708,758.71
Gifts – Non-Pledged	49,258,092.81	33,682,023.96
Investment Income – Non-Pledged	11,716,904.64	12,052,124.51
Investment Income – Pledged	14,737,398.74	19,321,386.00

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**The Texas State University System  
Combined Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2023**

	<b>2023</b>	<b>2022</b>
Interest Income - Leases Receivable	56,659.09	-
Investing Activities Expenses	(31,292.08)	(44,424.12)
Gain/Loss Sale Capital Assets	(3,350,993.97)	(592,413.99)
Net Increase (Decrease) Fair Value – Pledged	8,140,482.54	(30,181,309.34)
Net Increase (Decrease) Fair Value – Non-Pledged	39,797,650.66	(86,748,412.39)
Judgments and Settlements	378,171.40	853,028.31
Interest Expenses and Fiscal Charges	(36,140,378.17)	(35,286,359.20)
Other Nonoperating Revenues – Non-Pledged	42,670,671.84	812,002.29
Other Nonoperating Revenues – Pledged	3,775,738.50	3,827,064.76
Other Nonoperating Expenses	(2,674,651.73)	(3,781,176.55)
Total Nonoperating Revenues (Expenses)	<u>\$ 713,939,478.77</u>	<u>\$ 640,185,299.89</u>
<b>Income (Loss) before Capital Contributions, Endowments and Transfers</b>	<b>\$ 1,801,537.08</b>	<b>\$ (69,626,647.13)</b>
<b>Capital Contributions, Endowments and Transfers</b>		
Capital Appropriations (HEF)	\$ 77,867,711.00	\$ 77,867,711.00
Additions to Permanent and Term Endowments	7,949,926.80	5,432,151.22
Interagency Transfer Cap Assets – Increase (Note 12)	9,999.00	-
Transfers-In (Note 12)	4,297,663.70	7,518,653.47
Transfers-Out (Note 12)	(270,914.32)	(58,456.43)
Legislative Transfer-In (Note 12)	2,131,461.00	16,391,359.00
Legislative Appropriations Lapsed	(1,901,966.37)	(33,929.38)
Total Capital Contributions, Endowments and Transfers	<u>\$ 90,083,880.81</u>	<u>\$ 107,117,488.88</u>
<b>Change in Net Position</b>	<b>\$ 91,885,417.89</b>	<b>\$ 37,490,841.75</b>
Total Net Position, September 1	\$ 1,433,253,044.62	\$ 1,395,196,723.50
Restatements	620,908.75	565,479.37
Total Net Position, September 1 as Restated	<u>\$ 1,433,873,953.37</u>	<u>\$ 1,395,762,202.87</u>
<b>Total Net Position, August 31</b>	<b><u>\$ 1,525,759,371.26</u></b>	<b><u>\$ 1,433,253,044.62</u></b>

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**The Texas State University System  
Combined Matrix of Operating Expenses Reported by Function  
For the Year Ended August 31, 2023**

**For the Year Ended August 31, 2023**

<b>Operating Expenses</b>	<b>Instruction</b>	<b>Research</b>	<b>Public Service</b>	<b>Hospitals and Clinics</b>	<b>Academic Support</b>
Cost of Goods Sold	\$ 21.08	\$ -	\$ 12,492.33	\$ -	\$ 8,199.18
Salaries and Wages	292,049,965.09	86,622,702.94	14,899,615.34	349,845.10	77,856,012.39
Payroll Related Costs	98,317,967.00	13,901,147.76	4,605,159.19	117,449.44	21,384,405.44
Professional Fees and Services	8,526,402.71	25,892,945.41	1,572,183.15	83,831.61	27,708,530.29
Federal Pass-Through Expense	-	1,148,497.23	-	-	-
State Pass-Through Expense	-	252,489.61	-	-	-
Travel	6,459,122.41	4,313,470.39	475,508.93	-	1,852,498.59
Materials and Supplies	14,781,988.26	11,810,492.77	2,493,529.85	215,148.63	28,293,356.86
Communications and Utilities	988,222.01	716,482.19	267,878.08	108,233.42	3,062,414.57
Repairs and Maintenance	1,213,124.11	383,392.47	297,524.92	-	3,511,255.66
Rentals and Leases	598,455.17	584,633.49	1,148,711.70	22,195.86	467,350.50
Printing and Reproduction	667,173.24	830,434.38	74,771.41	32.00	314,226.79
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	602,140.22	-	41,510.17	38,650.03	7,139.47
Interest	12,140.40	6,648.31	108.49	1,088.97	78,595.86
Scholarships	-	-	-	-	-
Claims and Judgments	-	-	-	-	-
Net OPEB Expense	25,781,932.79	9,034,047.15	1,821,186.68	65,877.46	10,179,021.13
Net Pension Expense	878,801.08	307,933.87	62,076.84	2,245.49	346,961.37
Other Operating Expenses	4,642,374.09	3,809,853.35	4,404,797.02	159,336.82	4,774,809.53
<b>Total Operating Expenses</b>	<b>\$ 455,519,829.66</b>	<b>\$ 159,615,171.32</b>	<b>\$ 32,177,054.10</b>	<b>\$ 1,163,934.83</b>	<b>\$ 179,844,777.63</b>

**UNAUDITED**

**The Texas State University System  
Combined Matrix of Operating Expenses Reported by Function  
For the Year Ended August 31, 2023**

<b>Student Services</b>	<b>Institutional Support</b>	<b>Operation and Maintenance of Plant</b>	<b>Scholarship and Fellowships</b>	<b>Auxiliary Enterprises</b>	<b>Depreciation and Amortization</b>	<b>Total Expenses</b>
\$ 69,243.76	\$ -	\$ (74.83)	\$ -	\$ 218,526.44	\$ -	\$ 308,407.96
48,925,786.06	73,251,584.33	31,944,449.73	1,619,751.52	47,686,045.70	-	675,205,758.20
15,566,097.69	22,149,185.89	11,775,118.12	28,231.34	14,017,130.75	-	201,861,892.62
7,292,920.64	7,488,695.85	8,201,083.52	853,002.80	15,060,860.86	-	102,680,456.84
-	-	-	-	-	-	1,148,497.23
-	-	-	-	-	-	252,489.61
1,720,771.00	1,267,512.75	70,019.83	-	9,858,028.04	-	26,016,931.94
8,883,258.99	12,715,679.11	10,515,825.34	58,919.59	63,930,405.86	-	153,698,605.26
1,351,965.80	2,357,800.12	24,941,586.67	8,912.00	16,800,542.87	-	50,604,037.73
251,918.46	1,643,307.69	9,851,553.52	296,413.08	6,777,181.05	-	24,225,670.96
510,543.79	633,904.92	262,468.19	-	1,887,530.31	-	6,115,793.93
893,083.35	986,319.27	100,106.46	-	602,931.84	-	4,469,078.74
-	-	-	-	-	149,046,028.18	149,046,028.18
208,618.45	226,989.77	127.27	55,482.52	1,027,508.25	-	2,208,166.15
14.74	52,022.15	8,879.18	-	23.79	-	159,521.89
-	-	-	156,462,691.29	-	-	156,462,691.29
-	221,365.37	-	-	911,327.92	-	1,132,693.29
5,408,738.02	8,028,636.92	6,306,028.42	9,585,812.52	11,258,013.91	-	87,469,295.00
184,361.85	273,663.53	214,946.82	326,741.31	383,739.84	-	2,981,472.00
4,295,234.39	10,554,734.63	7,223,926.98	67,903.17	8,488,818.84	-	48,421,788.82
<b>\$ 95,562,556.99</b>	<b>\$ 141,851,402.30</b>	<b>\$ 111,416,045.22</b>	<b>\$ 169,363,861.14</b>	<b>\$ 198,908,616.27</b>	<b>\$ 149,046,028.18</b>	<b>\$ 1,694,469,277.64</b>

**UNAUDITED**

**The Texas State University System  
Combined Matrix of Operating Expenses Reported by Function  
For the Year Ended August 31, 2023**

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

<b>Operating Expenses</b>	<b>Instruction</b>	<b>Research</b>	<b>Public Service</b>	<b>Hospitals and Clinics</b>	<b>Academic Support</b>
Cost of Goods Sold	\$ 3.44	\$ -	\$ 42,105.37	\$ -	\$ 33,920.20
Salaries and Wages	285,097,412.02	74,620,054.83	12,868,283.34	309,472.72	68,553,894.08
Payroll Related Costs	100,029,854.37	12,021,431.22	4,492,209.34	112,751.11	20,417,717.21
Professional Fees and Services	9,941,961.67	12,868,537.86	2,294,041.72	120,120.99	27,352,588.55
Federal Pass-Through Expense	-	993,349.08	-	-	-
State Pass-Through Expense	-	39,969.57	-	-	-
Travel	3,888,601.21	2,563,083.48	355,760.81	-	1,163,582.28
Materials and Supplies	13,399,987.26	7,981,655.00	3,263,505.60	217,746.00	26,442,647.95
Communications and Utilities	1,019,675.97	327,646.93	232,652.63	93,298.77	3,731,312.46
Repairs and Maintenance	879,805.42	470,229.60	501,139.46	113.00	2,456,893.30
Rentals and Leases	487,006.20	541,412.55	959,434.33	129.17	575,936.85
Printing and Reproduction	690,380.10	948,747.20	59,482.20	63.00	297,813.10
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	676,630.06	-	55,486.82	8,548.70	330,438.89
Interest	2,693.98	1,455.53	13.42	1,602.51	576.81
Scholarships	-	-	-	-	-
Claims and Judgments	-	-	-	-	-
Net OPEB Expense	29,087,218.68	8,012,613.58	2,098,229.47	64,187.15	10,972,912.37
Net Pension Expense	(5,344,475.95)	(1,472,234.97)	(385,527.99)	(11,793.73)	(2,016,159.29)
Other Operating Expenses	4,540,624.12	2,499,544.40	5,220,139.08	64,418.19	7,331,156.15
<b>Total Operating Expenses</b>	<b>\$ 444,397,378.55</b>	<b>\$ 122,417,495.86</b>	<b>\$ 32,056,955.60</b>	<b>\$ 980,657.58</b>	<b>\$ 167,645,230.91</b>

**UNAUDITED**

**The Texas State University System  
Combined Matrix of Operating Expenses Reported by Function  
For the Year Ended August 31, 2023**

<b>Student Services</b>	<b>Institutional Support</b>	<b>Operation and Maintenance of Plant</b>	<b>Scholarship and Fellowships</b>	<b>Auxiliary Enterprises</b>	<b>Depreciation and Amortization</b>	<b>Total Expenses</b>
\$ 59,458.12	\$ 8,216.79	\$ -	\$ -	\$ 218,824.49	\$ -	\$ 362,528.41
47,257,197.04	69,517,880.44	30,295,034.40	1,327,672.86	43,929,034.17	-	633,775,935.90
16,023,492.65	22,564,673.78	12,072,375.22	38,902.18	13,742,604.27	-	201,516,011.35
6,075,492.01	6,369,518.48	7,996,585.79	827,803.70	12,702,378.55	-	86,549,029.32
-	-	-	-	-	-	993,349.08
-	-	-	-	-	-	39,969.57
1,214,500.20	841,912.66	37,534.35	5,969.20	8,204,020.92	-	18,274,965.11
7,743,460.78	8,576,704.88	18,898,809.56	276,722.44	53,174,963.22	-	139,976,202.69
1,203,390.31	2,361,979.19	25,621,246.80	421,420.18	16,601,178.50	-	51,613,801.74
785,621.68	2,241,167.02	8,713,947.27	176,268.59	4,348,097.54	-	20,573,282.88
435,862.63	413,555.50	279,875.60	-	1,309,291.29	-	5,002,504.12
646,845.62	671,466.81	66,505.08	780.13	552,946.32	-	3,935,029.56
-	-	-	-	-	140,191,610.57	140,191,610.57
497,028.70	159,654.81	296.32	43,110.75	2,155,423.26	-	3,926,618.31
2,830.37	27,567.94	4,949.26	-	143.56	-	41,833.38
-	-	-	244,358,250.50	-	-	244,358,250.50
-	181,167.97	-	-	32,255.13	-	213,423.10
5,946,877.31	8,821,925.07	7,482,065.73	17,122,532.24	11,242,365.40	-	100,850,927.00
(1,092,677.27)	(1,620,937.60)	(1,374,752.28)	(3,146,088.42)	(2,065,668.50)	-	(18,530,316.00)
4,057,594.47	13,645,782.27	4,217,260.59	146,381.84	5,614,102.58	-	47,337,003.69
<b>\$ 90,856,974.62</b>	<b>\$ 134,782,236.01</b>	<b>\$ 114,311,733.69</b>	<b>\$ 261,599,726.19</b>	<b>\$ 171,761,960.70</b>	<b>\$ 140,191,610.57</b>	<b>\$ 1,681,001,960.28</b>



**UNAUDITED**

**The Texas State University System  
Combined Statement of Cash Flows  
For the Year Ended August 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	\$ 12,230,363.90	\$ 13,701,875.63
Proceeds from Tuition and Fees	588,963,165.03	524,298,876.30
Proceeds from Research Grants and Contracts	157,017,075.92	164,804,177.47
Proceeds from Loan Programs	2,154,131.78	2,604,005.70
Proceeds from Auxiliaries	173,630,859.68	164,289,129.92
Proceeds from Other Operating Revenues	20,206,152.09	23,410,462.97
Payments to Suppliers for Goods and Services	(368,129,241.44)	(341,457,757.86)
Payments to Employees for Salaries	(668,995,990.76)	(629,846,180.96)
Payments to Employees for Benefits	(147,826,200.22)	(145,775,732.37)
Payments for Loans Provided	(3,128,151.83)	(4,500,061.92)
Payments for Other Operating Expenses	(159,354,367.26)	(214,685,452.51)
Net Cash Provided by Operating Activities	<u>\$ (393,232,203.11)</u>	<u>\$ (443,156,657.63)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	\$ 417,041,229.81	\$ 403,847,145.03
Proceeds from Gifts	47,849,223.11	31,758,870.45
Proceeds from Endowments	6,326,569.35	4,937,197.37
Proceeds of Transfers from Other Funds	8,839,127.23	6,488,718.67
Proceeds from Grant Receipts	165,233,963.16	338,527,021.91
Proceeds from Other Noncapital Financing Activities	46,694,474.46	6,392,482.07
Payments for Transfers to Other Funds	(5,339,994.00)	(493,984.76)
Payments for Other Noncapital Financing Uses	(2,131,144.84)	(5,406,464.84)
Net Cash Provided by Noncapital Financing Activities	<u>\$ 684,513,448.28</u>	<u>\$ 786,050,985.90</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from the Sale of Capital Assets	\$ 116,553.41	\$ 99,646.27
Proceeds from Debt Issuance	736,291,000.00	378,411,000.00
Proceeds from Other Capital and Related Financing Activities	1,418,083.06	1,984,633.74
Payments for Additions to Capital Assets	(205,309,313.11)	(189,083,296.92)
Payments of Principal on Debt	(734,802,000.00)	(388,500,000.00)
Payments for Leases	(2,123,034.65)	(118,841.87)
Payments of Interest on Debt Issuance	(43,442,713.36)	(43,720,363.88)
Net Cash Provided by Capital and Related Financing Activities	<u>\$ (247,851,424.65)</u>	<u>\$ (240,927,222.66)</u>

**UNAUDITED**

**The Texas State University System  
Combined Statement of Cash Flows  
For the Year Ended August 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>Cash Flow from Investing Activities</b>		
Proceeds from Sales of Investments	\$ 92,684,932.06	\$ 152,434,475.34
Proceeds from Interest Income	38,573,765.22	491,826.56
Proceeds from Investment Income	5,453,349.50	3,323,861.12
Payments to Acquire Investments	(191,967,299.66)	(190,631,575.48)
Net Cash Provided by Investing Activities	<u>\$ (55,255,252.88)</u>	<u>\$ (34,381,412.46)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (11,825,432.36)	\$ 67,585,693.15
Cash and Cash Equivalents, September 1	\$ 656,298,363.83	\$ 588,712,670.68
Restatements to Beginning Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, September 1 - Restated	<u>\$ 656,298,363.83</u>	<u>\$ 588,712,670.68</u>
<b>Cash and Cash Equivalents, August 31</b>	<u><u>\$ 644,472,931.47</u></u>	<u><u>\$ 656,298,363.83</u></u>

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

Operating Income (Loss)	\$ (712,137,941.69)	\$ (709,811,947.02)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Amortization and Depreciation	149,046,028.18	140,191,610.57
Bad Debt Expense	2,208,166.15	3,926,618.31
Pension and OPEB Expense	115,766,397.00	106,363,680.00
On-Behalf Benefit Payments	53,851,432.91	51,501,601.60
Operating Income (Loss) and Cash Flow Categories: Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(22,765,799.03)	(17,531,456.15)
(Increase) Decrease in Due from Other Funds	(180,500.65)	(1,129,071.22)
(Increase) Decrease in Inventories	271,645.45	(90,345.53)
(Increase) Decrease in Prepaid Expenses	(9,397,858.65)	(6,943,261.96)
(Increase) Decrease in Notes Receivable	(2,461,192.34)	(2,696,094.58)
(Increase) Decrease in Loans & Contracts	(264,506.51)	(673,489.62)
(Increase) Decrease in Other Assets	42,366.48	(3,210,844.50)

**UNAUDITED**

**The Texas State University System  
Combined Statement of Cash Flows  
For the Year Ended August 31, 2023**

	<u>2023</u>	<u>2022</u>
(Increase) Decrease in Deferred Outflows of Resources - Pensions	(21,202,562.00)	27,937,965.00
(Increase) Decrease in Deferred Outflows of Resources - OPEB	140,467,135.00	115,644,538.00
Increase (Decrease) in Payables	22,393,537.65	6,885,899.68
Increase (Decrease) in Deposits	(79,697.47)	(5,717.07)
Increase (Decrease) in Due to Other Funds	(812,353.24)	(1,002,074.99)
Increase (Decrease) in Unearned Revenue	32,733,766.35	13,182,732.53
Increase (Decrease) in Compensated Absence Liability	1,619,955.22	366,448.91
Increase (Decrease) in Benefits Payable	1,832,766.13	1,136,620.07
Increase (Decrease) in Liabilities to Employees for Defined Benefit Pensions	105,549,701.00	(128,652,161.00)
Increase (Decrease) in Liabilities to Employees for Defined Benefit OPEB	(232,720,992.00)	(53,254,540.00)
Increase (Decrease) in Deferred Inflows of Resources - Pensions	(105,603,185.00)	80,187,005.00
Increase (Decrease) in Deferred Inflows of Resources - OPEB	88,194,273.00	(65,905,876.00)
Increase (Decrease) in Other Liabilities	417,214.95	425,502.34
Total Adjustments	<u>\$ 318,905,738.58</u>	<u>\$ 266,655,289.39</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ (393,232,203.11)</u></u>	<u><u>\$ (443,156,657.63)</u></u>
 <b>Non Cash Transactions</b>		
Donation of Capital Assets	\$ 460,172.00	\$ 722,287.30
Net Change in Fair Value of Investments	\$ 47,938,133.20	\$ (116,929,721.73)
Borrowing Under Lease Purchase	\$ 294,840.06	\$ 8,737,077.70
Gain on Sale of Capital Assets	\$ -	\$ -
Loss on Sale of Capital Assets	\$ (3,457,700.60)	\$ (692,060.26)
Interagency Transfer In	\$ -	\$ -
Interagency Transfer Out	\$ 25.70	\$ 3.80
In Kind Gifts	\$ 4,004,602.57	\$ 527,694.25

**UNAUDITED**

**The Texas State University System**

# **Notes to the Combined Financial Statements**

## UNAUDITED

### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### NOTE 1: Summary of Significant Accounting Policies

##### Reporting Entity

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

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

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

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

##### Fund Structure

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

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

## UNAUDITED

### **The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023**

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

#### **Component Units**

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

#### **Basis of Accounting**

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

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

#### **Budget and Budgetary Accounting**

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

#### **Cash and Cash Equivalents**

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

#### **Legislative Appropriations**

The Texas Legislature meets during odd-numbered years, approving a two-year (biennial) budget for state agencies. The appropriation of revenues by the Legislature results in general revenue held in the State Treasury until spent. Legislative Appropriations reported in the Statement of Net Position represent those general revenues held in the State Treasury at year-end, where the

## UNAUDITED

### **The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023**

System is authorized to spend the funds in the subsequent period(s) in accordance with the appropriation.

General revenue appropriations to the System support the instruction, research and operation of the System. Appropriations include payments made by the State on behalf of the System for benefits related to salaries funded by state appropriations.

#### **Securities Lending Collateral**

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

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

#### **Restricted Assets**

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

#### **Inventories and Prepaid Items**

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

#### **Capital Assets and Related Debt**

Purchases of assets with an estimated useful life in excess of one year which exceed TSUS's capitalization thresholds are recorded as capital assets at their acquisition cost on the date of acquisition. Donated assets with an estimated useful life in excess of one year which exceed the capitalization thresholds are recorded as capital assets at their fair market value on the date of acquisition. Intangible capital assets are defined as assets that lack physical substance, are nonfinancial in nature and have an initial useful life extending beyond a single reporting period. Routine repairs and maintenance that do not increase the value of buildings are charged to operating expense in the year in which the expense was incurred. Interest expense related to construction is expensed in accordance with the requirements of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

## UNAUDITED

### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

TSUS's capitalization thresholds are:

<b>Asset Category</b>	<b>Threshold</b>
Land, land improvements, and land use rights	All acquisitions
Books and materials for academic and research libraries	All acquisitions
Works of art and historical treasures not held for financial gain	All acquisitions
Furniture, equipment, and vehicles	\$5,000
Buildings and building, facilities, and other improvements	\$100,000
Leased Assets – Right to Use	\$100,000
Purchased computer software and land use rights (A)	\$100,000
Infrastructure	\$500,000
Internally generated computer software	\$1,000,000

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

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

<b>Asset Category</b>	<b>Useful Life</b>
Furniture and Equipment	4-15 years
Purchased and Internally Developed Software	5 years
Vehicles	5-10 years
Other Tangible Assets	10 years
TERM Land Use Rights	10 years
Buildings, Infrastructure and Facilities	10-30 years
Other Assets	15 years
Leases Assets – Right to Use	Term of Lease

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

Bonded indebtedness is issued by the Texas State University System Revenue Financing System, which is comprised of System Administration and each member institution within the system. Debt service requirements are disclosed in Note 6, Bonded Indebtedness.

#### **Current Receivables - Other**

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



## UNAUDITED

### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### **Deferred Outflows of Resources**

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

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

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

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

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

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

#### **Accounts Payable**

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

#### **Current Payables – Other**

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

#### **Bonds Payable - General Obligation Bonds and Revenue Bonds**

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

## UNAUDITED

### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### **Employees' Compensable Leave Balances**

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

#### **Right to Use Lease Obligations and Right to Use Subscription Obligations**

Current and non-current Right to Use Lease Obligations in accordance with GASB 87 *Leases* and GASB 96 *Subscription-Based Information Technology Arrangements (SBITA)* are recorded for any liability within one fiscal year and over one year, respectively. The liability starts on the lease or subscription contract commencement date. The present value of total contractual principal payments is amortized during the contract period.

#### **Net Pension Liability**

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

#### **Net OPEB Liability**

The fiduciary net position of the ERS Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments of the Other Employee Benefit Trust Fund are reported at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings.

#### **Deferred Inflows of Resources**

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

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### **Net Position**

The difference between assets and liabilities is Net Position.

#### **Invested in Capital Assets, Net of Related Debt**

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

#### **Restricted Net Position**

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

#### **Unrestricted Net Position**

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

#### **Interfund Activities and Balances**

TSUS has the following types of transactions among funds:

##### **Transfers**

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

##### **Reimbursements**

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

##### **Interfund Receivables and Payables**

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

##### **Interfund Sales and Purchases**

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

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### CARES Act

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

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

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

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

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

A summary of CARES Act funding awarded, expensed as of August 31, 2023, and the balance of the unearned amounts are presented below:

<b>Program</b>	<b>Awarded</b>	<b>Expensed</b>	<b>Unearned</b>
GEERF – Student Financial Aid	\$ 4,766,872	\$ 4,766,872	\$ -
GEERF – Emergency Student Financial Aid	2,566,411	2,566,411	-
HEERF – Student Allocation	176,577,363	176,577,363	-
HEERF – Institutional Allocation	177,726,459	176,592,580	1,133,879
Others	24,371,132	23,040,841	1,330,291
Total	<u>\$386,008,237</u>	<u>\$383,544,067</u>	<u>\$ 2,464,170</u>

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### New Accounting Pronouncements

GASB Statement No. 91, *Conduit Debt Obligations*, clarifies the existing definition of conduit debt obligation (“CDO”), establishes that a CDO is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with CDOs, and improves note disclosures related to CDOs.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for fiscal years beginning after June 15, 2022, and defines and establishes criteria for public-private and public-public partnerships (PPPs), availability payment arrangements (APA), and certain criteria where service concession arrangements are considered PPPs.

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA)*, is effective for fiscal years beginning after June 15, 2022, and establishes uniform accounting and financial reporting requirements for SBITAs. GASB 96 requires recording an intangible, right-to-use subscription asset and the corresponding subscription liability and provides the capitalization criteria for outlays other than subscription payments, including implementation costs associated with SBITAs. The Texas Comptroller of Public Accounts established a capitalization threshold of \$500,000 for SBITA agreements.

GASB Statement No. 99, *Omnibus 2022* was partially implemented in the current year. Provisions related to leases, PPPs, and SBITAs are implanted for fiscal year 2023. Provisions related to financial guarantees and derivative classification and reporting will be effective in fiscal year 2024. Minimal impact is expected.

#### Upcoming Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*, amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and will be implanted in fiscal year 2024. This statement addresses display of accounting changes and error corrections in the financial statements, disclosures in the notes to the financial statements, and presentation in required supplementary information and supplementary information.

GASB Statement No. 101, *Compensated Absences*, will be implemented in fiscal year 2025. The standard aligns recognition and measurement guidance for all types of compensated absences under a unified model and eliminates certain previously required disclosures.

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**The Texas State University System  
Notes to the Combined Financial Statements  
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## The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

### NOTE 2: Capital Assets

A summary of changes in Capital Assets at fiscal year-end is presented as follows:

	Balance 09/01/2022	Adjustments	Completed CIP
<b>Non-depreciable Assets</b>			
Land and Land Improvements	\$ 129,649,291.81	\$ 68,994.34	\$ 0.00
Construction in Progress	270,561,953.68	279,141.91	(149,831,914.20)
Other Intangible Capital Assets	17,708,407.41	0.00	50,000.00
Total Non-depreciable Assets	\$ 417,919,652.90	\$ 348,136.25	\$(149,781,914.20)
<b>Depreciable Assets</b>			
Building and Building Improvements	\$ 2,805,164,450.44	\$ 276,720.16	\$ 139,919,357.66
Infrastructure	152,108,740.72	0.00	3,988,433.25
Facilities and Other Improvements	273,373,344.09	0.00	5,258,051.80
Furniture and Equipment	202,624,322.01	0.00	616,071.49
Vehicles, Boats, and Aircraft	24,311,682.37	0.00	0.00
Other Capital Assets	151,730,712.29	0.00	0.00
Total Depreciable Assets	\$ 3,609,313,251.92	\$ 276,720.16	\$ 149,781,914.20
<b>Accumulated Depreciation</b>			
Building and Building Improvements	\$(1,363,521,335.69)	\$ (5,240.91)	\$ 0.00
Infrastructure	(78,363,172.19)	0.00	0.00
Facilities and Other Improvements	(140,904,334.62)	0.00	0.00
Furniture and Equipment	(156,529,419.97)	0.00	0.00
Vehicles, Boats, and Aircraft	(17,406,921.28)	0.00	0.00
Other Capital Assets	(92,007,832.49)	0.00	0.00
Total Accumulated Depreciation	\$(1,848,733,016.24)	\$ (5,240.91)	\$ 0.00
<b>Amortizable Assets – Intangible</b>			
Computer Software	\$ 36,434,899.33	\$ 0.00	\$ 0.00
Total Amortizable Assets – Intangible	\$ 36,434,899.33	\$ 0.00	\$ 0.00
<b>Accumulated Amortization</b>			
Computer Software	\$ (34,912,916.50)	\$ 0.00	\$ 0.00
Total Accumulated Amortizable	\$ (34,912,916.50)	\$ 0.00	\$ 0.00
<b>Capital Assets, Net</b>	\$ 2,180,021,871.41	\$ 619,615.50	\$ 0.00
<b>Amortizable Assets–Intangible Right to Use</b>			
Building and Building Improvements	\$ 8,602,604.93	\$ 0.00	\$ 0.00
Land and Land Improvements	134,472.77	13,737.70	0.00
Subscriptions	0.00	0.00	0.00
Total Amortizable Assets–Intangible Right to Use	\$ 8,737,077.70	\$ 13,737.70	\$ 0.00
<b>Accumulated Amortization–Intangible Right to Use</b>			
Building and Building Improvements	\$ (2,380,992.67)	\$ 0.00	\$ 0.00
Land and Land Improvements	(13,792.08)	757.92	0.00
Subscriptions	0.00	0.00	0.00
Total Accumulated Amortization–Intangible Right to Use	\$ (2,394,784.75)	\$ 757.92	\$ 0.00
<b>Intangible Right to Use Assets, Net</b>	\$ 6,342,292.95	\$ 14,495.62	\$ 0.00

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**The Texas State University System  
Notes to the Combined Financial Statements  
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<b>Interagency Transfer-in</b>	<b>Interagency Transfer-out</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 08/31/2023</b>
\$ 0.00	\$ 0.00	\$ 6,292,732.94	\$ (310,944.00)	\$ 135,700,075.09
0.00	0.00	151,393,694.36	(642,598.26)	271,760,277.49
0.00	0.00	591,085.59	0.00	18,349,493.00
<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 158,277,512.89</b>	<b>\$ (953,542.26)</b>	<b>\$ 425,809,845.58</b>
\$ 0.00	\$ 0.00	\$ 15,808,897.97	\$ (618,178.89)	\$ 2,960,551,247.34
0.00	0.00	0.00	(42.68)	156,097,131.29
0.00	0.00	497,704.00	0.00	279,129,099.89
26,733.25	0.00	18,655,923.58	(7,414,804.55)	214,508,245.78
0.00	0.00	2,829,236.60	(494,689.00)	26,646,229.97
0.00	0.00	5,704,097.53	(8,002,674.63)	149,432,135.19
<b>\$ 26,733.25</b>	<b>\$ 0.00</b>	<b>\$ 43,495,859.68</b>	<b>\$ (16,530,389.75)</b>	<b>\$ 3,786,364,089.46</b>
\$ 0.00	\$ 0.00	\$(104,543,116.94)	\$ 587,177.70	\$(1,467,482,515.84)
0.00	0.00	(4,663,612.97)	42.68	(83,026,742.48)
0.00	0.00	(11,258,621.52)	0.00	(152,162,956.14)
(16,734.25)	0.00	(14,599,773.20)	7,271,669.43	(163,874,257.99)
0.00	0.00	(1,832,654.33)	482,726.59	(18,756,849.02)
0.00	0.00	(7,556,583.78)	5,674,768.23	(93,889,648.04)
<b>\$ (16,734.25)</b>	<b>\$ 0.00</b>	<b>\$(144,454,362.74)</b>	<b>\$ 14,016,384.63</b>	<b>\$(1,979,192,969.51)</b>
\$ 0.00	\$ 0.00	\$ 328,788.00	\$ (8,020.00)	\$ 36,755,667.33
<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 328,788.00</b>	<b>\$ (8,020.00)</b>	<b>\$ 36,755,667.33</b>
\$ 0.00	\$ 0.00	\$ (557,231.43)	\$ 8,020.00	\$ (35,462,127.93)
<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ (557,231.43)</b>	<b>\$ 8,020.00</b>	<b>\$ (35,462,127.93)</b>
<b>\$ 9,999.00</b>	<b>\$ 0.00</b>	<b>\$ 57,090,566.40</b>	<b>\$ (3,467,547.38)</b>	<b>\$ 2,234,274,504.93</b>
\$ 0.00	\$ 0.00	\$ 294,840.06	\$ 0.00	\$ 8,897,444.99
0.00	0.00	0.00	0.00	148,210.47
0.00	0.00	4,605,767.28	0.00	4,605,767.28
<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 4,900,607.34</b>	<b>\$ 0.00</b>	<b>\$ 13,651,422.74</b>
\$ 0.00	\$ 0.00	\$ (2,594,709.38)	\$ 0.00	\$ (4,975,702.05)
0.00	0.00	(13,034.16)	0.00	(26,068.32)
0.00	0.00	(1,426,690.47)	0.00	(1,426,690.47)
<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ (4,034,434.01)</b>	<b>\$ 0.00</b>	<b>\$ (6,428,460.84)</b>
<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 866,173.33</b>	<b>\$ 0.00</b>	<b>\$ 7,222,961.90</b>



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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### NOTE 3: Deposits, Investments, & Repurchase Agreements

##### Deposits of Cash in Banks

As of August 31, 2023, actual bank balances totaled \$55,751,569.09. The carrying value is presented below.

##### Proprietary Funds:

Current Assets – Cash in Bank	\$ 31,629,086.08
Current Restricted Assets – Cash in Bank	1,450,461.85
Noncurrent Restricted Assets – Cash in Bank	<u>2,425,597.28</u>
<b>Cash in Bank per Combined Statement of Net Position</b>	<b><u>\$ 35,505,145.21</u></b>

##### Fiduciary Funds:

Current Assets – Cash in Bank	\$ 3,047,309.79
<b>Cash in Bank per Statement of Fiduciary Net Position</b>	<b><u>\$ 3,047,309.79</u></b>

##### Discretely Presented Component Units:

Current Assets – Cash in Bank:	
Texas State University Development Foundation	\$ 1,718,317.07
Emmett and Miriam McCoy College of Business Development Foundation	<u>383,371.11</u>
<b>Cash in Bank per Discretely Presented Component Units Statement of Net Position</b>	<b><u>\$ 2,101,688.18</u></b>

##### Custodial Credit Risk for Deposits

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

As of August 31, 2023, TSUS had no bank balances exposed to custodial credit risk.

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### Investments

The TSUS *Investment Policy for Operating and Endowment Funds*, adopted by the TSUS Board of Regents, governs TSUS investments. In accordance with the policy, TSUS invests its operating funds in a manner that provides security of invested principal, provides liquidity for operating requirements which may be reasonably anticipated, manages interest-rate and market risk, maximizes total return within established risk constraints, and provides for diversification of investment assets. Additionally, TSUS invests its endowment funds in a manner that provides security of invested principal, provides for appreciation of principal, provides a continuing and dependable cash payout within market constraints, provides for planned liquidity for anticipated cash flow purposes, manages market risks, maximizes overall total return within the established risk constraints, and provides for diversification of investment assets.

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

Investments are recorded at fair value as of year-end and are categorized in accordance with GASB Statement Number 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy. The fair value hierarchy is based upon valuation inputs used to measure fair value of the assets. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following levels are used to measure fair value:

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

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

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## The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

As of August 31, 2023, investments of Proprietary Funds, at fair market value, consisted of the following:

	Value at 08/31/2023	Fair Value Measurements			NAV
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
U.S. Government:					
U.S. Treasury Securities	\$ 992,291.48	\$ 992,291.48	\$ -	\$ -	\$ -
Corporate Obligations	1,437,781.33	1,437,781.33	-	-	-
Corporate Asset and Mortgage Backed Securities	1,346,445.07	1,346,445.07	-	-	-
Equity	90,106,063.48	90,106,063.48	-	-	-
International Obligations (Govt and Corp)	192,419.14	192,419.14	-	-	-
International Equity	73,630,697.87	73,630,697.87	-	-	-
Domestic Mutual Funds	93,784,460.62	93,784,460.62	-	-	-
International Mutual Funds	86,767,867.00	86,767,867.00	-	-	-
Fixed Income Money Market and Bond Mutual Fund	211,450,379.04	211,427,659.50	-	-	22,719.54
Other Commingled Funds	133,234,342.89	124,591,142.69	-	-	8,643,200.20
Externally Managed Investments - Domestic	98,887,889.40	-	-	98,887,889.40	-
Externally Managed Investments – International	26,149,063.08	-	-	26,149,063.08	-
<b>Total Investments</b>	<b>\$ 817,979,700.40</b>	<b>\$684,276,828.18</b>	<b>\$ -</b>	<b>\$ 125,036,952.48</b>	<b>\$ 8,665,919.74</b>

### Total Cash Equivalents Reported at Net Asset Value

Other Commingled Funds – TexPool	\$514,712,145.13
<b>Total Cash Equivalents</b>	<b>\$514,712,145.13</b>

<b>Total Investments and Cash Equivalents</b>	<b>\$1,332,691,845.53</b>
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### Proprietary Funds:

Current Unrestricted Assets - Cash Equivalents	\$ 432,174,442.24
Current Restricted Assets - Cash Equivalents	75,301,001.66
Current Restricted Assets - Short Term Investments	12,528,281.62
Noncurrent Restricted Assets - Cash Equivalents	15,879,901.43
Noncurrent Restricted Assets - Investments	250,068,670.17
Noncurrent Assets – Investments	546,739,548.41
<b>Total per Combined Statement of Net Position</b>	<b>\$1,332,691,845.53</b>

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## The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

As of August 31, 2023, investments of Discretely Presented Components Units, at fair market value, consisted of the following:

	Value at 08/31/2023	Fair Value Measurements			NAV
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Equity	\$ 1,033,864.76	\$ 1,033,864.76	\$ -	\$ -	\$ -
Domestic Mutual Funds	52,182,421.62	52,182,421.62	-	-	-
Fixed Income Money Market and Bond Mutual Fund	109,067,086.09	109,067,086.09	-	-	-
Other Commingled Funds	37,001.94	37,001.94	-	-	-
Externally Managed Investments – Domestic	4,168,210.28	-	-	-	4,168,210.28
Externally Managed Investments - International	12,098,297.34	12,098,297.34	-	-	-
<b>Total Investments</b>	<b>\$ 178,586,882.03</b>	<b>\$ 174,418,671.75</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,168,210.28</b>

### Discretely Presented Component Units:

Current Unrestricted Assets - Cash Equivalents	\$ 1,499,127.07
Noncurrent Restricted Assets - Investments	177,087,754.96
<b>Total per Statement of Net Position</b>	<b>\$ 178,586,882.03</b>

### Private Investments

TSUS invests in limited partnerships with external investment managers or general partners who invest primarily in private equity securities. These investments are illiquid and typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from underlying fund investments. Risks associated with these investments include liquidity risk, key personnel risk, limited transparency risk, and investment strategy risk. TSUS has committed \$39,712,138 of future funding to various private investments as of August 31, 2023. The fair value of private investment funds, are estimated using the investment's capital account balance at the closest available reporting date, as communicated by the investment manager, adjusted for contributions and withdrawals subsequent to the latest available reporting date, as well as consideration of any other information which has been provided by the investment manager or other sources.

### Amounts Reported at NAV

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

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

**Credit Risk for Investments**

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

	<u>Rating</u>	<u>Amount</u>
Corporate Obligations	AA	\$ 51,797.94
	A	586,440.85
	BBB	749,955.69
	BB	2,227.44
	B	1,189.52
	NR	46,169.89
Corporate Asset and Mortgage-Backed Securities	AAA	229,568.88
	AA	17,503.79
	A	16,291.99
	BBB	72,169.46
	BB	121,718.63
	B	123,872.95
	NR	765,319.37
International Obligations (Govt and Corp)	AA	7,225.17
	A	81,610.90
	BBB	103,583.07
Fixed Income Money Market and Bond Mutual Funds	AAA	150,084,526.01
	AA	4,707,064.30
	A	20,274,161.70
	BBB	25,067,699.46
	BB	890,912.41
	B	1,018,717.41
	NR	9,407,297.75
Externally Managed Investments	NR	<u>125,036,952.48</u>
<b>Total</b>		<b><u><u>\$339,463,977.06</u></u></b>

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**The Texas State University System  
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At year-end, the Discretely Presented Components Units credit quality ratings for securities with credit risk exposure were:

	<u>Rating</u>	<u>Amount</u>
Fixed Income Money Market and Bond Mutual Funds	AAA	\$109,067,086.09
Externally Managed Investments	NR	16,266,507.62
<b>Total</b>		<b><u>\$125,333,593.71</u></b>

**Custodial Credit Risk for Investments**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, TSUS will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of August 31, 2023, TSUS did not have any investments that are exposed to custodial credit risk.

**NOTE 4: Short-Term Debt**

On May 22, 2014 the Board of Regents, Texas State University System adopted the Eighteenth Supplemental Resolution to the Master Resolution Establishing the Texas State University System Revenue Financing System Commercial Paper Program, Series A. The Eighteenth Supplement authorizes the issuance of Commercial Paper Notes by the Texas State University System in an aggregate principal amount not to exceed \$240,000,000 at any one time outstanding for the purpose of financing project costs of eligible projects and to refinance, renew, or refund commercial paper notes, prior encumbered obligations and parity debt, including interest thereon. Non-taxable commercial paper was issued during the fiscal year to finance various construction projects. All commercial paper outstanding at year end will mature within the next fiscal year or will be rolled into a long-term bond. Commercial paper has short maturities up to 270 days with interest rates ranging during the fiscal year from 0.09% to 1.40%.

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

	<b>Balance 09/01/22</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 08/31/23</b>
Extendable Commercial Paper	\$90,289,000.00	\$736,291,000.00	\$667,222,000.00	\$159,358,000.00

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**NOTE 5: Summary of Long-Term Liabilities**

During the current fiscal year, the following changes occurred in Proprietary Funds long-term liabilities:

	<b>Balance 09/01/22</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 08/31/23</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due Thereafter</b>
Revenue Bonds	\$961,965,000.00	\$0.00	\$67,580,000.00	\$894,385,000.00	\$68,650,000.00	\$825,735,000.00
Unamortized Bond Premiums	104,568,797.63	0.00	6,619,561.91	97,949,235.72	6,223,335.55	91,725,900.17
Compensable Leave	29,919,039.91	5,689,610.05	4,234,072.89	31,374,577.07	15,722,593.62	15,651,983.45
Right to Use Lease Obligations	6,534,448.07	3,274,523.24	5,356,612.85	4,452,358.46	956,996.03	3,495,362.43
Right to Use Subscription Obligations	0.00	4,605,767.28	1,530,585.80	3,075,181.48	1,434,809.40	1,640,372.08
Net Pension Liability	110,461,783.00	148,670,852.00	18,883,635.00	240,249,000.00	0.00	240,249,000.00
Net OPEB Liability	711,229,486.00	94,347,177.00	235,571,055.00	570,005,608.00	21,776,284.00	548,229,324.00
<b>Totals</b>	<b>\$1,924,678,554.61</b>	<b>\$256,587,929.57</b>	<b>\$339,775,523.45</b>	<b>\$1,841,490,960.73</b>	<b>\$114,764,018.60</b>	<b>\$1,726,726,942.13</b>

During the current fiscal year, the following changes occurred in Discretely Presented Component Units long-term liabilities:

	<b>Balance 09/01/22</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 08/31/23</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due Thereafter</b>
Annuities Payable	\$204,105.14	\$79,867.42	\$0.00	\$283,972.56	\$30,346.34	\$253,626.22

**Revenue Bonds Payable**

Scheduled principal and interest payments for revenue bonds issued and outstanding as of the fiscal year end are as follows:

<b>Year(s)</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2024	68,650,000.00	36,927,165.62	105,577,165.62
2025	71,325,000.00	33,971,880.80	105,296,880.80
2026	74,435,000.00	30,869,090.22	105,304,090.22
2027	73,600,000.00	27,599,915.26	101,199,915.26
2028	71,430,000.00	24,340,258.70	95,770,258.70
2029-2033	287,975,000.00	78,551,358.46	366,526,358.46
2034-2038	162,725,000.00	28,092,589.96	190,817,589.96
2039-2043	57,440,000.00	7,897,765.32	65,337,765.32
2044-2048	21,020,000.00	2,025,340.66	23,045,340.66
2049-2050	5,785,000.00	195,975.00	5,980,975.00
<b>Total</b>	<b>\$ 894,385,000.00</b>	<b>\$ 270,471,340.00</b>	<b>\$ 1,164,856,340.00</b>

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

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### **Employees' Compensable Leave**

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

#### **Claims and Judgments**

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

#### **Net Pension Liability**

See Note 9, *Defined Benefit Pension Plans and Defined Contribution Plan*, for more information.

#### **Net OPEB Liability**

See Note 11, *Post Employment Health Care and Life Insurance Benefits* for more information.

#### **Notes and Loans Payable**

TSUS had no notes and loans payable for the fiscal year.

#### **Right to Use Lease Obligations and Right to Use Subscription Obligations**

See Note 8, *Leases and Subscription-Based Information Technology Arrangements* for more information on right to use obligations of TSUS.

#### **NOTE 6: Bonded Indebtedness**

The Board of Regents approved the order establishing the Master Resolution for the Texas State University System Revenue Financing System in August 1998. The Master Resolution provides a financing structure under which revenue supported indebtedness of the Revenue Financing System can be incurred. Each member institution and the System Administration of TSUS are members of the Revenue Financing System. The Board pledged all of the funds (revenues) and balances derived or attributable to any member of the Revenue Financing System that is lawfully available to the Board for payments on Parity Debt. Specifically exempted from pledged revenues are:

- (a) Amounts received on behalf of any member under Article 7, Section 17 of the Constitution of the State of Texas, including the income there from and any balances relating thereto, and



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- (b) General Revenue Fund appropriations, except to the extent so specifically appropriated for debt service to the Board by the Legislature of the State of Texas.

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

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

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

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

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## The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

Bonds	Purpose	Revenue Source for Debt Service	Issue Date	Interest Rates	Amount Issued
Revenue Bonds, Series 2017B (Taxable)	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay certain costs related to the issuance of the bonds.	RFS	01/31/2017	0.89% - 3.91%	\$30,980,000
Revenue and Refunding Bonds, Series 2019A	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads or related infrastructure for certain members of the Revenue Financing System, refund a portion of outstanding Commercial Paper Notes, refund a portion of outstanding obligations for debt service savings, and pay certain costs of issuing the bonds.	RFS, GR (TRB)	12/17/2019	3.00% - 5.00%	\$176,055,000
Refunding Bonds, Series 2019B (Taxable)	To provide funds to refund a portion of outstanding obligations for debt service savings and pay certain costs of issuing the bonds.	RFS	11/21/2019	1.76% - 3.29%	\$149,480,000
Revenue and Refunding Bonds, Series 2021A	To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads or related infrastructure for certain members of the Revenue Financing System, refund a portion of outstanding Commercial Paper Notes, and pay certain costs of issuing the bonds.	RFS	02/02/2021	2.20% - 5.00%	\$83,705,000
Refunding Bonds, Series 2021B (Taxable)	To provide funds to refund a portion of outstanding obligations for debt service savings and pay certain costs of issuing the bonds.	RFS	02/02/2021	0.35% - 2.77%	\$32,200,000

### Funds Available for Debt Service

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, as amended, makes a basic distinction between sales of receivables and future revenues and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing).

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

Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$ 1,164,856,340.00
Term of Commitment Year Ending 8/31	2050
Percentage of Pledged Revenue	100%
Current Year Pledged Revenue	\$ 840,566,100.32
Current Year Principal and Interest Paid	\$ 107,448,404.12

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**NOTE 7: Derivative Instruments**

TSUS had no activity to report related to derivative instruments for the fiscal year.

**NOTE 8: Leases and Subscription-Based Information Technology Arrangements**

Governmental Accounting Standards Board Statement No. 87, *Leases* generally eliminates the recognition of operating leases, requiring that under most circumstances, leases finance an intangible right to use asset. Under GASB 87, lessees record the intangible right to use asset and a lease liability. The intangible right to use asset is amortized over its life and the lease liability is reduced by payments of principal and interest. Lessors recognize a lease receivable and deferred inflow of resources. Receipts from the lessees are recorded as a reduction of the receivable and interest revenue, while the deferred inflow of resources is amortized over the life of the lease. The underlying asset is also depreciated over its useful life.

The State of Texas has established a materiality threshold for lease payments at a net present value of \$100,000 per unit leased.

TSUS has entered into various leases for buildings and land. The value of TSUS's right to use assets and their related accumulated amortization may be found in Note 2, Capital Assets.

Current year principal and interest payments related to the lease liability were \$2,320,181.06 and \$54,948.39 respectively for the year. Future minimum lease payments at fiscal year-end are:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payments</b>
2024	\$ 956,996.03	\$ 51,824.15	\$ 1,008,820.18
2025	859,927.37	40,529.78	900,457.15
2026	724,261.31	30,523.86	754,785.17
2027	471,670.16	22,677.92	494,348.08
2028	349,534.56	17,795.17	367,329.73
2029-2032	1,089,969.03	26,463.97	1,116,433.00
<b>Total</b>	<b>\$ 4,452,358.46</b>	<b>\$ 189,814.85</b>	<b>\$ 4,642,173.31</b>

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Current year principal and interest receipts related to the lease receivable were \$140,093.09 and \$18,078.99 respectively for the year. Future minimum lease receipts at fiscal year-end are:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payments</b>
2024	\$ 207,574.49	\$ 59,959.47	\$ 267,533.96
2025	164,446.10	53,709.06	218,155.16
2026	169,625.57	48,878.42	218,503.99
2027	157,883.54	44,052.39	201,935.93
2028	132,397.34	40,723.16	173,120.50
2029-2033	664,766.70	161,699.71	826,466.41
2034-2038	725,221.69	94,258.31	819,480.00
2039-2042	592,212.53	22,397.47	614,610.00
<b>Total</b>	<b>\$ 2,814,127.96</b>	<b>\$ 525,677.99</b>	<b>\$ 3,339,805.95</b>

Current year amortization related to the deferred inflow of resources was \$212,806.57. Future amortization at year end is:

<b>Years</b>	<b>Annual Amortization</b>	<b>Balance</b>
2024	\$ 288,012.92	\$ 2,510,297.68
2025	202,621.92	2,307,675.76
2026	202,621.92	2,105,053.84
2027	184,331.31	1,920,722.53
2028	147,749.76	1,772,972.77
2029-2033	659,973.77	1,112,999.00
2034-2038	635,999.40	476,999.60
2039-2042	476,999.60	-
<b>Total</b>	<b>\$ 2,798,310.60</b>	

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Agreements (SBITAs)* defines a SBITA as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under GASB 96, governments record an intangible right to use asset and a corresponding subscription liability. The intangible right to use asset is amortized over its life and the subscription liability is reduced by payments of principal and interest.

The State of Texas has established a materiality threshold for SBITAs at \$100,000. The State of Texas has determined that all GASB 96 agreements should be treated as starting September 1, 2022.

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

Current year principal and interest payments related to the subscription liability were \$1,530,585.80 and \$73,236.96 respectively for the year. Future minimum lease payments at fiscal year-end are:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payments</b>
2024	\$ 1,434,809.40	\$ 60,740.17	\$ 1,495,549.57
2025	823,529.56	36,147.18	859,676.74
2026	147,872.19	30,297.27	178,169.46
2027	153,897.37	24,145.23	178,042.60
2028	160,109.48	17,807.47	177,916.95
2029-2030	354,963.48	14,660.23	369,623.71
<b>Total</b>	<b>\$ 3,075,181.48</b>	<b>\$ 183,797.55</b>	<b>\$ 3,258,979.03</b>

#### **NOTE 9: Defined Benefit Pension Plan and Defined Contribution Plan**

##### **Teacher Retirement System of Texas (TRS) Plan**

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

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

Audited Annual Comprehensive Financial Report (ACFR) for Teacher Retirement System may be obtained from their website at [www.trs.texas.gov](http://www.trs.texas.gov) and searching for financial reports.

During the measurement period of 2022 for fiscal 2023 reporting, the amount of TSUS's contributions recognized by the plan was \$18,883,636. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the employer and the members in the measurement period are 7.75% and 8.00% respectively.

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2022 measurement date.

Actuarial Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Fair Market
Actuarial Assumptions:	
Discount Rate	7.00%
Long-term Expected Rate of Return	7.00%
Municipal Bond Rate as of August 2020	3.91% *
Inflation	2.30%
Salary Increase	2.95% to 8.95% including inflation
Mortality: Active	PUB(2010) Mortality Tables for Teachers, below median, with full generational mortality.
Post-Retirement	2021 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP.
Ad Hoc Post-Employment Benefit Changes	None

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

The actuarial valuation was performed as of Aug. 31, 2021. Update procedures were used to roll forward the total pension liability to Aug. 31, 2022. The actuarial assumptions used in the determination of the total pension liability were primarily based on the result of an actuarial experience study for the four-year period ending Aug. 31, 2021 and adopted in July 2022. The primary assumption change was the lowering of the single discount rate from 7.25% to 7%.

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

The discount rate of 7% was applied to measure the total pension liability. The discount rate was based on the expected rate of return on pension plan investments of 7%. The projected cash flows into and out of the pension plan assumed that active members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% over the next several years. This includes a factor for all employer and state contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

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## The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

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

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

Asset Class*	Target Allocation**	Long-Term Expected Geometric Real Rate of Return***
<b>Global Equity</b>		
U.S.	18.00%	4.60%
Non-U.S. Developed	13.00%	4.90%
Emerging Markets	9.00%	5.40%
Private Equity	14.00%	7.70%
<b>Stable Value</b>		
U.S. Treasury	16.00%	1.00%
Absolute Return		3.70%
Stable Value Hedge Funds	5.00%	3.40%
<b>Real Return</b>		
Real Assets	15.00%	4.10%
Energy, Natural Resources and Infrastructure	6.00%	5.10%
Commodities		3.60%
<b>Risk Parity</b>		
Risk Parity	8.00%	4.60%
Asset Allocation Leverage Cash	2.00%	3.00%
Asset Allocation Leverage	(6.00)%	3.60%
<b>Total</b>	<u>100.00%</u>	

\* Absolute return include credit sensitive investments.

\*\* Target allocations are based on fiscal year 2022 policy model.

\*\*\* Capital Market assumptions come from Aon Hewitt (as of 08/31/2022)

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

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

<u><b>1% Decrease (6.00%)</b></u>	<u><b>Current Rate (7.00%)</b></u>	<u><b>1% Increase (8.00%)</b></u>
\$ 373,736,352	\$ 240,249,000	\$132,051,236

The pension plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2022 ACFR.

At August 31, 2023, TSUS reported a liability of \$240,249,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TSUS's proportion at August 31, 2023 was 0.4047% percent which was a decrease from the 0.4338% percent measured at the prior measurement date. TSUS's proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2021 through August 31, 2022.

For the year ending August 31, 2023, TSUS recognized pension expense of \$2,981,472. At August 31, 2023, TSUS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Difference between expected and actual experience	\$ 3,483,591	\$ 5,237,883
Changes of assumptions	44,766,207	11,156,989
Net difference between projected and actual investment return	23,735,833	-
Change in proportion and contribution difference	24,622,327	51,841,790
Contributions subsequent to the measurement date	23,110,564	-
<b>Total</b>	<u><b>\$119,718,522</b></u>	<u><b>\$68,236,581</b></u>



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The \$23,110,564 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2024.

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

<u>Year ended August 31,</u>	<u>Expense</u>
2024	\$ 12,362,428
2025	252,936
2026	(8,733,868)
2027	22,602,109
2028	1,887,772
Thereafter	-
<b>Total</b>	<b><u><u>\$ 28,371,377</u></u></b>

**Optional Retirement Program (ORP)**

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

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

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

Contributions made by participants and TSUS for the fiscal year were as follows:

Participant contributions	\$11,404,925
Employer contributions	\$11,333,347
<b>Total</b>	<b><u><u>\$22,738,272</u></u></b>

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

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### **The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023**

#### **NOTE 10: Deferred Compensation**

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

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

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

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

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

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

##### **ERS plan**

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

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

The SRHP provides postemployment health care, life and dental insurance benefits to retirees. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments.

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

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

During the measurement period of 2022 for fiscal 2023 reporting, the amount of TSUS's contributions recognized by the plan was \$58,999,100. TSUS does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. The contribution requirements for the state and the members in the measurement period are presented in the table below:

#### Employer Contribution Rates Retiree Health and Basic Life Premium

Retiree Only	\$ 624.82
Retiree & Spouse	\$1,339.90
Retiree & Children	\$1,103.58
Retiree & Family	\$1,818.66

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2022 measurement date.

#### Actuarial Methods and Assumptions

	SRHP
Actuarial Valuation Date	August 31, 2022
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	3.59% *
Inflation	2.30%
Salary Increase	2.30% to 8.95%, including inflation
HealthSelect	5.60% for FY 2024, 5.30% for FY 2025, 5.00% for FY 2026, 4.75% for FY 2027, 4.60% for FY 2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2031 and later years
HealthSelect Medicare Advantage	66.67% for FY 2024, 24.00% for FY 2025, 5.00% for FY 2026, 4.75% for FY 2027, 4.60% for FY 2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2031 and later years
Pharmacy	10.00% for FY 2024 and FY 2025, decreasing 100 basis points per year to 5.00% for FY 2030, and 4.30% for FY 2031 and later years

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## The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

Aggregate Payroll Growth	2.70%
Retirement Age	Experience-based tables of rates that are specific to the class of the employee
Mortality	
State Agency Members	
Service Retirees, Survivors and Other Inactive Members	2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020
Disabled Retirees	2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP-2019 Projection Scale from the year 2010
Higher Education Members	
Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021
Disabled Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010
Ad Hoc Post-Employment Benefit Changes	None

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

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

The following assumptions have been changed since the previous Other Postemployment Benefits valuation:

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**The Texas State University System  
Notes to the Combined Financial Statements  
For the Year Ended August 31, 2023**

- a. The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- b. Proportion of future retirees assumed to cover dependent children;
- c. The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement;
- d. Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short term expectations. The patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect the most recent information; and
- e. The discount rate was changed from 2.14% as of August 31, 2021 to 3.59% as of August 31, 2022 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 3.59% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 2.14%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay-as-you-go basis and is not intended to accumulate funds in advance of retirement, there is no long-term expected rate of return. ERS' board of trustees amended the investment policy statement in August 2022 to require that all funds in this plan be invested in cash and equivalent securities. The expected rate of return on these investments is currently 4.1%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 2.14%.

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

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

<b>1% Decrease (2.59%)</b>	<b>Current Discount Rate (3.59%)</b>	<b>1% Increase (4.59%)</b>
<hr/> \$664,799	<hr/> \$570,006	<hr/> \$494,194

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**The Texas State University System  
Notes to the Combined Financial Statements  
For the Year Ended August 31, 2023**

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

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

<b>1% Decrease</b>	<b>Current Healthcare Cost</b>	<b>1% Increase</b>
<b>HS/HSMA/Pharmacy:</b>	<b>Trend Rates</b>	<b>HS/HSMA/Pharmacy:</b>
<b>4.60/65.67/9.00 %</b>	<b>HS/HSMA/Pharmacy:</b>	<b>6.60/67.67/11.00 %</b>
<b>decreasing to 3.30%</b>	<b>5.60/66.67/10.00 %</b>	<b>decreasing to 5.30%</b>
<b>decreasing to 3.30%</b>	<b>decreasing to 4.30%</b>	<b>decreasing to 5.30%</b>
<b>\$488,131</b>	<b>\$570,006</b>	<b>\$674,537</b>

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2022 ACFR.

At August 31, 2023, TSUS reported a liability of \$570,005,608 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of August 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. TSUS's proportion at August 31, 2022 was 2.0009 percent. TSUS's proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2021 through August 31, 2022.

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**The Texas State University System  
Notes to the Combined Financial Statements  
For the Year Ended August 31, 2023**

For the year ended August 31, 2023, TSUS recognized OPEB expense of \$91,528,879. At August 31, 2023, TSUS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	-	\$ 17,984,363
Changes of assumptions	\$ 33,490,102	176,194,128
Net difference between projected and actual investment return	98,316	-
Effect of change in proportion and contribution difference	75,467,842	32,202,518
Contributions subsequent to the measurement date	4,059,584	-
Total	<u>\$113,115,844</u>	<u>\$226,381,009</u>

The \$4,059,584 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending August 31, 2024.

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

Year ended August 31:

2024	\$ 17,537,255
2025	(45,271,468)
2026	(39,111,401)
2027	(32,684,329)
2028	(17,794,804)
Thereafter	\$ -

**NOTE 12: Interfund Activity and Transactions**

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

**NOTE 13: Continuance Subject to Review**

TSUS is not subject to the Texas Sunset Act.

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### NOTE 14: Adjustments to Fund Balances and Net Position

The restatement of beginning net position on the Statement of Revenues, Expenses and Changes in Net Position is as follows:

Net Position, September 1, 2022 as Previously Reported		\$1,433,253,044.62
Adjustments related to capital and right to use asset balances	\$634,111.12	
Adjustments related to right to use liabilities and interest payments	<u>(13,202.37)</u>	
Total Restatement		<u>620,908.75</u>
Net Position, September 1, 2022 as Restated		<u><u>\$1,433,873,953.37</u></u>

#### NOTE 15: Contingencies and Commitments

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

TSUS has made capital commitments with investment managers for funding of private investments in limited partnerships with external investment managers or general partners who invest primarily in private equity transactions. As of August 31, 2023, the remaining commitment to these private investments totaled \$39,712,138.

#### NOTE 16: Subsequent Events

On October 3, 2023, the TSUS Revenue Financing System (RFS) rolled the outstanding balance of Tax-Exempt Commercial Paper Notes totaling \$159,358,000.00 and issued an additional \$10,500,000.00 in Tax-Exempt Commercial Paper Notes to finance capital projects at TSUS member institutions. Subsequent to the issuance, \$169,858,000.00 of Tax-Exempt Commercial Paper Notes were outstanding.

On November 6, 2023, the TSUS Revenue Financing System (RFS) redeemed \$41,891,000.00 of Tax-Exempt Commercial Paper Notes. Subsequent to the issuance, \$127,967,000.00 of Tax-Exempt Commercial Paper Notes remained outstanding.



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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### NOTE 17: Risk Management

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

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

<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
2023	\$0.00	\$1,132,693.29	\$1,132,693.29	\$0.00
2022	\$0.00	\$213,423.10	\$213,423.10	\$0.00

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

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

#### NOTE 19: The Financial Reporting Entity

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

##### Component Units

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

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### **The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023**

Texas State University has the following blended component units:

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

The Research Foundation is included in the financial statements as a blended component unit in accordance with GASB Statement 14 as amended by GASB Statement 39. Texas State's key business officers comprise the entirety of the Research Foundation's officers and directors, thereby enabling Texas State to impose its will on the Research Foundation.

Separate financial statements may be obtained by contacting Texas State University, Director of Accounting, General Accounting Office, 601 University Drive, JCK 589, San Marcos, TX 78666-4684.

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

Texas State University has the following discretely presented component units:

The **Texas State University Development Foundation (Development Foundation)** is a 501(c)(3) formed in 1977 to support the educational, scientific, and research mission of Texas State University. The Development Foundation raises and manages endowment funds designated for scholarships and other support for the university. The forty-seven-member Board of Trustees is comprised of a cross-section of alumni and notable leaders who assist in the development and support of Texas State University. The fiscal year end is June 30 and audited financial statements can be obtained at the following URL: <https://www.ua.txstate.edu/about/development-foundation/Financials/Accountability.html>.

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

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

#### Related Organization

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

**The Texas State University System Foundation, Inc.** was established in 1977 by the Board of Regents to assist the System in gaining private financial support, and to help member institutions pursue additional education-related activities and outreach. It is a nonprofit corporation that exists solely for the benefit of the Texas State University System. It has an independent board of directors that governs Foundation activities and manages Foundation funds. For the fiscal year ended August 31, 2023, the Foundation had net assets of \$6,648,612. The Foundation provided \$120,170 in scholarships and faculty/staff awards, as well as assistance to constituent schools, the Chancellor and Board of Regents.

#### NOTE 20: Stewardship, Compliance and Accountability

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

#### NOTE 21: Not Applicable

#### NOTE 22: Donor Restricted Endowments

Net appreciation related to true and term endowments classified as restricted, expendable on the Statement of Net Position were as follows:

<b>Donor Restricted Endowment</b>	<b>Net Appreciation</b>
True Endowments – Expendable	\$ 84,411,177.84
Term Endowments – Expendable	3,696,077.49
Total	<u>\$ 88,107,255.33</u>

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

The amount reported as net appreciation represents net appreciation on investments of donor restricted endowments that are available for authorization for expenditure. Pursuant to the Uniform Prudent Management of Institutional Funds Act (Property Code Chapter 163.001), net appreciation, realized and unrealized, in the fair market value of the endowment assets in excess of historical dollar value of the gifts may be distributed to the extent prudent.

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

The net appreciation included a fair value adjustment of \$15,553,982.74 for the current fiscal year. Changes from prior year balances for expendable and non-expendable balance of true endowments for the current fiscal year were:

Net Position Category	Increase/(Decrease)	Reason for Change
True Endowments		
Restricted, expendable	\$ (32,067,550.67)	Earnings, fair value changes, fees, and distributions
Restricted, non-expendable	\$ 5,428,547.40	Additions to corpus
Term Endowments		
Restricted, expendable	\$ (2,542,558.37)	Earnings, fair value changes, fees, and distributions
Restricted, non-expendable	\$ 1,595,558.18	Additions to corpus

#### NOTE 23: Extraordinary and Special Items

For the current year, TSUS had no extraordinary items or special items.

#### NOTE 24: Disaggregation of Receivable and Payable Balances

Net Other Receivables reported on the Statement of Net Position at year end are comprised of:

Description	Amount
Current Assets:	
Receivables:	
Accounts – Other Revenue	\$ 8,091,887.60
Other:	10,384,621.31
Total	<u>\$18,476,508.91</u>
Composition:	
Receivables related to grants and sponsored programs	\$ 5,800,065.05
Receivables related to insurance settlements	784,012.20
Receivables and advances due from employees	164,194.65
Receivables from affiliated organizations	7,132,459.91
Receivables related to sales and services	1,656,141.90
Receivables related to agreements with vendors	1,760,508.68
Receivables related to various activities	1,179,126.52
Total Other	<u>\$18,476,508.91</u>

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### The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### NOTE 25: Termination Benefits

TSUS provided no termination benefits during the current fiscal year.

#### NOTE 26: Segment Information

TSUS has no segments to report for the current fiscal year.

#### NOTE 27: Public-Private and Public-Public Partnerships

TSUS (the transferor) entered into a public-private partnership (PPP) arrangement in March 2016 with ITEX Development, LLC (ITEX) and Seahawk Landing, LLC (Seahawk) (the operator), in which ITEX agreed to design and build apartments (Seahawk Landing) and then operate the apartments for 30 years. The term of 30 years can be extended for two (2) successive five (5) year periods with 180 days prior notice to the expiration of the initial 30-year agreement. During the term of the arrangement, Seahawk is entitled to collect and retain rent generated by the apartment. TSUS does not receive any revenue from the arrangement. As part of the agreement, TSUS entered into a ground lease for the term of the arrangement to allow the use of TSUS's land by ITEX. The arrangement does not meet all the criteria to qualify as a service concession arrangement (SCA). The estimated historical cost of the apartments at August 31, 2023 is \$1,398,670. In accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* implemented during fiscal year August 31, 2023, the balance is presented as an intangible asset. The balance will remain unchanged as the apartments must remain in their original condition throughout the PPP arrangement. ITEX and Seahawk are not components of TSUS.

<u>Arrangement Name</u>	<u>Construction State</u>	<u>Term of Concession</u>	<u>Begin</u>	<u>End</u>
Seahawk Landing	Complete	30 years	2016	2046

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**The Texas State University System  
Notes to the Combined Financial Statements  
For the Year Ended August 31, 2023**

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

System Administration recorded deferred outflows and deferred inflows of resources related to unamortized losses and gains from bond refunding transactions, as well as deferred outflows and deferred inflows related to pension obligations. The deferred outflows and deferred inflows of resources at year end were:

<b>Deferred Outflows</b>	
Unamortized Losses on Refunding of Debt	\$ 2,456,260.11
Related to Pension Obligations	119,718,522.00
Related to OPEB Obligations	113,115,844.00
Total Deferred Outflows	<u>\$ 235,290,626.11</u>
<b>Deferred Inflows</b>	
Service Concession Arrangements	\$ 1,339,152.13
Unamortized Gains on Refunding of Debt	4,185,464.57
Related to Leases	2,798,310.60
Related to Pension Obligations	68,236,581.00
Related to OPEB Obligations	226,381,009.00
Total Deferred Inflows	<u>\$ 302,940,517.30</u>

See Note 1, *Summary of Significant Accounting Policies*, Note 6, *Bonded Indebtedness*, Note 8, *Leases*, Note 9, *Defined Benefit Pension Plan and Defined Contribution Plan*, and Note 11, *Post Employment Health Care and Life Insurance Benefits* for additional details.

**NOTE 29: Troubled Debt Restructuring**

TSUS had no troubled debt restructuring to report for the current fiscal year.

**NOTE 30: Non-Exchange Financial Guarantees**

TSUS had no non-exchange financial guarantees to report for the current fiscal year.

**NOTE 31: Tax Abatements**

TSUS had no tax abatements to report for the current fiscal year.

**NOTE 32: Fund Balances**

TSUS had no governmental funds for the current fiscal year.

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**The Texas State University System**

# **Combined Supplemental Information**

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**The Texas State University System  
Schedule 2A  
Miscellaneous Bond Information  
For the Year Ended August 31, 2023**

Description	Bonds	Range of	Scheduled Maturities		First
	Issued to Date	Interest Rates	First Year	Last Year	Call Date
Revenue Financing System Bonds					
The Texas State University System					
Series 2013	87,060,000	2.00% - 5.00%	2013	2042	03/15/2023
Series 2014	88,415,000	1.00% - 5.00%	2015	2034	03/15/2024
Series 2015A	183,560,000	2.50% - 5.00%	2016	2045	03/15/2025
Series 2015B	132,160,000	0.40% - 3.78%	2016	2045	03/15/2025
Series 2017A	425,545,000	4.00% - 5.00%	2017	2036	03/15/2027
Series 2017B	30,980,000	0.89% - 3.91%	2017	2036	03/15/2027
Series 2019A	176,055,000	3.00% - 5.00%	2020	2039	03/15/2029
Series 2019B	149,480,000	1.76% - 3.29%	2020	2040	03/15/2029
Series 2021A	83,705,000	2.20% - 5.00%	2022	2050	03/15/2031
Series 2021B	<u>32,200,000</u>	0.35% - 2.77%	2021	2042	03/15/2031
TOTAL	<u>\$ 1,389,160,000</u>				



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**The Texas State University System  
Schedule 2B  
Changes in Bonded Indebtedness  
For the Year Ended August 31, 2023**

<b>Description</b>	<b>Bonds Outstanding Sep 1, 2022</b>	<b>Bonds Issued</b>	<b>Bonds Matured</b>
Revenue Financing System Bonds			
The Texas State University System			
Series 2013			
Par Value	3,360,000.00	-	3,360,000.00
Premium	396,226.36	-	396,226.36
Series 2014			
Par Value	35,940,000.00	-	2,700,000.00
Premium	3,096,879.35	-	258,073.28
Series 2015A			
Par Value	134,240,000.00	-	14,490,000.00
Premium	21,118,703.55	-	918,204.50
Series 2015B	90,815,000.00	-	7,030,000.00
Series 2017A			
Par Value	283,290,000.00	-	21,905,000.00
Premium	46,444,510.29	-	3,317,465.02
Series 2017B	23,900,000.00	-	1,115,000.00
Series 2019A			
Par Value	141,970,000.00	-	6,370,000.00
Premium	23,052,183.77	-	1,356,010.81
Series 2019B	135,215,000.00	-	8,035,000.00
Series 2021A			
Par Value	82,080,000.00	-	2,055,000.00
Premium	10,460,294.31	-	373,581.94
Series 2021B	31,155,000.00	-	520,000.00
Total	\$ 1,066,533,797.63	\$ -	\$ 74,199,561.91

**UNAUDITED**

**The Texas State University System  
Schedule 2B  
Changes in Bonded Indebtedness  
For the Year Ended August 31, 2023**

<b>Bonds Refunded or Extinguished</b>	<b>Bonds Outstanding Aug 31, 2023</b>	<b>Amounts Due Within One Year</b>
-	-	-
-	-	-
-	33,240,000.00	2,835,000.00
-	2,838,806.07	258,073.28
-	119,750,000.00	15,200,000.00
-	20,200,499.05	918,204.50
-	83,785,000.00	7,230,000.00
-	261,385,000.00	22,995,000.00
-	43,127,045.27	3,317,465.02
-	22,785,000.00	1,180,000.00
-	135,600,000.00	6,690,000.00
-	21,696,172.96	1,356,010.81
-	127,180,000.00	9,845,000.00
-	80,025,000.00	2,155,000.00
-	10,086,712.37	373,581.94
-	30,635,000.00	520,000.00
\$ -	\$ 992,334,235.72	\$ 74,873,335.55

**UNAUDITED**

**The Texas State University System  
Schedule 2C  
Debt Service Requirements  
For the Year Ended August 31, 2023**

<b>Description</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
Revenue Financing System Bonds			
The Texas State University System			
Series 2014	2024	\$ 2,835,000.00	\$ 1,615,275.00
	2025	2,975,000.00	1,473,525.00
	2026	3,115,000.00	1,324,775.00
	2027	2,565,000.00	1,169,025.00
	2028	2,690,000.00	1,040,775.00
	2029-2033	15,510,000.00	3,141,825.00
	2034	3,550,000.00	177,500.00
		<u>\$ 33,240,000.00</u>	<u>\$ 9,942,700.00</u>
Series 2015A	2024	\$ 15,200,000.00	\$ 5,510,612.52
	2025	15,980,000.00	4,750,612.52
	2026	16,760,000.00	3,951,612.52
	2027	14,880,000.00	3,113,612.52
	2028	10,195,000.00	2,369,612.52
	2029-2033	12,745,000.00	8,639,462.60
	2034-2038	13,215,000.00	5,729,312.52
	2039-2043	14,245,000.00	3,060,000.00
	2044-2045	6,530,000.00	394,400.00
		<u>\$ 119,750,000.00</u>	<u>\$ 37,519,237.72</u>
Series 2015B	2024	\$ 7,230,000.00	\$ 3,059,803.78
	2025	7,450,000.00	2,844,277.48
	2026	7,675,000.00	2,613,253.00
	2027	7,915,000.00	2,365,273.70
	2028	8,170,000.00	2,097,667.60
	2029-2033	34,725,000.00	5,867,628.16
	2034-2038	7,160,000.00	1,272,722.52
	2039-2043	2,365,000.00	545,875.78
	2044-2045	1,095,000.00	70,718.16
		<u>\$ 83,785,000.00</u>	<u>\$ 20,737,220.18</u>

**UNAUDITED**

**The Texas State University System  
Schedule 2C  
Debt Service Requirements  
For the Year Ended August 31, 2023**

<b>Description</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
Series 2017A	2024	\$ 22,995,000.00	\$ 13,069,250.00
	2025	23,795,000.00	11,919,500.00
	2026	24,985,000.00	10,729,750.00
	2027	26,240,000.00	9,480,500.00
	2028	27,545,000.00	8,168,500.00
	2029-2033	109,915,000.00	20,899,500.00
	2034-2036	25,910,000.00	2,633,000.00
		<u>\$ 261,385,000.00</u>	<u>\$ 76,900,000.00</u>
Series 2017B	2024	\$ 1,180,000.00	\$ 846,375.62
	2025	1,260,000.00	811,624.62
	2026	1,340,000.00	772,854.42
	2027	1,425,000.00	730,148.62
	2028	1,515,000.00	683,451.36
	2029-2033	9,115,000.00	2,521,764.00
	2034-2038	6,950,000.00	575,788.50
		<u>\$ 22,785,000.00</u>	<u>\$ 6,942,007.14</u>
Series 2019A	2024	\$ 6,690,000.00	\$ 6,014,150.00
	2025	7,015,000.00	5,679,650.00
	2026	7,375,000.00	5,328,900.00
	2027	7,745,000.00	4,960,150.00
	2028	8,125,000.00	4,572,900.00
	2029-2033	45,410,000.00	16,502,000.00
	2034-2038	45,235,000.00	5,590,500.00
	2039	8,005,000.00	240,150.00
		<u>\$ 135,600,000.00</u>	<u>\$ 48,888,400.00</u>
Series 2019B	2024	\$ 9,845,000.00	\$ 3,465,265.48
	2025	10,060,000.00	3,258,225.16
	2026	10,280,000.00	3,031,774.52
	2027	9,790,000.00	2,790,091.66
	2028	10,025,000.00	2,548,474.46
	2029-2033	42,510,000.00	8,894,583.40
	2034-2038	28,900,000.00	3,797,229.62
	2039-2040	5,770,000.00	280,387.26
		<u>\$ 127,180,000.00</u>	<u>\$ 28,066,031.56</u>

**UNAUDITED**

**The Texas State University System  
Schedule 2C  
Debt Service Requirements  
For the Year Ended August 31, 2023**

<b>Description</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
Series 2021A	2024	\$ 2,155,000.00	\$ 2,637,920.00
	2025	2,265,000.00	2,530,170.00
	2026	2,375,000.00	2,416,920.00
	2027	2,500,000.00	2,298,170.00
	2028	2,620,000.00	2,173,170.00
	2029-2033	15,170,000.00	8,796,700.00
	2034-2038	18,290,000.00	5,678,400.00
	2039-2043	15,470,000.00	3,089,330.00
	2044-2048	13,395,000.00	1,560,222.50
	2049-2050	5,785,000.00	195,975.00
		<u>\$ 80,025,000.00</u>	<u>\$ 31,376,977.50</u>
Series 2021B	2024	\$ 520,000.00	\$ 708,513.22
	2025	525,000.00	704,296.02
	2026	530,000.00	699,250.76
	2027	540,000.00	692,943.76
	2028	545,000.00	685,707.76
	2029-2033	2,875,000.00	3,287,895.30
	2034-2038	13,515,000.00	2,638,136.80
	2039-2042	11,585,000.00	682,022.28
		<u>\$ 30,635,000.00</u>	<u>\$ 10,098,765.90</u>

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**The Texas State University System  
Schedule 2D  
Analysis of Funds Available for Debt Service  
For the Year Ended August 31, 2023**

Description of Issues	Pledged and Other Sources and Related Expenditures for the Year			
	Net Available for Debt Service			
	Total	Operating Expenses		
	Pledged and	Expenditures and	Debt Service	
	Other Sources	Capital Outlay	Principal	Interest
Revenue Financing System Bonds				
The Texas State University System				
Series 2013			3,360,000.00	168,000.00
Series 2014			2,700,000.00	1,750,275.00
Series 2015A			14,490,000.00	6,235,112.52
Series 2015B			7,030,000.00	3,258,823.06
Series 2017A			21,905,000.00	14,164,500.00
Series 2017B			1,115,000.00	877,205.36
Series 2019A			6,370,000.00	6,332,650.00
Series 2019B			8,035,000.00	3,629,420.56
Series 2021A			2,055,000.00	2,740,670.00
Series 2021B			520,000.00	711,747.62
Total	\$ 840,566,100.22	\$ 655,490,402.98	\$ 67,580,000.00	\$ 39,868,404.12

**UNAUDITED**

**The Texas State University System  
Schedule 2E  
Defeased Bonds Outstanding  
For the Year Ended August 31, 2023**

<b>Description of Issues</b>	<b>Year Refunded</b>	<b>Par Value Outstanding</b>
Revenue Financing System Revenue Bonds The Texas State University System		
Series 2014	2021	30,105,000.00
Total Defeased Bonds		\$ 30,105,000.00

**UNAUDITED**

**The Texas State University System  
Schedule 2F  
Early Extinguishment and Refunding  
For the Year Ended August 31, 2023**

<b>Description of</b>	<b>Category</b>	<b>Amount Extinguished or Refunded</b>	<b>Refunding Issue Par Value</b>	<b>Cash Flow Increase (Decrease)</b>	<b>Economic Gain/ (Loss)</b>
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Revenue Financing System Revenue Bonds  
The Texas State University System

No bonds were refunded in the fiscal year ended August 31, 2023.



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**The Texas State University System  
Schedule 3  
Reconciliation of Cash in the State Treasury  
For the Year Ended August 31, 2023**

<b>Fund No.</b>	<b>Fund Name</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
0256	Local Revenue Fund; General Revenue - Dedicated	\$ 15,594,221.29	\$ -	\$ 15,594,221.29
0259	Local Revenue Fund; General Revenue - Dedicated	13,189,641.95	-	13,189,641.95
0260	Local Revenue Fund; General Revenue - Dedicated	33,292,900.30	-	33,292,900.30
0262	Local Revenue Fund; General Revenue - Dedicated	2,064,324.66	-	2,064,324.66
0285	Local Revenue Fund; General Revenue - Dedicated	3,961,448.37	-	3,961,448.37
0286	Local Revenue Fund; General Revenue - Dedicated	5,083,928.73	-	5,083,928.73
0287	Local Revenue Fund; General Revenue - Dedicated	5,405,480.22	-	5,405,480.22
0325	Coronavirus Relief Fund	-	999,539.22	999,539.22
0581	Law Enforcement Management Institute	1,986,060.86	-	1,986,060.86
8070	Funds Held for Others	1,726,376.18	-	1,726,376.18
<b>Total Cash in State Treasury</b>		<b>\$ 82,304,382.56</b>	<b>\$ 999,539.22</b>	<b>\$ 83,303,921.78</b>

**UNAUDITED**

**The Texas State University System**

# **Fiduciary Financial Statements**

**UNAUDITED****The Texas State University System  
Statement of Fiduciary Net Position  
For the Year Ended August 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash and Cash Equivalents:		
Cash in Bank (Note 3)	3,047,309.79	2,704,238.00
Accounts	90,325.26	120,976.55
Other	-	966.16
Prepaid Items	-	2,500.00
<b>Total Assets</b>	<b>\$ 3,137,635.05</b>	<b>\$ 2,828,680.71</b>
<b>Liabilities</b>		
Payables from:		
Accounts Payable	\$ 215,780.68	\$ 193,671.72
Unearned Revenues	701,124.00	544,653.00
Other Liabilities	1,158.10	51,428.78
<b>Total Liabilities</b>	<b>\$ 918,062.78</b>	<b>\$ 789,753.50</b>
<b>Net Position</b>		
Fiduciary Net Position	\$ 2,219,572.27	\$ 2,038,927.21
<b>Total Net Position</b>	<b>\$ 2,219,572.27</b>	<b>\$ 2,038,927.21</b>

**UNAUDITED**

**The Texas State University System  
Statement of Changes in Fiduciary Net Position  
For the Year Ended August 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>Additions:</b>		
Contributions:		
Other Contributions	\$ 32,244,785.67	\$ 29,564,113.91
Total Contributions	\$ 32,244,785.67	\$ 29,564,113.91
From Investing Activities:		
Interest, Dividend and Other	\$ 5,142.88	\$ 3,287.33
Total Net Investment Income	\$ 5,142.88	\$ 3,287.33
Other Additions:		
Other Revenue	\$ 32,863.68	\$ 56,657.67
Total Other Additions	\$ 32,863.68	\$ 56,657.67
<b>Total Additions</b>	<b>\$ 32,282,792.23</b>	<b>\$ 29,624,058.91</b>
<b>Deductions:</b>		
Administrative Expenses	\$ 398,102.23	\$ 376,482.64
Other Expenses	31,704,044.94	29,023,980.44
<b>Total Deductions</b>	<b>\$ 32,102,147.17</b>	<b>\$ 29,400,463.08</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 180,645.06</b>	<b>\$ 223,595.83</b>
<b>Net Position:</b>		
Total Net Position, September 1	\$ 2,038,927.21	\$ 1,815,331.38
Restatements	-	-
Total Net Position, September 1 as Restated	\$ 2,038,927.21	\$ 1,815,331.38
<b>Total Net Position, August 31</b>	<b>\$ 2,219,572.27</b>	<b>\$ 2,038,927.21</b>

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**The Texas State University System**

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**The Texas State University System**

**Discretely Presented Component Unit  
Financial Statements**

**UNAUDITED**

**The Texas State University System  
Discretely Presented Component Units Statement of Net Position  
For the Year Ended August 31, 2023**

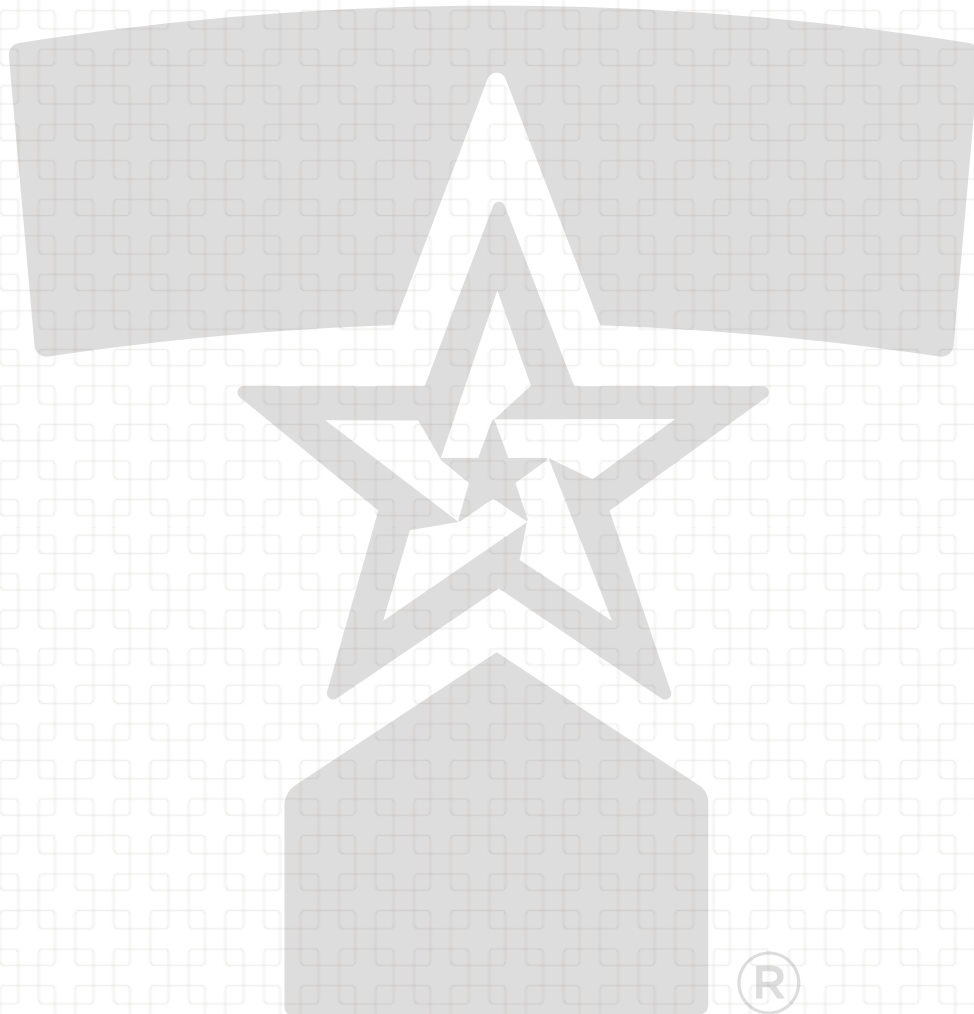
	<b>Texas State University Development Foundation</b>	<b>Emmett and Miriam McCoy College of Business Development Foundation</b>
<b>Assets</b>		
Cash and Cash Equivalents:		
Cash in Bank	\$ 1,718,317.07	\$ 383,371.11
Cash Equivalents	-	1,499,127.07
Total Current Assets	<u>\$ 1,718,317.07</u>	<u>\$ 1,882,498.18</u>
Noncurrent Assets		
Restricted:		
Investments	\$ 113,235,296.37	\$ 63,852,458.59
Gifts/Pledges	1,652,302.18	-
Total Noncurrent Assets	<u>\$ 114,887,598.55</u>	<u>\$ 63,852,458.59</u>
<b>Total Assets</b>	<u><u>\$ 116,605,915.62</u></u>	<u><u>\$ 65,734,956.77</u></u>
<b>Liabilities</b>		
Current Liabilities:		
Payables from:		
Accounts Payable	\$ 1,453,385.21	\$ -
Annuities	30,346.34	-
Other Intergovernmental	1,131,310.05	-
Total Current Liabilities	<u>\$ 2,615,041.60</u>	<u>\$ -</u>
Noncurrent Liabilities		
Annuities Payable	\$ 253,626.22	\$ -
Total Non-Current Liabilities	<u>\$ 253,626.22</u>	<u>\$ -</u>
<b>Total Liabilities</b>	<u><u>\$ 2,868,667.82</u></u>	<u><u>\$ -</u></u>
<b>Net Position</b>		
Restricted for:		
Funds Held as Permanent Investments:		
Nonexpendable:		
Endowment Funds	\$ 77,065,063.00	\$ 47,572,562.00
Expendable:		
Endowment Funds	35,379,224.41	\$ 18,162,394.77
Unrestricted	1,292,960.39	-
<b>Total Net Position</b>	<u><u>\$ 113,737,247.80</u></u>	<u><u>\$ 65,734,956.77</u></u>

**UNAUDITED**

**The Texas State University System  
Discretely Presented Component Units Statement of Changes  
in Revenues, Expenses and Changes in Net Position  
For the Year Ended August 31, 2023**

	<b>Texas State University Development Foundation</b>	<b>Emmett and Miriam McCoy College of Business Development Foundation</b>
<b>Operating Expenses:</b>		
Academic Programs	\$ 1,959,685.57	\$ -
Scholarships and Fellowships	2,675,465.50	1,511,014.18
Administrative Expenses:		
Salaries and Wages	-	185,029.85
Professional Fees	1,059,811.11	151,093.36
Travel	-	14,123.94
Materials and Supplies	15,676.64	2,300.85
Fundraising Activities	224,934.23	-
Other Operating Expenses	21,415.55	25,162.45
Total Operating Expenses	<u>\$ 5,956,988.60</u>	<u>\$ 1,888,724.63</u>
<b>Operating Income (Loss)</b>	<b>\$ (5,956,988.60)</b>	<b>\$ (1,888,724.63)</b>
<b>Nonoperating Revenues (Expenses):</b>		
Gifts, Pledges, and Donations	\$ 1,386,580.91	\$ -
Investment Income	11,992,192.24	5,190,738.10
Total Nonoperating Revenues (Expenses)	<u>\$ 13,378,773.15</u>	<u>\$ 5,190,738.10</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	\$ 7,421,784.55	\$ 3,302,013.47
<b>Other Revenues, Expenses, Gains, Losses, and Transfers</b>		
Additions to Permanent and Term Endowments	\$ 1,432,431.04	\$ 1,187,692.54
Total Revenues, Expenses, Gains, Losses, and Transfers	<u>\$ 1,432,431.04</u>	<u>\$ 1,187,692.54</u>
<b>Change in Net Position</b>	<b>\$ 8,854,215.59</b>	<b>\$ 4,489,706.01</b>
Total Net Position, September 1	\$ 104,883,032.21	\$ 61,245,250.76
Restatements	-	-
Total Net Position, September 1 as Restated	<u>\$ 104,883,032.21</u>	<u>\$ 61,245,250.76</u>
<b>Total Net Position, August 31</b>	<u><u>\$ 113,737,247.80</u></u>	<u><u>\$ 65,734,956.77</u></u>





THE TEXAS  STATE UNIVERSITY SYSTEM.

601 Colorado Street  
Austin, TX 78701