

COMBINED
**ANNUAL
FINANCIAL
REPORT**

For the Year Ended August 31, 2024





November 19, 2024

Honorable Greg Abbott
Governor of Texas

Honorable Glenn Hegar
Texas Comptroller of Public Accounts

Mr. Jerry McGinty
Executive Director, Legislative Budget Board

Ms. Lisa R. Collier, CPA, CFE, CIDA
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, 2024, 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 *Annual Comprehensive Financial Report (ACFR)*; 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, 2024**

Board of Regents

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

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

Combined Financial Statements

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**The Texas State University System
Combined Statement of Net Position
For the Year Ended August 31, 2024**

	2024	2023
Assets		
Current Assets:		
Cash and Cash Equivalents:		
Cash on Hand (Including Petty Cash)	\$ 93,021.79	\$ 121,214.78
Cash in Bank (Note 3)	41,770,141.82	31,629,086.08
Cash in Transit/Reimb Due From Treasury	1,586,209.41	2,187,144.37
Cash in State Treasury (Schedule 3)	78,112,826.39	82,304,382.56
Cash Equivalents (Note 3)	604,855,878.41	432,174,442.24
Short Term Investments (Note 3)	100,000,000.00	-
Restricted:		
Cash and Cash Equivalents:		
Cash on Hand	160.00	160.00
Cash in Bank (Note 3)	9,057,365.49	1,450,461.85
Cash in State Treasury (Schedule 3)	3,392.36	999,539.22
Cash Equivalents (Note 3)	262,778,042.00	75,301,001.66
Short Term Investments (Note 3)	13,452,553.76	12,528,281.62
Legislative Appropriations	203,403,298.66	202,707,678.02
Receivables:		
Federal	41,815,313.36	45,576,005.00
Other Intergovernmental	4,598,789.76	1,481,660.76
Interest	1,216,054.35	1,988,643.59
Accounts – Tuition	190,340,639.46	173,889,958.45
Allowance Accounts – Tuition	(30,140,167.98)	(28,882,125.52)
Accounts – Other Revenue (Note 24)	23,767,518.17	8,091,887.60
Gifts/Pledges	1,586,277.37	2,095,275.99
Leases Receivable (Note 8)	164,446.09	207,574.49
Other (Note 24)	14,268,553.50	10,384,621.31
Due From Other Agencies (Note 12)	6,234,170.56	6,546,257.89
Due From Discretely Presented Component Units	1,137,309.58	1,131,310.05
Consumable Inventories	1,505,941.66	1,445,030.30
Merchandise Inventories	452,650.05	462,979.24
Prepaid Items	92,347,973.36	79,260,712.23
Loans and Contracts	32,501,135.63	33,102,005.54
Allowance – Loans & Contracts	(5,840,794.38)	(6,535,759.53)
Other Current Assets	25,339,288.84	21,597,653.43
Total Current Assets	\$ 1,716,407,989.47	\$ 1,193,247,083.22

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**The Texas State University System
Combined Statement of Net Position
For the Year Ended August 31, 2024**

	2024	2023
Noncurrent Assets		
Restricted:		
Cash and Cash Equivalents:		
Cash in Bank (Note 3)	\$ 2,493,209.77	\$ 2,425,597.28
Cash Equivalents (Note 3)	12,967,249.21	15,879,901.43
Investments (Note 3)	287,638,786.85	250,068,670.17
Receivables	461,123.98	391,943.38
Leases Receivable (Note 8)	2,442,107.37	2,606,553.47
Loans and Contracts	75,292.36	90,345.61
Investments (Note 3)	382,172,069.01	546,739,548.41
Receivables:		
Gifts/Pledges	9,923,968.32	9,043,869.99
Capital Assets: (Note 2)		
Non-Depreciable or Non-Amortizable:		
Land and Land Improvements	154,432,781.83	135,700,075.09
Construction in Progress	358,651,144.93	271,760,277.49
Other Capital Assets	20,106,912.19	18,349,493.00
Depreciable or Amortizable:		
Building and Building Improvements	3,277,188,380.63	2,960,551,247.34
Less Accumulated Depreciation	(1,576,233,581.22)	(1,467,482,515.84)
Infrastructure	158,492,629.73	156,097,131.29
Less Accumulated Depreciation	(87,470,396.41)	(83,026,742.48)
Facilities and Other Improvements	280,311,507.86	279,129,099.89
Less Accumulated Depreciation	(163,421,374.14)	(152,162,956.14)
Furniture and Equipment	228,374,696.21	214,508,245.78
Less Accumulated Depreciation	(170,887,770.20)	(163,874,257.99)
Vehicles, Boats, and Aircraft	36,558,051.77	26,646,229.97
Less Accumulated Depreciation	(20,266,302.83)	(18,756,849.02)
Computer Software – Intangible	36,887,657.33	36,755,667.33
Less Accumulated Amortization	(35,903,656.33)	(35,462,127.93)
Other Capital Assets	153,171,739.60	149,432,135.19
Less Accumulated Depreciation	(99,604,939.72)	(93,889,648.04)
Right to Use Assets: (Note 2)		
Amortizable:		
Land	148,210.47	148,210.47
Less Accumulated Amortization	(39,102.48)	(26,068.32)
Building and Building Improvements	12,024,636.81	8,897,444.99
Less Accumulated Amortization	(4,117,055.23)	(4,975,702.05)
Subscription Software	15,692,153.60	4,605,767.28
Less Accumulated Amortization	(4,675,898.34)	(1,426,690.47)
Public-Private/Public-Public Partnerships (Note 27)	1,398,670.00	1,398,670.00
Total Noncurrent Assets	\$ 3,268,992,902.93	\$ 3,070,142,566.57
Total Assets	\$ 4,985,400,892.40	\$ 4,263,389,649.79

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**The Texas State University System
Combined Statement of Net Position
For the Year Ended August 31, 2024**

	2024	2023
Deferred Outflows of Resources		
Unamortized Loss on Refunding Debt (Note 28)	\$ 2,046,883.43	\$ 2,456,260.11
Deferred Outflow of Resources - Pension (Note 9, 28)	125,246,016.00	119,718,522.00
Deferred Outflow of Resources - OPEB (Note 10, 28)	22,307,148.00	113,115,844.00
	\$ 149,600,047.43	\$ 235,290,626.11
 Liabilities		
Current Liabilities:		
Payables from:		
Accounts Payable	\$ 123,495,171.71	\$ 98,022,970.02
Payroll Payable	49,497,681.95	45,825,998.96
Federal	-	10,053,864.00
Interest Payable	18,965,304.12	14,628,990.03
Due to Other Agencies (Note 12)	1,805,175.19	1,839,128.91
Unearned Revenues	511,523,263.37	489,232,346.93
Short Term Debt (Note 4)	14,248,000.00	159,358,000.00
Net OPEB Liability (Note 5, 11)	22,926,808.00	21,776,284.00
Employees' Compensable Leave (Note 5)	17,164,890.54	15,722,593.62
Right to Use Lease Obligations (Note 5, 8)	2,189,833.95	956,996.03
Right to Use Subscription Obligations (Note 5, 8)	3,796,402.73	1,434,809.40
Revenue Bonds Payable (Note 5, 6)	97,380,000.00	68,650,000.00
Unamortized Premiums on Rev Bonds (Note 5, 6)	7,598,045.35	6,223,335.55
Funds Held for Others	8,590,841.50	5,712,378.36
Other Current Liabilities	2,828,396.98	3,552,924.02
Total Current Liabilities	\$ 882,009,815.39	\$ 942,990,619.83
Noncurrent Liabilities		
Right to Use Lease Obligations (Note 5, 8)	\$ 4,936,031.97	\$ 3,495,362.43
Right to Use Subscription Obligations (Note 5, 8)	6,001,596.19	1,640,372.08
Employees' Compensable Leave (Note 5)	17,372,702.39	15,651,983.45
Revenue Bonds Payable (Note 5, 6)	1,307,375,000.00	825,735,000.00
Unamortized Premiums on Rev Bonds (Note 5, 6)	130,530,614.48	91,725,900.17
Net OPEB Liability (Note 5, 11)	521,214,900.00	548,229,324.00
Net Pension Liability (Note 5, 9)	288,561,809.00	240,249,000.00
Other Non-Current Liabilities	267,937.51	262,825.38
Total Non-Current Liabilities	\$ 2,276,260,591.54	\$ 1,726,989,767.51
 Total Liabilities	\$ 3,158,270,406.93	\$ 2,669,980,387.34

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**The Texas State University System
Combined Statement of Net Position
For the Year Ended August 31, 2024**

	2024	2023
Deferred Inflows of Resources		
Public-Private/Public-Public Partnerships (Note 27, 28)	\$ 1,279,634.26	\$ 1,339,152.13
Unamortized Gain on Refunding Debt (Note 28)	6,190,175.70	4,185,464.57
Deferred Inflows of Resources - Leases (Note 8, 28)	2,510,299.48	2,798,310.60
Deferred Inflow of Resources - Pension (Note 9, 28)	49,571,082.00	68,236,581.00
Deferred Inflow of Resources - OPEB (Note 10, 28)	203,111,156.00	226,381,009.00
	Total Deferred Inflows of Resources	Total Deferred Inflows of Resources
	\$ 262,662,347.44	\$ 302,940,517.30
 Net Position		
Net Investment in Capital Assets	\$ 991,221,609.12	\$ 1,080,548,486.71
Restricted for:		
Debt Retirement	-	42,082,882.84
Capital Projects	265,108,087.37	49,893,590.72
Other	87,137,555.19	83,799,326.29
Funds Held as Permanent Investments:		
Nonexpendable:		
Endowment Funds	176,667,317.06	170,553,409.18
Expendable:		
Endowment Funds	127,834,793.31	94,455,717.69
Unrestricted	\$ 66,098,823.41	\$ 4,425,957.83
	Total Net Position	Total Net Position
	\$ 1,714,068,185.46	\$ 1,525,759,371.26

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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, 2024**

	2024	2023
Operating Revenues:		
Tuition and Fees – Pledged	\$ 903,525,828.27	\$ 861,647,828.07
Tuition and Fees – Discounts/Allowances	(288,056,348.97)	(253,765,234.36)
Auxiliary Enterprise – Pledged	219,854,667.49	183,559,372.07
Auxiliary Enterprise – Discounts/Allowances	(14,420,450.06)	(12,410,606.79)
Other Sales of Goods and Svcs – Pledged	25,482,826.98	21,092,162.37
Federal Revenue	79,879,309.03	72,672,634.09
Federal Pass Through Revenue	11,575,425.29	14,377,596.87
State Grant Revenue	6,746,623.01	8,403,088.30
State Grant Pass Through Revenue	77,556,754.90	64,477,484.32
Other Contract and Grants – Non-Pledged	15,591,460.79	10,987,463.92
Other Operating Revenues – Pledged	9,990,761.25	11,289,547.09
Total Operating Revenues	\$ 1,047,726,857.98	\$ 982,331,335.95
Operating Expenses:		
Instruction	\$ 461,290,801.05	\$ 455,519,829.66
Research	187,835,574.29	159,615,171.32
Public Service	28,608,642.73	32,177,054.10
Hospitals and Clinics	1,146,102.76	1,163,934.83
Academic Support	194,824,117.93	179,844,777.63
Student Services	100,846,495.68	95,562,556.99
Institutional Support	141,743,856.72	141,851,402.30
Operation and Maintenance of Plant	108,242,357.79	111,416,045.22
Scholarships and Fellowships	183,648,406.39	169,363,861.14
Auxiliary	211,527,404.89	198,908,616.27
Depreciation & Amortization	156,694,744.19	149,046,028.18
Total Operating Expenses	\$ 1,776,408,504.42	\$ 1,694,469,277.64
Operating Income (Loss)	\$ (728,681,646.44)	\$ (712,137,941.69)
Nonoperating Revenues (Expenses):		
Legislative Revenue (GR)	\$ 399,179,625.00	\$ 331,037,189.00
Additional Appropriations (GR)	86,465,479.59	77,100,487.26
Federal Revenue	177,320,747.51	171,402,755.84
Federal Pass Through Revenue	-	765,180.31
State Pass Through Revenue	408,937.50	2,800,000.00
Gifts – Pledged	2,295,555.81	2,499,412.09
Gifts – Non-Pledged	44,324,402.53	49,258,092.81
Investment Income – Non-Pledged	21,597,356.81	11,716,904.64
Investment Income – Pledged	36,615,530.32	14,737,398.74

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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, 2024**

	2024	2023
Interest Income - Leases Receivable	59,959.46	56,659.09
Investing Activities Expenses	(44,932.56)	(31,292.08)
Gain/Loss Sale Capital Assets	(760,557.75)	(3,350,993.97)
Net Increase (Decrease) Fair Value – Pledged	13,332,250.17	8,140,482.54
Net Increase (Decrease) Fair Value – Non-Pledged	57,715,293.91	39,797,650.66
Judgments and Settlements	2,509,934.75	378,171.40
Settlement of Claims	(473,946.12)	-
Interest Expenses and Fiscal Charges	(41,275,987.09)	(36,140,378.17)
Other Nonoperating Revenues – Non-Pledged	1,174,602.21	42,670,671.84
Other Nonoperating Revenues – Pledged	847,104.89	3,775,738.50
Other Nonoperating Expenses	(9,225,883.89)	(2,674,651.73)
Total Nonoperating Revenues (Expenses)	\$ 792,065,473.05	\$ 713,939,478.77
Income (Loss) before Capital Contributions, Endowments and Transfers	\$ 63,383,826.61	\$ 1,801,537.08
Capital Contributions, Endowments and Transfers		
Capital Appropriations (HEF)	\$ 80,216,971.00	\$ 77,867,711.00
Additions to Permanent and Term Endowments	3,512,626.70	7,949,926.80
Interagency Transfer Cap Assets – Increase (Note 12)	-	9,999.00
Transfers-In (Note 12)	2,073,968.41	4,297,663.70
Transfers-Out (Note 12)	(1,021,303.04)	(270,914.32)
Legislative Transfer-In (Note 12)	38,150,547.00	2,131,461.00
Legislative Appropriations Lapsed	1,370,247.49	(1,901,966.37)
Total Capital Contributions, Endowments and Transfers	\$ 124,303,057.56	\$ 90,083,880.81
Change in Net Position	\$ 187,686,884.17	\$ 91,885,417.89
Total Net Position, September 1	\$ 1,525,759,371.26	\$ 1,433,253,044.62
Restatements	621,930.03	620,908.75
Total Net Position, September 1 as Restated	\$ 1,526,381,301.29	\$ 1,433,873,953.37
Total Net Position, August 31	\$ 1,714,068,185.46	\$ 1,525,759,371.26

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**The Texas State University System
Combined Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2024**

For the Year Ended August 31, 2024

Operating Expenses	Instruction	Research	Public Service	Hospitals and Clinics	Academic Support
Cost of Goods Sold	\$ 958.50	\$ -	\$ (34,447.12)	\$ -	\$ 3,756.54
Salaries and Wages	298,266,913.83	108,059,376.18	11,993,201.36	306,239.94	87,698,550.79
Payroll Related Costs	98,888,959.08	21,767,280.33	3,728,569.77	112,770.42	23,342,843.30
Professional Fees and Services	7,095,389.34	24,769,701.33	2,280,534.95	79,137.02	31,425,907.91
Federal Pass-Through Expense	-	1,510,575.81	-	-	-
State Pass-Through Expense	-	222,831.24	-	-	-
Travel	8,169,648.60	4,249,019.18	886,160.90	-	2,354,684.87
Materials and Supplies	17,076,105.72	11,333,034.49	2,612,769.35	313,806.13	28,107,692.54
Communications and Utilities	851,869.53	694,483.52	227,320.72	78,772.14	3,648,964.98
Repairs and Maintenance	1,442,079.42	656,429.42	571,125.02	93,852.65	4,330,224.00
Rentals and Leases	766,932.13	251,996.54	1,017,157.18	1,097.88	1,309,596.17
Printing and Reproduction	611,709.84	1,285,477.90	49,034.55	248.00	286,889.91
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	3,824,824.39	-	104,937.30	25,223.69	394,251.29
Interest	13,033.82	7,999.02	117.84	46,921.00	164,540.33
Scholarships	0.00	(0.00)	-	-	-
Claims and Judgments	-	-	-	-	-
Net OPEB Expense	11,877,739.93	4,836,563.17	736,641.65	29,510.91	5,016,510.62
Net Pension Expense	6,869,269.11	2,797,136.01	426,022.95	17,067.08	2,901,205.25
Other Operating Expenses	5,535,367.81	5,393,670.15	4,009,496.31	41,455.90	3,838,499.43
Total Operating Expenses	\$ 461,290,801.05	\$ 187,835,574.29	\$ 28,608,642.73	\$ 1,146,102.76	\$ 194,824,117.93

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**The Texas State University System
Combined Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2024**

Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
\$ 6,729.27	\$ -	\$ 26.42	\$ -	\$ 181,302.21	\$ -	\$ 158,325.82
53,407,741.96	74,735,021.34	35,226,899.55	1,649,192.58	52,369,162.63	-	723,712,300.16
16,468,853.48	22,255,948.28	12,565,779.58	2,379.23	14,836,956.20	-	213,970,339.67
6,447,278.10	5,789,749.98	10,972,682.92	597,017.00	14,492,871.34	-	103,950,269.89
33,566.39	-	-	-	-	-	1,544,142.20
-	-	-	-	-	-	222,831.24
1,832,442.54	1,317,391.59	81,748.26	-	10,333,426.54	-	29,224,522.48
11,410,348.27	11,247,038.48	6,651,789.38	984.88	74,050,073.65	-	162,803,642.89
1,897,436.71	5,330,571.94	23,048,256.74	-	13,488,613.41	-	49,266,289.69
512,466.04	1,616,826.28	11,504,026.83	-	9,499,416.37	-	30,226,446.03
568,505.28	748,095.15	552,716.22	3,000.00	1,859,441.21	-	7,078,537.76
724,516.19	356,335.43	48,499.13	-	573,771.91	-	3,936,482.86
-	-	-	-	-	156,694,744.19	156,694,744.19
292,726.53	238,957.62	526.93	98,623.75	2,998,447.23	-	7,978,518.73
260.29	195,984.55	103,648.42	-	2.44	-	532,507.71
-	-	-	173,622,879.18	-	-	173,622,879.18
-	278,078.44	-	-	37,609.66	-	315,688.10
2,596,688.35	3,649,751.22	2,787,123.81	4,728,748.12	5,446,602.22	-	41,705,880.00
1,501,746.22	2,110,765.48	1,611,881.02	2,734,783.18	3,149,940.70	-	24,119,817.00
3,145,190.06	11,873,340.94	3,086,752.58	210,798.47	8,209,767.17	-	45,344,338.82
\$100,846,495.68	\$ 141,743,856.72	\$ 108,242,357.79	\$ 183,648,406.39	\$ 211,527,404.89	\$ 156,694,744.19	\$ 1,776,408,504.42

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**The Texas State University System
Combined Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2024**

For the Year Ended August 31, 2023

Operating Expenses	Instruction	Research	Public Service	Hospitals and Clinics	Academic Support
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	(0.00)	(0.00)	-	-	0.00
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
Total Operating Expenses	\$ 455,519,829.66	\$ 159,615,171.32	\$ 32,177,054.10	\$ 1,163,934.83	\$ 179,844,777.63

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**The Texas State University System
Combined Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2024**

Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
\$ 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
(0.00)	-	-	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
\$ 95,562,556.99	\$ 141,851,402.30	\$ 111,416,045.22	\$ 169,363,861.14	\$ 198,908,616.27	\$ 149,046,028.18	\$ 1,694,469,277.64

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**The Texas State University System
Combined Statement of Cash Flows
For the Year Ended August 31, 2024**

	2024	2023
Cash Flows from Operating Activities		
Receipts from Customers	\$ 6,091,694.55	\$ 12,230,363.90
Proceeds from Tuition and Fees	565,872,283.52	588,963,165.03
Proceeds from Research Grants and Contracts	194,789,896.55	157,017,075.92
Proceeds from Loan Programs	4,225,126.57	2,154,131.78
Proceeds from Auxiliaries	205,834,998.21	173,630,859.68
Proceeds from Other Operating Revenues	21,003,254.31	20,206,152.09
Payments to Suppliers for Goods and Services	(403,770,137.16)	(368,129,241.44)
Payments to Employees for Salaries	(722,760,414.74)	(668,995,990.76)
Payments to Employees for Benefits	(141,578,881.86)	(147,826,200.22)
Payments for Loans Provided	(11,272,915.29)	(3,128,151.83)
Payments for Other Operating Expenses	(167,682,999.27)	(159,354,367.26)
Net Cash Provided by Operating Activities	\$ (449,248,094.61)	\$ (393,232,203.11)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	\$ 543,555,556.60	\$ 417,041,229.81
Proceeds from Gifts	46,821,393.76	47,849,223.11
Proceeds from Endowments	2,256,342.57	6,326,569.35
Proceeds of Transfers from Other Funds	2,585,709.96	8,839,127.23
Proceeds from Grant Receipts	178,678,654.54	165,233,963.16
Proceeds from Other Noncapital Financing Activities	4,111,540.23	46,694,474.46
Payments for Transfers to Other Funds	(2,041,417.39)	(5,339,994.00)
Payments for Grant Disbursements	(26,987.49)	-
Payments for Other Noncapital Financing Uses	(8,524,640.03)	(2,131,144.84)
Net Cash Provided by Noncapital Financing Activities	\$ 767,416,152.75	\$ 684,513,448.28
Cash Flows from Capital and Related Financing Activities		
Proceeds from the Sale of Capital Assets	\$ 178,053.59	\$ 116,553.41
Proceeds from Debt Issuance	1,559,211,492.45	736,291,000.00
Proceeds from Other Capital and Related Financing Activities	10,152,123.06	1,418,083.06
Payments for Additions to Capital Assets	(482,373,046.12)	(205,309,313.11)
Payments of Principal on Debt	(1,147,548,732.79)	(734,802,000.00)
Payments for Leases	(1,843,451.34)	(2,123,034.65)
Payments of Interest on Debt Issuance	(40,833,787.46)	(43,442,713.36)
Net Cash Provided by Capital and Related Financing Activities	\$ (103,057,348.61)	\$ (247,851,424.65)

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**The Texas State University System
Combined Statement of Cash Flows
For the Year Ended August 31, 2024**

	2024	2023
Cash Flow from Investing Activities		
Proceeds from Sales of Investments	\$ 190,883,760.23	\$ 92,684,932.06
Proceeds from Interest Income	67,402,833.60	38,573,765.22
Proceeds from Investment Income	7,497,734.74	5,453,349.50
Payments to Acquire Investments	(111,650,472.92)	(191,967,299.66)
Net Cash Provided by Investing Activities	\$ 154,133,855.65	\$ (55,255,252.88)
 Net Increase (Decrease) in Cash and Cash Equivalents	 \$ 369,244,565.18	 \$ (11,825,432.36)
 Cash and Cash Equivalents, September 1	 \$ 644,472,931.47	 \$ 656,298,363.83
Restatements to Beginning Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, September 1 - Restated	\$ 644,472,931.47	\$ 656,298,363.83
Cash and Cash Equivalents, August 31	\$ 1,013,717,496.65	\$ 644,472,931.47
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (728,681,646.44)	\$ (712,137,941.69)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Amortization and Depreciation	156,694,744.19	149,046,028.18
Bad Debt Expense	7,978,518.73	2,208,166.15
Pension and OPEB Expense	93,579,297.00	115,766,397.00
On-Behalf Benefit Payments	61,481,104.01	53,851,432.91
Operating Income (Loss) and Cash Flow Categories: Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(42,810,344.39)	(22,765,797.03)
(Increase) Decrease in Due from Other Funds	120,074.27	(180,500.65)
(Increase) Decrease in Inventories	(50,582.17)	271,645.45
(Increase) Decrease in Prepaid Expenses	(8,291,831.59)	(9,397,858.65)
(Increase) Decrease in Notes Receivable	1,383,321.22	(2,461,192.34)
(Increase) Decrease in Loans & Contracts	(1,660,725.48)	(264,506.51)
(Increase) Decrease in Other Assets	(3,746,202.72)	42,366.48

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**The Texas State University System
Combined Statement of Cash Flows
For the Year Ended August 31, 2024**

	2024	2023
(Increase) Decrease in Deferred Outflows of Resources - Pensions	(5,527,494.00)	(21,202,562.00)
(Increase) Decrease in Deferred Outflows of Resources - OPEB	90,808,696.00	140,467,135.00
Increase (Decrease) in Payables	12,050,882.67	22,393,535.65
Increase (Decrease) in Deposits	197.94	(79,697.47)
Increase (Decrease) in Due to Other Funds	283,707.19	(812,353.24)
Increase (Decrease) in Unearned Revenue	22,290,916.44	32,733,766.35
Increase (Decrease) in Compensated Absence Liability	2,645,729.70	1,619,955.22
Increase (Decrease) in Benefits Payable	2,572,688.68	1,832,766.13
Increase (Decrease) in Liabilities to Employees for Defined Benefit Pensions	550,605.00	105,549,701.00
Increase (Decrease) in Liabilities to Employees for Defined Benefit OPEB	(71,650,055.00)	(232,720,992.00)
Increase (Decrease) in Deferred Inflows of Resources - Pensions	(18,665,499.00)	(105,603,185.00)
Increase (Decrease) in Deferred Inflows of Resources - OPEB	(23,269,853.00)	88,194,273.00
Increase (Decrease) in Other Liabilities	2,665,656.14	417,214.95
Total Adjustments	\$ 279,433,551.83	\$ 318,905,738.58
Net Cash Provided by Operating Activities	\$ (449,248,094.61)	\$ (393,232,203.11)

Non Cash Transactions

Donation of Capital Assets	\$ 5,114,586.37	\$ 460,172.00
Net Change in Fair Value of Investments	\$ 71,047,544.08	\$ 47,938,133.20
Borrowing Under Lease Purchase	\$ 11,719,170.70	\$ 294,840.06
Gain on Sale of Capital Assets	\$ 24,565.99	\$ -
Loss on Sale of Capital Assets	\$ (886,846.06)	\$ (3,457,700.60)
Interagency Transfer Out	\$ 36.63	\$ 25.70
In Kind Gifts	\$ 4,814,097.77	\$ 4,004,602.57

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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, 2024

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.

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

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

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

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*.

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**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024**

TSUS's capitalization thresholds are:

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

<u>Asset Category</u>	<u>Useful Life</u>
Furniture and Equipment	4-15 years
Purchased and Internally Developed Software	5 years
Vehicles	5-10 years
Other Tangible Assets	10 years
TERM Land Use Rights	10 years
Buildings, Infrastructure and Facilities	10-30 years
Other Assets	15 years
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.

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

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.

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

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, 2024

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, 2024

COVID-19 Response

TSUS received funding to address the COVID-19 pandemic under various legislation beginning in fiscal year 2020. 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.

In the fiscal year ended August 31, 2024, TSUS earned \$964,234.77 from such programs. No unearned amounts remain.

New Accounting Pronouncements

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

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* is effective for 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.

Upcoming Accounting Pronouncements

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.

GASB Statement No. 102, *Certain Risk Disclosures*, will be implemented in fiscal year 2025. The standard assesses whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact, requires a government to assess when an event or events associated with a concentration or constraint could cause the substantial impact, and discloses actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be implemented in fiscal year 2026. The standard limits MD&A to topics in five sections, requires inflows and outflows related to unusual or infrequent items, updates presentation of proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position to include a subtotal for operating income (loss) and noncapital subsidies, updates presentation of each major component unit separately in the reporting agency's statement of net position and statement of activities, and updates presentation of budgetary comparison information using a single method of communication—RSI.

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**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024**

NOTE 2: Capital Assets

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

	Balance 09/01/2023	Adjustments	Completed CIP
Non-depreciable Assets			
Land and Land Improvements	\$ 135,700,075.09	\$ 28,621.52	\$ 0.00
Construction in Progress	271,760,277.49	122,067.36	(176,281,096.58)
Other Intangible Capital Assets	18,349,493.00	0.00	0.00
Total Non-depreciable Assets	<u>\$ 425,809,845.58</u>	<u>\$ 150,688.88</u>	<u>\$(176,281,096.58)</u>
Depreciable Assets			
Building and Building Improvements	\$ 2,960,551,247.34	\$ 0.00	\$ 172,537,327.11
Infrastructure	156,097,131.29	0.00	595,439.07
Facilities and Other Improvements	279,129,099.89	0.00	1,174,750.38
Furniture and Equipment	214,508,245.78	113,017.58	1,973,580.02
Vehicles, Boats, and Aircraft	26,646,229.97	0.00	0.00
Other Capital Assets	149,432,135.19	26,381.44	0.00
Total Depreciable Assets	<u>\$ 3,786,364,089.46</u>	<u>\$ 139,399.02</u>	<u>\$ 176,281,096.58</u>
Accumulated Depreciation			
Building and Building Improvements	\$(1,467,482,515.84)	\$ 0.00	\$ 0.00
Infrastructure	(83,026,742.48)	0.00	0.00
Facilities and Other Improvements	(152,162,956.14)	0.00	0.00
Furniture and Equipment	(163,874,257.99)	(15,462.26)	0.00
Vehicles, Boats, and Aircraft	(18,756,849.02)	5,192.44	0.00
Other Capital Assets	(93,889,648.04)	(1,700.16)	0.00
Total Accumulated Depreciation	<u>\$(1,979,192,969.51)</u>	<u>\$ (11,969.98)</u>	<u>\$ 0.00</u>
Amortizable Assets – Intangible			
Computer Software	\$ 36,755,667.33	\$ 0.00	\$ 0.00
Total Amortizable Assets – Intangible	<u>\$ 36,755,667.33</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Accumulated Amortization			
Computer Software	\$ (35,462,127.93)	\$ 0.00	\$ 0.00
Total Accumulated Amortizable	<u>\$ (35,462,127.93)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Capital Assets, Net	<u>\$ 2,234,274,504.93</u>	<u>\$ 278,117.92</u>	<u>\$ 0.00</u>
Amortizable Assets–Intangible Right to Use			
Building and Building Improvements	\$ 8,897,444.99	\$ 0.00	\$ 0.00
Land and Land Improvements	148,210.47	0.00	0.00
Subscriptions	4,605,767.28	0.00	0.00
Total Amortizable Assets–Intangible Right to Use	<u>\$ 13,651,422.74</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Accumulated Amortization–Intangible Right to Use			
Building and Building Improvements	\$ (4,975,702.05)	\$ 0.00	\$ 0.00
Land and Land Improvements	(26,068.32)	0.00	0.00
Subscriptions	(1,426,690.47)	0.00	0.00
Total Accumulated Amortization–Intangible Right to Use	<u>\$ (6,428,460.84)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Intangible Right to Use Assets, Net	<u>\$ 7,222,961.90</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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**The Texas State University System
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For the Year Ended August 31, 2024**

Interagency Transfer-in	Interagency Transfer-out	Additions	Deletions	Balance 08/31/2024
\$ 0.00	\$ 0.00	\$ 18,704,889.25	\$ (804.03)	\$ 154,432,781.83
0.00	0.00	263,734,428.39	(684,531.73)	358,651,144.93
0.00	0.00	1,757,419.19	0.00	20,106,912.19
\$ 0.00	\$ 0.00	\$ 284,196,736.83	\$ (685,335.76)	\$ 533,190,838.95
\$ 0.00	\$ 0.00	\$ 144,677,459.37	\$ (577,635.19)	\$ 3,277,188,380.63
0.00	0.00	1,800,059.37	0.00	158,492,629.73
0.00	0.00	7,657.59	0.00	280,311,507.86
0.00	0.00	20,907,488.02	(9,127,635.19)	228,374,696.21
0.00	0.00	10,757,071.84	(845,250.04)	36,558,051.77
0.00	0.00	4,987,311.64	(1,274,088.67)	153,171,739.60
\$ 0.00	\$ 0.00	\$ 183,137,047.83	\$ (11,824,627.09)	\$ 4,134,097,005.80
\$ 0.00	\$ 0.00	\$ (109,299,835.91)	\$ 548,770.53	\$(1,576,233,581.22)
0.00	0.00	(4,443,653.93)	0.00	(87,470,396.41)
0.00	0.00	(11,258,418.00)	0.00	(163,421,374.14)
0.00	0.00	(16,021,393.63)	9,023,343.68	(170,887,770.20)
0.00	0.00	(2,333,955.21)	819,308.96	(20,266,302.83)
0.00	0.00	(6,987,680.19)	1,274,088.67	(99,604,939.72)
\$ 0.00	\$ 0.00	\$ (150,344,936.87)	\$ 11,665,511.84	\$(2,117,884,364.52)
\$ 0.00	\$ 0.00	\$ 273,990.00	\$ (142,000.00)	\$ 36,887,657.33
\$ 0.00	\$ 0.00	\$ 273,990.00	\$ (142,000.00)	\$ 36,887,657.33
\$ 0.00	\$ 0.00	\$ (583,528.40)	\$ 142,000.00	\$ (35,903,656.33)
\$ 0.00	\$ 0.00	\$ (583,528.40)	\$ 142,000.00	\$ (35,903,656.33)
\$ 0.00	\$ 0.00	\$ 316,679,309.39	\$ 316,679,309.39	\$ 2,550,387,481.23
\$ 0.00	\$ 0.00	\$ 6,612,063.44	\$ (3,484,871.62)	\$ 12,024,636.81
0.00	0.00	0.00	0.00	148,210.47
0.00	0.00	11,086,386.32	0.00	15,692,153.60
\$ 0.00	\$ 0.00	\$ 17,698,449.76	\$ (3,484,871.62)	\$ 27,865,000.88
\$ 0.00	\$ 0.00	\$ (2,504,036.89)	\$ 3,362,683.71	\$ (4,117,055.23)
0.00	0.00	(13,034.16)	0.00	(39,102.48)
0.00	0.00	(3,249,207.87)	0.00	(4,675,898.34)
\$ 0.00	\$ 0.00	\$ (5,766,278.92)	\$ 3,362,683.71	\$ (8,832,056.05)
\$ 0.00	\$ 0.00	\$ 11,932,170.84	\$ (122,187.91)	\$ 19,032,944.83

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**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024**

NOTE 3: Deposits, Investments, & Repurchase Agreements

Deposits of Cash in Banks

As of August 31, 2024, actual bank balances totaled \$68,589,788.34. The carrying value is presented below.

Proprietary Funds:

Current Assets – Cash in Bank	\$ 41,770,141.82
Current Restricted Assets – Cash in Bank	9,057,365.49
Noncurrent Restricted Assets – Cash in Bank	<u>2,493,209.77</u>
Cash in Bank per Combined Statement of Net Position	<u>\$ 53,320,717.08</u>

Fiduciary Funds:

Current Assets – Cash in Bank	<u>\$ 7,890,276.08</u>
Cash in Bank per Statement of Fiduciary Net Position	<u>\$ 7,890,276.08</u>

Discretely Presented Component Units:

Current Assets – Cash in Bank:	
Texas State University Development Foundation	\$ 2,402,619.92
Emmett and Miriam McCoy College of Business Development Foundation	<u>402,739.84</u>
Cash in Bank per Discretely Presented Component Units Statement of Net Position	<u>\$ 2,805,359.76</u>

Custodial Credit Risk for Deposits

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

As of August 31, 2024, 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, 2024

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, 2024**

As of August 31, 2024, investments of Proprietary Funds, at fair market value, consisted of the following:

	Value at 08/31/2024	Fair Value Measurements			NAV
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
U.S. Government:					
U.S. Treasury Securities	\$ 1,153,877.25	\$ 1,153,877.25	\$ -	\$ -	\$ -
U.S. Government Agency Obligations	79,660.70	79,660.70	-	-	-
Corporate Obligations	1,477,561.72	1,477,561.72	-	-	-
Corporate Asset and Mortgage Backed Securities	1,513,797.90	1,513,797.90	-	-	-
Equity	97,492,623.96	97,492,623.96	-	-	-
International Obligations (Govt and Corp)	159,472.99	159,472.99	-	-	-
International Equity	90,571,214.47	90,571,214.47	-	-	-
Domestic Mutual Funds	101,054,862.77	101,054,862.77	-	-	-
International Mutual Funds	115,156,407.01	115,156,407.01	-	-	-
Fixed Income Money Market and Bond Mutual Fund	118,845,226.73	118,820,602.16	-	-	24,624.57
Other Commingled Funds	24,906,162.51	17,684,431.42	-	-	7,221,731.09
Externally Managed Investments - Domestic	109,892,929.94	-	-	109,892,929.94	-
Externally Managed Investments – International	28,160,992.01	-	-	28,160,992.01	-
Miscellaneous	100,020,350.75	100,020,350.75	-	-	-
Total Investments	\$ 790,485,140.71	\$645,184,863.10	\$ -	\$ 138,053,921.95	\$ 7,246,355.66

Total Cash Equivalents Reported at Net Asset Value

Other Commingled Funds – TexPool	\$873,379,438.53
Total Cash Equivalents	\$873,379,438.53

Total Investments and Cash Equivalents	\$1,663,864,579.24
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Proprietary Funds:

Current Unrestricted Assets - Cash Equivalents	\$ 604,855,878.41
Current Restricted Assets - Cash Equivalents	262,778,042.00
Current Unrestricted Assets - Short Term Investments	100,000,000.00
Current Restricted Assets - Short Term Investments	13,452,553.76
Noncurrent Restricted Assets - Cash Equivalents	12,967,249.21
Noncurrent Restricted Assets - Investments	287,638,786.85
Noncurrent Assets – Investments	382,172,069.01
Total per Combined Statement of Net Position	\$1,663,864,579.24

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**The Texas State University System
Notes to the Combined Financial Statements
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As of August 31, 2024, investments of Discretely Presented Components Units, at fair market value, consisted of the following:

	Value at 08/31/2024	Fair Value Measurements			NAV
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Equity	\$ 1,051,253.80	\$ 1,051,253.80	\$ -	\$ -	\$ -
Domestic Mutual Funds	26,872,790.73	26,872,790.73	-	-	-
International Mutual Funds	16,784,447.41	16,784,447.41	-	-	-
Fixed Income Money Market and Bond Mutual Fund	138,487,682.73	138,487,682.73	-	-	-
Other Commingled Funds	15,014,212.24	13,364,188.41	-	-	1,650,023.83
Externally Managed Investments – Domestic	4,034,990.23	-	-	4,034,990.23	-
Total Investments	\$ 202,245,377.14	\$ 196,560,363.08	\$ -	\$ 4,034,990.23	\$ 1,650,023.83

Discretely Presented Component Units:

Current Unrestricted Assets - Cash Equivalents	\$ 1,826,857.76
Noncurrent Restricted Assets - Investments	200,418,519.38
Total per Statement of Net Position	\$ 202,245,377.14

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 \$48,305,749 of future funding to various private investments as of August 31, 2024. 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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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

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	\$ 54,816.75
	A	568,329.96
	BBB	790,163.17
	BB	4,186.33
	B	364.31
	NR	59,701.20
Corporate Asset and Mortgage-Backed Securities	AAA	314,415.82
	AA	22,555.59
	A	30,881.48
	BBB	119,135.88
	BB	152,288.07
	B	125,493.84
	NR	749,027.22
International Obligations (Govt and Corp)	AA	6,183.85
	A	64,052.47
	BBB	87,218.62
	NR	2,018.05
Fixed Income Money Market and Bond Mutual Funds	AAA	55,643,414.30
	AA	6,254,365.28
	A	20,728,524.84
	BBB	27,425,754.38
	BB	1,370,637.92
	B	1,054,662.12
	NR	9,295,356.69
Externally Managed Investments	NR	5,842,005.93

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**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024**

	Tc vpi	Co qwpv
Miscellaneous	AAA	100,311,649.97
	AA	8,765.54
	A	2,880.11
	BBB	1,853.29
	BB	37.57
	NR	19,748.24
Vqwn		8453.332.6: : 0;

At year-end, the Discretely Presented Components Units credit quality ratings for securities with credit risk exposure were:

	Tc vpi	Co qwpv
Fixed Income Money Market and Bond Mutual Funds	AAA"	\$126,742,096.50
	AA	2,477,313.91
	A	1,888,302.21
	BBB	3,083,649.49
	BB	3,239,654.34
	NR	1,056,756.28
Externally Managed Investments	NR	4,034,990.23
Vqwn		8364.744.8940 8"

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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. The TSUS investment policy requires that the TSUS investment custodian hold all investments in the name of TSUS.

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The Texas University Fund (TUF) was established in November 2023 when Texas voters approved a constitutional amendment placed on the ballot by legislation passed by the 88th Regular Session of the Texas Legislature. The approved constitutional amendment created a nearly \$4 billion endowment, held outside of the state treasury by the Comptroller of Public Accounts and invested by the Texas Treasury Safekeeping Trust Company under the prudent investor standard. TSUS member institution Texas State University was recognized as one of four eligible institutions. Eligibility criteria for other institutions to become TUF eligible institutions are also defined.

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

Annually, the TUF may receive appropriations in an amount equal to the interest income, dividends, and investment earnings attributable to the Economic Stabilization Fund for the preceding state fiscal year, with the annual appropriations capped at \$100 million for state fiscal year 2024 and indexed for any increases in inflation thereafter. The TUF therefore consists of funds appropriated or transferred to the credit of the TUF, gifts and grants contributed to the TUF, and the interest and other earnings attributable to the investment of money in the TUF. The TUF may also receive additional appropriations should there be additions of TUF eligible institutions.

For fiscal year 2024, TUF eligible institutions received general revenue in lieu of a distribution from the TUF. Texas State University's appropriation of \$22,354,263 was recorded as a Legislative Transfer In for fiscal year 2024. In future years, each eligible institution is expected to receive a distribution from the TUF. The TUF investment policy directs that "annual distributions calculations are computed at up to 4.5% of the 12-quarter moving-average of the Fund as of August 31st, subject to prudent adjustments as set forth herein. To the extent distributions are paid during the initial three years of the Fund's existence, the moving-average will reflect actual quarters until 12 full quarters are realized and adjusted accordingly thereafter."

The allocation of the annual distribution to eligible institutions is determined through a two-tiered calculation, with a base tier comprising 75% of the allocation and a performance tier comprising the remaining 25% of the allocation. The base tier is weighted between two funding levels while the performance tier is allocated using three-year averages of federal and private research expenditures (85%) and research doctoral degrees awarded (15%).

TUF holdings are not reflected in the financial statements of TSUS as the holdings are reported by the Texas Treasury Safekeeping Trust Company. The net position of the TUF at August 31, 2024 was \$4,216,437,242. Texas State University's reportable share of the TUF endowment, calculated in accordance with Texas Administrative Code, is \$527,054,655.

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 Supplemental Resolution authorized the issuance of Commercial Paper Notes by the Texas State University System in an aggregate principal amount outstanding not to exceed \$240,000,000 at any one time 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.

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**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024**

On February 22, 2024, the Board of Regents, Texas State University System adopted the Twenty-Ninth Supplemental Resolution to the Master Resolution. The Twenty-Ninth Supplemental Resolution increased the allowable aggregate principal amount outstanding at any one time to an amount not to exceed \$350,000,000.

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 issued during the fiscal year had maturities ranging from 4 to 85 days, with interest rates ranging from 3.50% to 4.10%. The following changes occurred in short-term debt during the fiscal year:

	Balance 09/01/23	Increases	Decreases	Balance 08/31/24
Extendable Commercial Paper	\$159,358,000.00	\$900,803,000.00	\$1,045,913,000.00	\$14,248,000.00

NOTE 5: Summary of Long-Term Liabilities

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

	Balance 09/01/2023	Additions	Reductions	Balance 08/31/2024	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds	\$894,385,000.00	\$609,425,000.00	\$99,055,000.00	\$1,404,755,000.00	\$97,380,000.00	\$1,307,375,000.00
Unamortized Bond Premiums	97,949,235.72	48,983,492.45	8,804,068.34	138,128,659.83	7,598,045.35	130,530,614.48
Compensable Leave	31,374,577.07	6,874,748.01	3,711,732.15	34,537,592.93	17,164,890.54	17,372,702.39
Right to Use Lease Obligations	4,452,358.46	6,774,704.36	4,101,196.90	7,125,865.92	2,189,833.95	4,936,031.97
Right to Use Subscription Obligations	3,075,181.48	11,086,386.31	4,363,568.87	9,797,998.92	3,796,402.73	6,001,596.19
Net Pension Liability	240,249,000.00	69,906,476.00	21,593,667.00	288,561,809.00	0.00	288,561,809.00
Net OPEB Liability	570,005,608.00	94,731,712.00	120,595,612.00	544,141,708.00	22,926,808.00	521,214,900.00
Totals	\$1,841,490,960.73	\$847,782,519.13	\$262,224,845.26	\$2,427,048,634.60	\$151,055,980.57	\$2,275,992,654.03

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

	Balance 09/01/2023	Additions	Reductions	Balance 08/31/2024	Amounts Due Within One Year	Amounts Due Thereafter
Annuities Payable	\$283,972.56	\$31,746.34	\$40,382.29	\$275,336.61	\$31,746.34	\$243,590.27

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

Revenue Bonds Payable

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

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	\$ 97,380,000.00	\$ 55,350,697.90	\$ 152,730,697.90
2026	95,725,000.00	58,117,790.24	153,842,790.24
2027	95,925,000.00	53,784,115.30	149,709,115.30
2028	97,910,000.00	49,408,208.72	147,318,208.72
2029	94,215,000.00	45,023,973.48	139,238,973.48
2030-2034	414,670,000.00	160,978,933.66	575,648,933.66
2035-2039	216,800,000.00	88,570,908.24	305,370,908.24
2040-2044	125,885,000.00	53,274,782.82	179,159,782.82
2045-2049	82,430,000.00	30,638,718.80	113,068,718.80
2050-2054	83,815,000.00	13,240,162.50	97,055,162.50
Total	\$1,404,755,000.00	\$608,388,291.66	\$2,013,143,291.66

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

Employees' Compensable Leave

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

Claims and Judgments

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

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.

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

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
- (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.

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**The Texas State University System
Notes to the Combined Financial Statements
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The following outstanding bonds have been issued utilizing the Revenue Financing System:

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

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**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024**

Bonds	Purpose	Revenue Source for Debt Service	Issue Date	Interest Rates	Amount Issued
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
Revenue and Refunding Bonds, Series 2024	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 (CCAP)	06/11/2024	4.00% - 5.25%	\$609,425,000

Defeased Bonds

A portion of the proceeds from Revenue and Refunding Bonds, Series 2024 issued on June 11, 2024, were used to refund a portion of Revenue and Refunding Bonds, Series 2014. Revenue and Refunding Bonds, Series 2024 bonds were issued at a par value of \$28,425,000.00 along with a premium of \$2,412,502.80. \$30,705,812.54, representing the proceeds net of cost of issuance, were placed into an irrevocable trust with an escrow agent to provide for all future debt service on \$30,405,000.00 in principal of Revenue and Refunding Bonds, Series 2014 and the liability has been removed from the Statement of Net Position.

The refunding resulted in an economic gain of \$2,231,134.94, representing the net present value of the decrease in cash flows required to service the new debt. An accounting gain of \$2,279,920.25 was realized as the net carrying amount of \$32,985,732.79 exceeded the reacquisition price of \$30,705,812.54.

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).

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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	\$ 2,013,143,291.66
Term of Commitment Year Ending 8/31	2054
Percentage of Pledged Revenue	100%
Current Year Pledged Revenue	\$ 909,467,726.15
Current Year Principal and Interest Paid	\$ 105,577,165.62

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.

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**The Texas State University System
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Current year principal and interest payments related to the lease liability were \$3,808,984.60 and \$185,427.18 respectively for the year. Future minimum lease payments at fiscal year-end are:

Years	Principal	Interest	Total Payments
2025	\$ 2,189,833.95	\$ 166,801.21	\$ 2,356,635.16
2026	1,147,354.09	115,962.36	1,263,316.45
2027	912,529.27	90,289.93	1,002,819.20
2028	808,767.12	66,971.51	875,738.63
2029	824,670.60	42,680.93	867,351.53
2030-2032	1,242,710.89	22,990.99	1,265,701.88
Total	\$ 7,125,865.92	\$ 505,696.93	\$ 7,631,562.85

Current year principal and interest receipts related to the lease receivable were \$207,574.49 and \$59,959.47 respectively for the year. Future minimum lease receipts at fiscal year-end are:

Years	Principal	Interest	Total Payments
2025	\$ 164,446.09	\$ 53,709.06	\$ 218,155.15
2026	169,625.56	48,878.42	218,503.98
2027	157,883.54	44,052.39	201,935.93
2028	132,397.34	40,723.16	173,120.50
2029	139,197.78	37,654.97	176,852.75
2030-2034	665,016.89	148,492.78	813,509.67
2035-2039	739,490.60	79,989.40	819,480.00
2040-2042	438,495.66	12,218.34	450,714.00
Total	\$ 2,606,553.46	\$ 465,718.52	\$ 3,072,271.98

Current year amortization related to the deferred inflow of resources was \$288,013.02. Future amortization at year end is:

Years	Annual Amortization	Balance
2025	\$ 202,622.02	\$ 2,307,677.46
2026	202,622.02	2,105,055.44
2027	184,331.41	1,920,724.03
2028	147,749.86	1,772,974.17
2029	147,749.86	1,625,224.31
2030-2034	639,424.39	985,799.92
2035-2039	635,999.90	349,800.02
2040-2042	349,800.02	-
Total	\$ 2,510,299.48	

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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 established a materiality threshold for SBITAs at \$100,000 when GASB 96 was adopted. The State of Texas also determined that all GASB 96 agreements in effect at implementation should be treated as having starting September 1, 2022.

Current year principal and interest payments related to the subscription liability were \$4,363,568.87 and \$283,371.07 respectively for the year. Future minimum lease payments at fiscal year-end are:

Years	Principal	Interest	Total Payments
2025	\$ 3,796,402.73	\$ 303,847.49	\$ 4,100,250.22
2026	2,112,115.38	207,989.83	2,320,105.21
2027	2,234,595.88	109,767.81	2,344,363.69
2028	1,124,400.71	44,136.86	1,168,537.57
2029	349,458.85	18,292.32	367,751.17
2030	181,025.37	3,714.81	184,740.18
Total	\$ 9,797,998.92	\$ 687,749.12	\$ 10,485,748.04

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.

Audited Annual Comprehensive Financial Report (ACFR) for Teacher Retirement System may be obtained by accessing their website at www.trs.texas.gov and searching for financial reports.

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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).

Contribution requirements are established or amended pursuant to *Article 16, Section 67* of the *Texas Constitution*, which requires the Legislature to establish a member contribution rate of not less than 6.00% of the member's annual compensation and a state contribution rate of not less than 6.00% and not more than 10.00% of the aggregate annual compensation paid to members of the System during the year. Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

During the measurement period of 2023 for fiscal 2024 reporting, the amount of TSUS's contributions recognized by the plan was \$21,593,668. 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 8.00% and 8.00% respectively.

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2023 measurement date.

Actuarial Valuation Date	August 31, 2022 rolled forward to August 31, 2023
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 2023	4.13% *
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."

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

The actuarial valuation was performed as of Aug. 31, 2022. Update procedures were used to roll forward the total pension liability to Aug. 31, 2023. 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 actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the Net Pension Liability of TRS. In addition, the Legislature also provided for a cost-of-living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023. Otherwise, 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 9.50% of payroll in fiscal year 2024 gradually increasing to 9.56% in fiscal year 2025 and thereafter. 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.

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.

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

Asset Class*	Target Allocation**	Long-Term Expected Geometric Real Rate of Return***
Global Equity		
U.S.	18.00%	4.60%
Non-U.S. Developed	13.00%	4.50%
Emerging Markets	9.00%	4.80%
Private Equity	14.00%	7.00%
Stable Value		
U.S. Treasury	16.00%	2.50%
Absolute Return		3.60%
Stable Value Hedge Funds	5.00%	4.10%
Real Return		
Real Assets	15.00%	4.90%
Energy, Natural Resources and Infrastructure	6.00%	4.80%
Commodities		4.40%
Risk Parity		
Risk Parity	8.00%	4.50%
Asset Allocation Leverage Cash	2.00%	3.70%
Asset Allocation Leverage	<u>(6.00)%</u>	4.40%
Total	<u>100.00%</u>	

* Absolute return include credit sensitive investments.

** Target allocations are based on fiscal year 2023 policy model.

*** Capital Market assumptions come from Aon Hewitt (as of 06/30/2023)

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

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

<u>1% Decrease (6.00%)</u>	<u>Current Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$ 431,415,885	\$ 288,561,809	\$169,778,568

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.

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More detailed information on the plan’s investment policy, assets, and fiduciary net position, may be obtained from TRS’ fiscal 2023 ACFR.

At August 31, 2024, TSUS reported a liability of \$288,561,809 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2023, 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, 2024 was 0.4201% percent which was an increase from the 0.4047% 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, 2022 through August 31, 2023.

For the year ending August 31, 2024, TSUS recognized pension expense of \$24,119,817. At August 31, 2024, TSUS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,281,555	\$ 3,494,167
Changes of assumptions	27,292,294	6,679,046
Net difference between projected and actual investment return	41,992,474	-
Change in proportion and contribution difference	20,520,135	39,397,869
Contributions subsequent to the measurement date	25,159,285	-
Total	\$125,246,016	\$49,571,082

The \$25,159,285 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:

Year ended August 31,	Expense
2025	\$ 8,309,259
2026	(890,934)
2027	31,406,808
2028	9,791,420
2029	1,899,096
Thereafter	-
Total	\$ 50,515,649

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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	\$10,327,418
Employer contributions	\$11,634,562
Total	<u>\$21,961,980</u>

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

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.

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

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.

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

During the measurement period of 2023 for fiscal 2024 reporting, the amount of TSUS's contributions recognized by the plan was \$60,736,315. TSUS does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer

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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, 2023 measurement date.

Actuarial Methods and Assumptions

	SRHP
Actuarial Valuation Date	August 31, 2023
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	3.81% *
Inflation	2.30%
Salary Increase	2.30% to 8.95%, including inflation
HealthSelect	5.60% for FY 2025, 5.30% for FY 2026, 5.00% for FY 2027, 4.75% for FY 2028, 4.60% for FY 2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2032 and later years
HealthSelect Medicare Advantage	16.40% for FY 2025, 8.40% for FY 2026, 5.00% for FY 2027, 4.75% for FY 2028, 4.60% for FY 2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2032 and later years
Pharmacy	10.00% for FY 2025 and FY 2026, decreasing 100 basis points per year to 5.00% for FY 2031, and 4.30% for FY 2032 and later years
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	
Active Members	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

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

Higher Education Members	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
Service Retirees, Survivors and Other Inactive Members	members with Ultimate MP-2019 Projection Scale from the year 2010
Disabled Retirees	
Active Members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021
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:

- 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.
- e. The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee have been updated to reflect recent plan experience and expected trends; and
- f. The discount rate was changed from 3.59% as of August 31, 2022 to 3.81% as of August 31, 2023 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 3.81% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 3.59%. Projected cash flows into the plan are equal to projected benefit

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**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024**

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 investment rate of return used to calculate the projected earnings on OPEB plan investments was 3.59%.

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

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

1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$631,398	\$544,142	\$473,959

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

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

1% Decrease HS/HSMA/Pharmacy: 4.60/15.40/9.00 % decreasing to 3.30%	Current Healthcare Cost Trend Rates HS/HSMA/Pharmacy: 5.60/16.40/10.00 % decreasing to 4.30%	1% Increase HS/HSMA/Pharmacy: 6.60/17.40/11.00 % decreasing to 5.30%
\$468,038	\$544,142	\$640,794

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 2023 ACFR.

At August 31, 2024, TSUS reported a liability of \$544,141,708 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of August 31,

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**The Texas State University System
Notes to the Combined Financial Statements
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2023, 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, 2023 was 2.0366 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, 2022 through August 31, 2023.

For the year ended August 31, 2024, TSUS recognized OPEB expense of \$41,705,880. At August 31, 2024, TSUS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 14,392,839
Changes of assumptions	18,151,976	169,942,705
Net difference between projected and actual investment return	43,960	-
Effect of change in proportion and contribution difference	-	18,775,612
Contributions subsequent to the measurement date	4,111,212	-
Total	\$ 22,307,148	\$203,111,156

The \$4,111,212 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, 2025.

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:

	\$
2025	(56,679,606)
2026	(50,496,402)
2027	(44,000,677)
2028	(28,887,605)
2029	(4,850,930)
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.

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The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024

NOTE 13: Continuance Subject to Review

TSUS is not subject to the Texas Sunset Act.

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, 2023 as Previously Reported		\$1,525,759,371.26
Adjustments related to capital and right to use asset balances	\$272,518.86	
Adjustments related to prior year payroll costs	<u>349,411.17</u>	
Total Restatement		<u>621,930.03</u>
Net Position, September 1, 2023 as Restated		<u>\$1,526,381,301.29</u>

NOTE 15: Contingencies and Commitments

Claims and Judgements

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.

Federal Assistance

TSUS member institutions receive federal grants for specific purposes that are subject to review or audit. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Any such disallowances is unlikely to have a material effect on TSUS.

Arbitrage Rebate Liability

Internal Revenue Code Section 148 may require earnings on investments of the proceeds of a bond issue exceeding the yield on the bond issue to be rebated to the U.S. Treasury. TSUS monitors potential arbitrage liability and records such liability should it be determinable. For the current reporting period, no liability has be recorded.

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**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024**

Capital Commitments

TSUS continuously constructs new facilities and upgrades existing facilities. At fiscal year-end, TSUS had approximately \$1.5 billion in active construction projects at various stages of completion.

Private Investment Commitments

TSUS has made capital commitments to limited partnerships or general partners for private equity, debt, and real asset investments. At August 31, 2024, TSUS had committed \$98,750,000 to private investments. A total of \$48,305,749 was unfunded.

NOTE 16: Subsequent Events

On November 13, 2024, the TSUS Revenue Financing System (RFS) redeemed the outstanding balance of Tax-Exempt Commercial Paper Notes totaling \$14,428,000.00 and issued \$21,258,000.00 in Tax-Exempt Commercial Paper Notes. The additional \$7,010,000 was issued to finance capital projects at TSUS member institutions.

NOTE 17: Risk Management

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

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

Fiscal Year	Beginning Balance	Additions	Reductions	Ending Balance
2024	\$0.00	\$315,688.10	\$315,688.10	\$0.00
2023	\$0.00	\$1,132,693.29	\$1,132,693.29	\$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.

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

NOTE 19: The Financial Reporting Entity

Component Units

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

Texas State University has the following blended component units:

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

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

Separate financial statements may be obtained by contacting Texas State University, Director of Financial Reporting and Accounting, 601 University Drive, JCK 549, San Marcos, TX 78666-4684 or *financialreporting@txstate.edu*.

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 Financial Reporting and Accounting, 601 University Drive, JCK 549, San Marcos, TX 78666-4684 or *financialreporting@txstate.edu*.

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The Texas State University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

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 may be obtained at the following URL: <https://www.ua.txstate.edu/about/development-foundation/Financials/Accountability.html>.

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

Related Organization

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

The Texas State University System Foundation, Inc. was established in 1977 by the Board of Regents to assist the System in gaining private financial support, and to help 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, 2024, the Foundation had net assets of \$7,265,005. The Foundation provided \$120,000 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

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The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024

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:

<u>Donor Restricted Endowment</u>	<u>Net Appreciation</u>
True Endowments – Expendable	\$ 115,351,002.59
Term Endowments – Expendable	4,361,838.53
Total	<u>\$ 119,712,841.12</u>

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

Each 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 \$33,249,596.36 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:

<u>Net Position Category</u>	<u>Increase/(Decrease)</u>	<u>Reason for Change</u>
True Endowments		
Restricted, expendable	\$ 26,911,324.87	Earnings, fair value changes, fees, and distributions
Restricted, non-expendable	\$ 4,390,500.63	Additions to corpus
Term Endowments		
Restricted, expendable	\$ 599,671.38	Earnings, fair value changes, fees, and distributions
Restricted, non-expendable	\$ 723,407.25	Additions to corpus

NOTE 23: Extraordinary and Special Items

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

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The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024

NOTE 24: Disaggregation of Receivable and Payable Balances

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

<u>Description</u>	<u>Amount</u>
Current Assets:	
Receivables:	
Accounts – Other Revenue	\$ 23,767,518.17
Other:	<u>14,268,553.50</u>
Total	<u>\$ 38,036,071.67</u>
Composition:	
Receivables related to grants and sponsored programs	\$ 8,848,403.51
Receivables related to insurance settlements	1,224,688.13
Receivables and advances due from employees	117,365.05
Receivables from affiliated organizations	7,964,327.65
Receivables related to sales and services	15,371,530.00
Receivables related to agreements with vendors	1,962,844.52
Receivables related to various activities	<u>2,546,912.81</u>
Total Other	<u>\$38,036,071.67</u>

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 meet all the criteria to qualify as a service concession arrangement (SCA). The estimated historical cost of the apartments is \$1,398,670. In accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and*

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The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024

Availability Payment Arrangements implemented during fiscal year August 31, 2023, the balance is presented as a non-current PPP asset receivable. 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

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:

Deferred Outflows	
Unamortized Losses on Refunding of Debt	\$ 2,046,883.43
Related to Pension Obligations	125,246,016.00
Related to OPEB Obligations	22,307,148.00
Total Deferred Outflows	<u>\$ 149,600,047.43</u>
Deferred Inflows	
Service Concession Arrangements	\$ 1,279,634.26
Unamortized Gains on Refunding of Debt	6,190,175.70
Related to Leases	2,510,299.48
Related to Pension Obligations	49,571,082.00
Related to OPEB Obligations	203,111,156.00
Total Deferred Inflows	<u>\$ 262,662,347.44</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.

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**The Texas State University System
Notes to the Combined Financial Statements
For the Year Ended August 31, 2024**

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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Combined Supplemental Information

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**The Texas State University System
Schedule 2A
Miscellaneous Bond Information
For the Year Ended August 31, 2024**

Description	Bonds Issued to Date	Range of Interest Rates	Scheduled Maturities		First Call Date
			First Year	Last Year	
Revenue Financing System Bonds					
The Texas State University System					
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	32,200,000	0.35% - 2.77%	2021	2042	03/15/2031
Series 2024	<u>609,425,000</u>	4.00% - 5.25%	2025	2054	03/15/2034
TOTAL	<u><u>\$ 1,911,525,000</u></u>				

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**The Texas State University System
Schedule 2B
Changes in Bonded Indebtedness
For the Year Ended August 31, 2024**

Description	Bonds Outstanding Sep 1, 2023	Bonds Issued	Bonds Matured
Revenue Financing System Bonds			
The Texas State University System			
Series 2014			
Par Value	\$ 33,240,000.00	\$ -	\$ 2,835,000.00
Premium	2,838,806.07	-	258,073.28
Series 2015A			
Par Value	119,750,000.00	-	15,200,000.00
Premium	20,200,499.05	-	918,204.50
Series 2015B	83,785,000.00	-	7,230,000.00
Series 2017A			
Par Value	261,385,000.00	-	22,995,000.00
Premium	43,127,045.27	-	3,317,465.02
Series 2017B	22,785,000.00	-	1,180,000.00
Series 2019A			
Par Value	135,600,000.00	-	6,690,000.00
Premium	21,696,172.96	-	1,356,010.81
Series 2019B	127,180,000.00	-	9,845,000.00
Series 2021A			
Par Value	80,025,000.00	-	2,155,000.00
Premium	10,086,712.37	-	373,581.94
Series 2021B	30,635,000.00	-	520,000.00
Series 2024			
Par Value	-	609,425,000.00	-
Premium	-	48,983,492.45	-
Total	\$ 992,334,235.72	\$ 658,408,492.45	\$ 74,873,335.55

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**The Texas State University System
Schedule 2B
Changes in Bonded Indebtedness
For the Year Ended August 31, 2024**

Bonds Refunded or Extinguished	Bonds Outstanding Aug 31, 2024	Amounts Due Within One Year
\$ 30,405,000.00	\$ -	\$ -
2,580,732.79	-	-
-	104,550,000.00	15,980,000.00
-	19,282,294.55	918,204.50
-	76,555,000.00	7,450,000.00
-	238,390,000.00	23,795,000.00
-	39,809,580.25	3,317,465.02
-	21,605,000.00	1,260,000.00
-	128,910,000.00	7,015,000.00
-	20,340,162.15	1,356,010.81
-	117,335,000.00	10,060,000.00
-	77,870,000.00	2,265,000.00
-	9,713,130.43	373,581.94
-	30,115,000.00	525,000.00
-	609,425,000.00	29,030,000.00
-	48,983,492.45	1,632,783.08
\$ 32,985,732.79	\$ 1,542,883,659.83	\$ 104,978,045.35

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**The Texas State University System
Schedule 2C
Debt Service Requirements
For the Year Ended August 31, 2024**

Description	Year	Principal	Interest
Revenue Financing System Bonds			
The Texas State University System			
Series 2015A	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	2,315,000.00	1,961,812.52
	2030-2034	13,340,000.00	8,049,112.60
	2035-2039	12,935,000.00	5,188,850.00
	2040-2044	14,815,000.00	2,490,200.00
	2045	3,330,000.00	133,200.00
			<u>\$ 104,550,000.00</u>
Series 2015B	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	8,455,000.00	1,809,184.90
	2030-2034	30,240,000.00	4,503,280.90
	2035-2039	3,625,000.00	975,730.68
	2040-2044	2,465,000.00	444,819.34
	2045	560,000.00	23,928.80
			<u>\$ 76,555,000.00</u>

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**The Texas State University System
Schedule 2C
Debt Service Requirements
For the Year Ended August 31, 2024**

<u>Description</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
Series 2017A	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	28,630,000.00	6,791,250.00
	2030-2034	89,505,000.00	15,403,750.00
	2035-2036	17,690,000.00	1,337,500.00
			<u>\$ 238,390,000.00</u>
Series 2017B	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	1,610,000.00	631,380.82
	2030-2034	9,685,000.00	2,172,692.18
	2035-2036	4,770,000.00	293,479.50
			<u>\$ 21,605,000.00</u>
Series 2019A	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	8,300,000.00	4,166,650.00
	2030-2034	47,570,000.00	14,231,500.00
	2035-2039	42,780,000.00	3,934,500.00
			<u>\$ 128,910,000.00</u>
Series 2019B	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	10,275,000.00	2,294,039.96
	2030-2034	38,000,000.00	7,723,487.10
	2035-2039	26,150,000.00	2,864,061.26
	2040	2,755,000.00	90,611.96
		<u>\$ 117,335,000.00</u>	<u>\$ 24,600,766.08</u>

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**The Texas State University System
Schedule 2C
Debt Service Requirements
For the Year Ended August 31, 2024**

Description	Year	Principal	Interest	
Series 2021A	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	2,750,000.00	2,042,170.00	
	2030-2034	15,865,000.00	8,103,150.00	
	2035-2039	18,840,000.00	5,129,700.00	
	2040-2044	14,040,000.00	2,717,030.00	
	2045-2049	13,690,000.00	1,262,765.00	
	2050	2,925,000.00	65,812.50	
			<u>\$ 77,870,000.00</u>	<u>\$ 28,739,057.50</u>
	Series 2021B	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		555,000.00	677,260.26	
2030-2034		2,930,000.00	3,234,835.80	
2035-2039		16,325,000.00	2,321,711.80	
2040-2042		8,165,000.00	374,246.52	
			<u>\$ 30,115,000.00</u>	<u>\$ 9,390,252.68</u>
Series 2024	2025	\$ 29,030,000.00	\$ 22,852,342.10	
	2026	24,405,000.00	28,573,475.02	
	2027	24,890,000.00	27,353,225.04	
	2028	29,170,000.00	26,108,725.02	
	2029	31,325,000.00	24,650,225.02	
	2030-2034	167,535,000.00	97,557,125.08	
	2035-2039	73,685,000.00	66,525,375.00	
	2040-2044	83,645,000.00	47,157,875.00	
	2045-2049	64,850,000.00	29,218,825.00	
	2050-2054	80,890,000.00	13,174,350.00	
			<u>\$ 609,425,000.00</u>	<u>\$ 383,171,542.28</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, 2024**

Description of Issues	Pledged and Other Sources and Related Expenditures for the Year			
	Net Available for Debt Service			
	Total Pledged and Other Sources	Operating Expenses Expenditures and Capital Outlay	Debt Service	
			Principal	Interest
Revenue Financing System Bonds				
The Texas State University System				
Series 2014			\$ 2,835,000.00	\$ 1,615,275.00
Series 2015A			15,200,000.00	5,510,612.52
Series 2015B			7,230,000.00	3,059,803.78
Series 2017A			22,995,000.00	13,069,250.00
Series 2017B			1,180,000.00	846,375.62
Series 2019A			6,690,000.00	6,014,150.00
Series 2019B			9,845,000.00	3,465,265.48
Series 2021A			2,155,000.00	2,637,920.00
Series 2021B			520,000.00	708,513.22
Series 2024			-	-
Total	\$ 909,467,726.15	\$ 902,632,107.88	\$ 68,650,000.00	\$ 36,927,165.62

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**The Texas State University System
Schedule 2E
Defeased Bonds Outstanding
For the Year Ended August 31, 2024**

Description of Issues	Year Refunded	Par Value Outstanding
Revenue Financing System Revenue Bonds The Texas State University System		
Series 2014	2024	<u>\$ 30,405,000.00</u>
Total Defeased Bonds		<u><u>\$ 30,405,000.00</u></u>

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The Texas State University System
Schedule 2F
Early Extinguishment and Refunding
For the Year Ended August 31, 2024

<u>Description of</u>	<u>Category</u>	<u>Amount Extinguished or Refunded</u>	<u>Refunding Issue Par Value</u>	<u>Cash Flow Increase (Decrease)</u>	<u>Economic Gain/ (Loss)</u>
Revenue Financing System Revenue Bonds					
The Texas State University System					
2014	Advance Refunding	\$ 30,405,000.00	\$ 28,425,000.00	\$ (2,633,445.83)	\$ 2,231,134.94
Total		\$ 30,405,000.00	\$ 28,425,000.00	\$ (2,633,445.83)	\$ 2,231,134.94

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The Texas State University System
Schedule 3
Reconciliation of Cash in the State Treasury
For the Year Ended August 31, 2024

Fund No.	Fund Name	Unrestricted	Restricted	Total
0256	Local Revenue Fund; General Revenue - Dedicated	\$ 15,223,992.63	\$ -	\$ 15,223,992.63
0259	Local Revenue Fund; General Revenue - Dedicated	8,925,981.83	-	8,925,981.83
0260	Local Revenue Fund; General Revenue - Dedicated	30,261,480.49	-	30,261,480.49
0262	Local Revenue Fund; General Revenue - Dedicated	760,240.83	-	760,240.83
0285	Local Revenue Fund; General Revenue - Dedicated	5,307,981.95	-	5,307,981.95
0286	Local Revenue Fund; General Revenue - Dedicated	5,980,765.27	-	5,980,765.27
0287	Local Revenue Fund; General Revenue - Dedicated	6,102,593.90	-	6,102,593.90
0325	Coronavirus Relief Fund	-	3,392.36	3,392.36
0581	Law Enforcement Management Institute	3,769,279.70	-	3,769,279.70
5083	Criminal Justice Correctional Management Institue	1,780,509.79	-	1,780,509.79
Total Cash in State Treasury		\$78,112,826.39	\$ 3,392.36	\$ 78,116,218.75

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The Texas State University System

Fiduciary Financial Statements

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**The Texas State University System
Statement of Fiduciary Net Position
For the Year Ended August 31, 2024**

	<u>2024</u>	<u>2023</u>
Assets		
Cash and Cash Equivalents:		
Cash in Bank (Note 3)	\$ 7,890,276.08	\$ 3,047,309.79
Accounts	1,545,796.03	90,325.26
Total Assets	<u>\$ 9,436,072.11</u>	<u>\$ 3,137,635.05</u>
Liabilities		
Payables from:		
Accounts Payable	\$ 3,819,372.83	\$ 215,780.68
Unearned Revenues	1,562,707.47	701,124.00
Other Liabilities	43,184.31	1,158.10
Total Liabilities	<u>\$ 5,425,264.61</u>	<u>\$ 918,062.78</u>
Net Position		
Fiduciary Net Position	<u>\$ 4,010,807.50</u>	<u>\$ 2,219,572.27</u>
Total Net Position	<u>\$ 4,010,807.50</u>	<u>\$ 2,219,572.27</u>

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**The Texas State University System
Statement of Changes in Fiduciary Net Position
For the Year Ended August 31, 2024**

	2024	2023
Additions:		
Contributions:		
Other Contributions	\$ 44,634,275.02	\$ 32,244,785.67
Total Contributions	\$ 44,634,275.02	\$ 32,244,785.67
From Investing Activities:		
Interest, Dividend and Other	\$ 2,047.37	\$ 5,142.88
Total Net Investment Income	\$ 2,047.37	\$ 5,142.88
Other Additions:		
Other Revenue	\$ 25,443.33	\$ 32,863.68
Total Other Additions	\$ 25,443.33	\$ 32,863.68
Total Additions	\$ 44,661,765.72	\$ 32,282,792.23
Deductions:		
Administrative Expenses	\$ 753,099.60	\$ 398,102.23
Other Expenses	42,117,430.89	31,704,044.94
Total Deductions	\$ 42,870,530.49	\$ 32,102,147.17
Increase (Decrease) in Net Position	\$ 1,791,235.23	\$ 180,645.06
Net Position:		
Total Net Position, September 1	\$ 2,219,572.27	\$ 2,038,927.21
Restatements	-	-
Total Net Position, September 1 as Restated	\$ 2,219,572.27	\$ 2,038,927.21
Total Net Position, August 31	\$ 4,010,807.50	\$ 2,219,572.27

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The Texas State University System

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The Texas State University System

**Discretely Presented Component Unit
Financial Statements**

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**The Texas State University System
Discretely Presented Component Units Statement of Changes
in Revenues, Expenses and Changes in Net Position
For the Year Ended August 31, 2024**

	<u>Texas State University Development Foundation</u>	<u>Emmett and Miriam McCoy College of Business Development Foundation</u>
Operating Expenses:		
Academic Programs	\$ 1,903,751.97	\$ -
Scholarships and Fellowships	2,558,745.01	1,429,671.14
Administrative Expenses:		
Salaries and Wages	-	108,548.14
Professional Fees	1,248,016.57	502,187.43
Travel	-	11,030.83
Materials and Supplies	15,114.21	2,662.89
Fundraising Activities	515,610.91	-
Other Operating Expenses	19,834.94	86,837.71
Total Operating Expenses	<u>\$ 6,261,073.61</u>	<u>\$ 2,140,938.14</u>
Operating Income (Loss)	\$ (6,261,073.61)	\$ (2,140,938.14)
Nonoperating Revenues (Expenses):		
Gifts, Pledges, and Donations	\$ 2,597,762.02	\$ -
Investment Income	15,147,755.46	12,384,961.44
Total Nonoperating Revenues (Expenses)	<u>\$ 17,745,517.48</u>	<u>\$ 12,384,961.44</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	\$ 11,484,443.87	\$ 10,244,023.30
Other Revenues, Expenses, Gains, Losses, and Transfers		
Additions to Permanent and Term Endowments	\$ 3,268,857.12	\$ 1,470,337.45
Total Revenues, Expenses, Gains, Losses, and Transfers	<u>\$ 3,268,857.12</u>	<u>\$ 1,470,337.45</u>
Change in Net Position	\$ 14,753,300.99	\$ 11,714,360.75
Total Net Position, September 1	\$ 113,737,247.80	\$ 65,734,956.77
Restatements	-	-
Total Net Position, September 1 as Restated	<u>\$ 113,737,247.80</u>	<u>\$ 65,734,956.77</u>
Total Net Position, August 31	<u>\$ 128,490,548.79</u>	<u>\$ 77,449,317.52</u>

THE TEXAS  STATE UNIVERSITY SYSTEM

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