



ANNUAL FINANCIAL REPORT

for the fiscal year ended August 31, 2024
for

TEXAS STATE UNIVERSITY



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MESSAGE FROM THE PRESIDENT



Dr. Kelly Damphousse

In my second full fiscal year serving as president of this remarkable university, it continues to be a privilege to lead Texas State University as we grow to meet the demand to educate more Texans and to elevate the research productivity of our great state. Our financial strength has enabled us to accomplish much, and dream about much more.

We set ten new enrollment records this fall semester, including crossing 40,000 students, 500,000 semester credit hours of instruction, and 8,500 freshmen all for the first time. Those inputs, however, do not bring us as much pride as what we do once students enroll. We are particularly proud that our enrollment growth was matched with a record first-to-second year student retention percentage because of these efforts.

We continue to invest in student success and in improving the student experience on our Round Rock Campus, in San Marcos, and online. Recognizing the powerful impact of living on campus, we opened a new 1,000-bed residence hall complex and purchased 1,000 apartment beds contiguous to our campus, all of which opened with 100% occupancy. Our efforts to become a leading global research university continue to yield amazing results. We surpassed \$160 million in total research expenditures this year – a double-digit percentage increase over last year and a new record. These efforts were bolstered by the citizens of Texas this year when we received the first distributions from the Texas University Fund which was created by a state constitutional amendment last year to grow four global research universities in Texas.

None of these accomplishments would be possible without the amazing faculty and staff at Texas State. We continue to invest in fostering a vibrant workplace culture that attracts and retains talented individuals for a lifetime. We've made considerable progress on employee compensation and benefits, and we've added over 500 employees over the past two years to handle our past and planned growth.

These efforts and many more reflect our commitment to building a strong, sustainable foundation for the future of a university boldly and responsibly pursuing its highest aspirations. Our achievements underscore our dedication to a culture of excellence. With the support of our distinguished faculty and staff, Texas State continues to be recognized as one of the top public universities in Texas, and our students' achievements embody the promise of our mission.

These accomplishments are no accident. They are the result of deliberate planning, hard work, and an unwavering commitment from every corner of the university. I am proud of this academic community and invite you to explore this report to learn more about the extraordinary progress happening at Texas State.

Sincerely,
 Kelly Damphousse
 President



EXECUTIVE VICE PRESIDENT FOR OPERATIONS AND CHIEF FINANCIAL OFFICER



Mr. Eric Algoe

In the face of many pressures challenging higher education across the country, Texas State University is achieving unprecedented new highs, setting records, and planning for a future as one of the nation's premier public research universities. This Annual Financial Report demonstrates our success and continued financial strength. Thanks to increased enrollment, state support, federal funds, and the addition of nearly 2,500 new student residence beds, the university's net position increased by an astonishing \$304 million this fiscal year and topped \$2 billion for the first time.

Further proof of our financial strength is the 44% increase, more than \$142 million, in current unrestricted cash and cash equivalents despite holding tuition flat last fiscal year which positions us well for continued investment in our students and research enterprise in the years to come. However,

financial strength alone does not define a university. Our true measure of excellence lies in our students, the quality of our academic programs, the knowledge we create and share, and the dedication of the people in our community. On all these fronts, Texas State excels.

From the construction of Old Main in 1899, standing proudly atop Chautauqua Hill in San Marcos, to the state-of-the-art laboratories, galleries, and innovation hubs we are designing today, our facilities reflect who we are and who we aspire to be. We are wrapping up our decennial university master plan this year which outlines a bold vision to secure our spot as the most beautiful campus in Texas. The master plan celebrates our spring-fed lake which is the source of the San Marcos River, our parklands, and our hilly topography in San Marcos while capitalizing on the ability to realize a completely master-planned newer campus in Round Rock with views that stretch for miles. With over \$700 million in new construction planned, Texas State continues to boldly prepare for the future.

Through strategic planning, innovation, and prudent financial stewardship, Texas State continues to serve our students, enrich our communities, and advance our mission. We are not just growing in central Texas. We launched more than 40 fully online degrees this year, signed partnerships to provide in-person degrees at a community college in the Dallas area, and opened a new location in Querétaro, México. We are financially strong, growing in academic excellence and recognition, and ready to meet the challenges and opportunities ahead. Whatever the future may hold, Texas State University is well prepared to thrive.

Sincerely,

Eric Algoe

Executive Vice President for Operations
and Chief Financial Officer



NAMED ONE OF THE NATION'S BEST UNIVERSITIES

by U.S. News and World Report, Forbes, Money, and the Princeton Review.

TOP

PERFORMER IN SOCIAL MOBILITY

U.S. News and World Report

THE TEXAS STATE UNIVERSITY SYSTEM BOARD OF REGENTS

Name	Member's City (Texas)
Alan L. Tinsley, Chairman	Madisonville
Dionicio (Don) Flores, Vice Chairman	El Paso
Charlie Amato	San Antonio
Duke Austin	Houston
Sheila Faske	Rose City
Russell Gordy	Houston
Stephen Lee	Bastrop
Tom Long	Frisco
William F. Scott	Nederland
Olivia Discon, Student Regent	Huntsville

THE TEXAS STATE UNIVERSITY SYSTEM - SENIOR ADMINISTRATIVE OFFICIALS

Brian McCall, Ph.D.	Chancellor
Mr. Daniel Harper	Vice Chancellor for Finance

UNIVERSITY ADMINISTRATION - KEY OFFICERS

Dr. Kelly Damphousse	President
Mr. Eric Algoe	Executive Vice President for Operations and Chief Financial Officer
Dr. Pranesh Aswath	Provost and Executive Vice President for Academic Affairs
Mr. Don Coryell	Vice President, Intercollegiate Athletics
Mr. Matthew Hall	Vice President for Information Technology and Chief Information Officer
Dr. Cynthia L. Hernandez	Vice President for Student Success
Mr. Brooks Hull	Vice President for University Advancement, Executive Director for the Texas State University Development Foundation
Dr. Julie Lessiter	Vice President for Round Rock Campus
Dr. Lisa Lloyd	Vice President, Chief of Staff
Dr. Shreekanth "Shreek" Mandayam	Vice President for Research
Mrs. Sandy Pantlik	Vice President for Marketing and Communications
Dr. Thillainatarajan "Thilla" Sivakumaran	Vice President for TXST Global
Mrs. Cristine Black	Associate Vice President for Budget & Planning

TRANSFORMING COMMUNITIES. POWERING ECONOMIES. REIMAGINING THE WORLD.

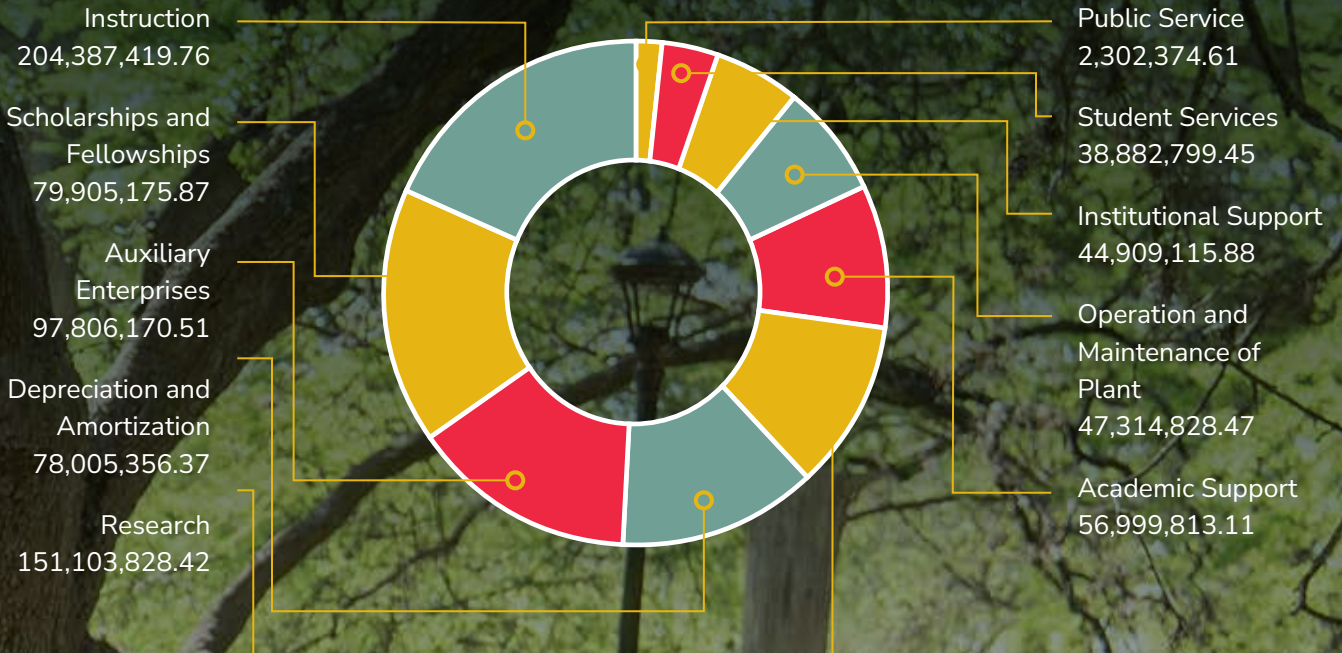
Home to **40,678 students**, the **24th-largest** undergraduate enrollment in the nation.

An **R2 Research institution** that operates at an R1-level, with research **expenditures exceeding \$160M** in FY2024.

Designated as a **Hispanic-Serving and Minority-Serving Institution**, we more closely reflect the diverse demographics of Texas than any other university.

THE VALUE OF EDUCATION

Texas State University is efficient in the use of funds with a primary focus on instruction.



UNAUDITED | TEXAS STATE UNIVERSITY

Statement of Net Position as of August 31, 2024 with Comparative Data for August 31, 2023

	Enterprise Funds	
	2024	2023
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Unrestricted Cash and Cash Equivalents:		
Cash on Hand	\$ 50,428.95	\$ 77,671.94
Cash in Bank (Note 3)	7,465,462.74	1,726,584.97
Cash in Transit/Reimbursement from Treasury	309,644.13	418,211.29
Cash in State Treasury	30,261,480.49	33,292,900.30
Cash Equivalents (Note 3)	431,064,115.97	291,481,276.93
Legislative Appropriations	80,244,678.71	83,874,896.61
Short Term Investments (Note 3)	100,000,000.00	
Restricted Cash and Cash Equivalents:		
Cash in Bank (Note 3)	7,330.04	6,996.56
Cash in State Treasury		218,715.05
Cash Equivalents (Note 3)	7,369,692.89	9,883,956.52
Net Receivables (Note 1)		
Federal	19,549,308.78	11,503,174.95
State and Other Grants	4,598,789.76	1,481,660.76
Student Accounts	78,436,353.57	65,523,086.19
Gifts Receivable - Pledges	1,586,277.37	2,095,275.99
Other	18,335,940.60	3,746,578.52
Leases Receivable (Note 6)	90,089.26	88,350.93
Due From Other Agencies (Note 8)	2,986,018.34	3,775,795.03
Accounts Receivable from Component Units	1,137,309.58	1,131,310.05
Inventories	844,438.12	887,419.78
Prepaid Items	73,417,845.00	63,234,833.37
Loans and Contracts	1,639,075.62	2,608,830.69
Total Current Assets	\$ 859,394,279.92	\$ 577,057,526.43
Non-Current Assets:		
Restricted:		
Gifts Receivable - Pledges	\$ 3,264,219.07	\$ 5,713,380.27
Investments (Note 3)	54,586,954.31	48,456,553.33
Loans and Contracts	75,292.36	90,345.61
Leases Receivable (Note 6)	2,254,171.77	2,344,261.03
Investments (Note 3)	226,235,212.01	399,015,193.86
Capital Assets, Non-Depreciable (Note 2)	180,260,778.33	135,420,886.43
Capital Assets, Net of Accumulated Depreciation (Note 2)	1,095,767,004.63	905,407,738.51
Intangible Assets, Net of Accumulated Amortization (Note 2)	1,230,108.34	1,829,541.82
Total Non-Current Assets	\$ 1,563,673,740.82	\$ 1,498,277,900.86
Total Assets	\$ 2,423,068,020.74	\$ 2,075,335,427.29
DEFERRED OUTFLOWS		
Derivative Hedging Instrument Assets	\$	\$
Deferred Outflows of Resources		
Total Deferred Outflows	\$ 0.00	\$ 0.00
Total Assets and Deferred Outflows	\$ 2,423,068,020.74	\$ 2,075,335,427.29

	Enterprise Funds	
	2024	2023
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable	\$ 81,274,827.63	\$ 60,663,715.06
Accrued Payroll	19,714,933.05	17,785,992.05
Unearned Revenues	281,288,948.57	260,490,959.73
Due to Other Agencies (Note 8)	678,797.38	1,175,428.17
Employees' Compensable Leave (Note 4)	8,987,746.20	8,085,176.30
Right to Use Lease Obligation (Note 6)	292,212.29	284,049.37
Other Current Liabilities	62,650.96	62,062.95
Total Current Liabilities	<u>\$ 392,300,116.08</u>	<u>\$ 348,547,383.63</u>
Non-Current Liabilities:		
Employees' Compensable Leave (Note 4)	\$ 5,838,826.57	\$ 5,321,540.41
Right to Use Lease Obligation (Note 6)	1,247,085.75	1,539,298.04
Total Non-Current Liabilities	<u>7,085,912.32</u>	<u>6,860,838.45</u>
Total Liabilities	<u>\$ 399,386,028.40</u>	<u>\$ 355,408,222.08</u>
DEFERRED INFLOWS		
Derivative Hedging Instrument Liabilities	\$	\$
Deferred Inflows of Resources (Note 6)	2,257,799.72	2,384,997.80
Total Deferred Inflows	<u>\$ 2,257,799.72</u>	<u>\$ 2,384,997.80</u>
Total Liabilities and Deferred Inflows	<u>\$ 401,643,828.12</u>	<u>\$ 357,793,219.88</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 1,275,718,593.26	\$ 1,040,834,819.35
Restricted for:		
Capital Projects	4,690,095.10	10,539,016.85
Funds Held as Permanent Investments:		
Non-Expendable	22,640,695.60	22,199,645.04
Expendable (Note 13)	33,047,244.12	27,285,305.93
Other	28,677,218.22	27,805,650.02
Unrestricted	656,650,346.32	588,877,770.22
Total Net Position	<u>\$ 2,021,424,192.62</u>	<u>\$ 1,717,542,207.41</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED | TEXAS STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

for the Fiscal Year ended August 31, 2024 with Comparative Data for August 31, 2023

	Enterprise Funds	
	2024	2023
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees	\$ 450,806,207.03	\$ 422,619,128.51
Discounts and Allowances (Note 1)	(164,133,640.52)	(137,992,314.86)
Auxiliary Enterprises	124,161,696.53	98,250,074.59
Other Sales of Goods and Services	19,967,807.66	15,042,077.42
Federal Revenue-Operating	54,770,691.95	49,787,855.17
Federal Pass Through Revenue	6,765,872.05	7,207,105.33
State Grant Revenue	3,607,929.91	5,238,581.54
State Grant Pass Through Revenue	38,643,965.90	33,401,540.19
Other Grants & Contracts	7,179,432.67	7,137,134.20
Other Operating Revenue	620,869.16	825,383.65
Total Operating Revenues	<u>\$ 542,390,832.34</u>	<u>\$ 501,516,565.74</u>
OPERATING EXPENSES		
Instruction	\$ 204,387,419.76	\$ 202,730,699.69
Research	151,103,828.42	126,839,858.39
Public Service	2,302,374.61	2,267,988.27
Academic Support	56,999,813.11	48,175,021.44
Student Services	38,882,799.45	36,138,951.73
Institutional Support	44,909,115.88	47,045,085.59
Operation and Maintenance of Plant	47,314,828.47	48,945,691.77
Scholarships and Fellowships	79,905,175.87	69,060,514.00
Auxiliary Enterprises	97,806,170.51	97,271,495.70
Depreciation and Amortization	78,005,356.37	75,723,449.52
Total Operating Expenses	<u>\$ 801,616,882.45</u>	<u>\$ 754,198,756.10</u>
Operating Income (Loss)	<u>\$ (259,226,050.11)</u>	<u>\$ (252,682,190.36)</u>
NONOPERATING REVENUES (EXPENSES)		
Legislative Revenue	\$ 138,128,730.00	\$ 120,683,303.00
Additional Appropriations	31,679,823.27	30,703,939.17
Federal Grant - Non Exchange	82,887,399.11	68,513,822.72
State Pass Through - Non Exchange	408,937.50	2,800,000.00
Gifts, Pledges, and Donations	11,566,006.80	16,898,350.73
Investment Income	31,493,116.23	11,672,544.17
Net Increase (Decrease) in Fair Value of Investments	27,065,998.90	24,581,337.18
Lease Interest Revenue (Expense) and Fiscal Charges	18,743.22	16,379.42
Gain (Loss) on Sales of Capital Assets	71,399.02	(2,315,426.07)
Other Nonoperating Revenues	24,119.68	1,771,472.60
Other Nonoperating Expenses	(1,718,602.11)	(438,507.80)
Total Nonoperating Revenues (Expenses)	<u>\$ 321,625,671.62</u>	<u>\$ 274,887,215.12</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	<u>\$ 62,399,621.51</u>	<u>\$ 22,205,024.76</u>

	Enterprise Funds	
	2024	2023
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS		
HEF Appropriation Revenue	\$ 38,741,061.00	\$ 37,606,478.00
Additions to Permanent and Term Endowments	436,078.48	285,478.47
Increase (Decrease) Interagency Transfer Capital Assets		9,999.00
Transfers In From Other State Agencies (Note 8)	242,310,969.06	8,748,724.96
Transfers Out To Other State Agencies (Note 8)	(43,707,778.01)	(41,387,838.69)
Legislative Transfers-In (Note 8)	32,157,434.00	1,324,796.00
Legislative Transfers-Out (Note 8)	(28,455,400.83)	(20,869,983.16)
Total Other Revenues, Expenses, Gains/Losses and Transfers	<u>\$ 241,482,363.70</u>	<u>\$ (14,282,345.42)</u>
 Change in Net Position	 <u>\$ 303,881,985.21</u>	 <u>\$ 7,922,679.34</u>
 Net Position, September 1	 \$ 1,717,542,207.41	 \$ 1,709,619,528.07
Restatements		
Net Position, September 1, as Restated	<u>\$ 1,717,542,207.41</u>	<u>\$ 1,709,619,528.07</u>
Net Position, August 31	<u>\$ 2,021,424,192.62</u>	<u>\$ 1,717,542,207.41</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED | TEXAS STATE UNIVERSITY

Matrix of Operating Expenses Reported by Function for the fiscal year ended August 31, 2024 with Comparative Data for August 31, 2023

Operating Expenses	Enterprise Funds				
	For the Fiscal Year Ended August 31, 2024				
	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	134,146,462.39	91,987,989.81	459,528.47	34,945,890.13	20,326,423.80
Payroll Related Costs	48,132,879.45	18,511,601.11	219,337.43	8,364,970.13	5,785,937.11
Professional Fees and Services	4,917,479.58	23,871,706.02	937,822.68	3,092,018.66	5,061,583.68
Federal Grant Pass-Through Expense	-	1,477,812.95	-	-	-
State Grant Pass-Through Expense	-	52,109.22	-	-	-
Travel	5,003,886.17	3,133,403.95	101,838.12	670,211.49	962,739.52
Materials and Supplies	10,821,221.07	8,508,328.68	437,658.87	8,705,055.42	5,588,095.73
Communication and Utilities	14,053.14	504,446.17	4,662.09	400,168.02	176,465.83
Repairs and Maintenance	272,443.71	307,678.59	23,377.25	421,791.52	165,000.59
Rentals and Leases	470,165.39	212,435.73	102,812.89	170,658.81	228,284.98
Printing and Reproduction	504,418.91	1,264,972.47	11,209.59	176,830.84	510,756.20
Depreciation and Amortization	-	-	-	-	-
Interest	1,753.98	7,999.02	0.62	6,728.33	260.29
Scholarships	-	-	-	-	-
Claims and Judgments	-	-	-	-	-
Other Operating Expenses	102,655.97	1,263,344.70	4,126.60	45,489.76	77,251.72
Total Operating Expenses	\$ 204,387,419.76	\$ 151,103,828.42	\$ 2,302,374.61	\$ 56,999,813.11	\$ 38,882,799.45

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprise Expenditures	Depreciation and Amortization	Total Expenses
\$ -	\$ -	\$ -	\$ 15,052.97	\$ -	\$ 15,052.97
26,499,160.56	15,125,443.85	-	24,377,193.09	-	347,868,092.10
7,572,271.91	5,390,207.07	-	6,952,779.01	-	100,929,983.22
2,028,806.55	7,830,454.45	-	11,563,528.12	-	59,303,399.74
-	-	-	-	-	1,477,812.95
-	-	-	-	-	52,109.22
452,118.40	47,708.82	-	4,053,153.11	-	14,425,059.58
5,109,097.79	1,358,805.68	-	38,256,257.46	-	78,784,520.70
2,675,422.10	13,748,050.01	-	7,030,252.35	-	24,553,519.71
39,037.57	3,280,871.67	-	4,221,219.43	-	8,731,420.33
161,432.69	476,188.50	-	1,035,296.35	-	2,857,275.34
81,607.43	40,676.82	-	229,924.61	-	2,820,396.87
-	-	-	-	78,005,356.37	78,005,356.37
56,069.89	16,421.60	-	2.44	-	89,236.17
-	-	79,905,175.87	-	-	79,905,175.87
171,347.14	-	-	37,609.66	-	208,956.80
62,743.85	-	-	33,901.91	-	1,589,514.51
\$ 44,909,115.88	\$ 47,314,828.47	\$ 79,905,175.87	\$ 97,806,170.51	\$ 78,005,356.37	\$ 801,616,882.45

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UNAUDITED | TEXAS STATE UNIVERSITY

Matrix of Operating Expenses Reported by Function for the fiscal year ended August 31, 2024
with Comparative Data for August 31, 2023

Operating Expenses	Enterprise Funds				
	For the Fiscal Year Ended August 31, 2023				
	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	136,125,584.82	73,325,467.96	721,812.94	28,138,764.98	18,966,762.11
Payroll Related Costs	47,787,778.60	11,538,353.14	102,106.11	7,002,352.05	5,235,959.22
Professional Fees and Services	5,198,286.84	25,141,058.20	689,500.83	2,263,594.62	6,008,920.39
Federal Grant Pass-Through Expense	-	1,314,557.26	-	-	-
Travel	3,530,631.50	3,466,598.50	51,639.31	447,761.91	809,298.48
Materials and Supplies	9,060,132.28	9,288,700.66	585,993.58	9,050,541.25	4,100,825.80
Communication and Utilities	141,017.62	267,135.92	2,886.23	73,306.29	77,891.91
Repairs and Maintenance	159,236.68	295,867.80	17,713.04	818,245.44	88,505.24
Rentals and Leases	117,755.17	491,255.94	73,109.76	105,951.29	179,589.55
Printing and Reproduction	544,392.97	782,566.43	19,112.99	210,880.68	602,811.66
Depreciation and Amortization	-	-	-	-	-
Interest	126.11	6,648.31	2.41	3,148.24	14.74
Scholarships	-	-	-	-	-
Claims and Judgments	-	-	-	-	-
Other Operating Expenses	65,757.10	914,962.08	4,111.07	60,474.69	68,372.63
Total Operating Expenses	\$ 202,730,699.69	\$ 126,839,858.39	\$ 2,267,988.27	\$ 48,175,021.44	\$ 36,138,951.73

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprise Expenditures	Depreciation and Amortization	Total Expenses
\$ -	\$ -	\$ -	\$ 68,914.75	\$ -	\$ 68,914.75
28,092,012.72	14,277,148.42	-	22,380,439.68	-	322,027,993.63
8,711,014.53	5,052,131.02	-	6,500,446.94	-	91,930,141.61
3,043,124.79	6,886,843.68	-	12,292,084.50	-	61,523,413.85
-	-	-	-	-	1,314,557.26
422,420.17	28,412.65	-	4,373,245.18	-	13,130,007.70
5,666,896.36	5,922,966.22	-	36,089,998.93	-	79,766,055.08
269,015.95	14,621,267.81	-	10,394,608.98	-	25,847,130.71
114,362.51	2,084,446.57	-	2,783,746.94	-	6,362,124.22
138,932.46	22,965.81	-	1,173,970.77	-	2,303,530.75
359,062.64	37,535.68	-	257,041.57	-	2,813,404.62
-	-	-	-	75,723,449.52	75,723,449.52
37,478.52	7,167.32	-	23.79	-	54,609.44
-	-	69,060,514.00	-	-	69,060,514.00
125,274.85	-	-	911,327.92	-	1,036,602.77
65,490.09	4,806.59	-	45,645.75	-	1,229,620.00
\$ 47,045,085.59	\$ 48,945,691.77	\$ 69,060,514.00	\$ 97,271,495.70	\$ 75,723,449.52	\$ 754,198,756.10

UNAUDITED | TEXAS STATE UNIVERSITY

Statement of Cash Flows for the fiscal year ended August 31, 2024 with Comparative Data for August 31, 2023

	Enterprise Funds	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 5,841,267.18	\$ 11,963,478.79
Proceeds from Tuition and Fees	290,572,621.21	298,597,838.80
Proceeds from Research Grants and Contracts	106,097,002.24	102,902,030.96
Proceeds from Loan Programs	4,009,509.27	2,154,131.78
Proceeds from Auxiliaries	124,562,477.31	100,732,168.99
Proceeds from Other Operating Revenues	232,702.74	788,649.50
Payments to Suppliers for Goods and Services	(185,225,573.49)	(186,742,210.65)
Payments to Employees for Salaries	(345,960,947.38)	(320,667,730.91)
Payments to Employees for Benefits	(70,383,089.99)	(72,995,415.84)
Payments for Loans Provided	(8,207,360.90)	(3,046,123.50)
Payments for Other Expenses	(85,251,636.14)	(78,161,381.42)
Net Cash Provided (Used) by Operating Activities	<u>\$ (163,713,027.95)</u>	<u>\$ (144,474,563.50)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	\$ 221,452,089.52	\$ 180,032,725.95
Proceeds from Gifts	14,444,596.10	13,117,362.27
Proceeds of Transfers from Other Funds	1,468,929.28	8,748,724.96
Proceeds from Grant Receipts	84,443,707.92	72,785,773.14
Proceeds from Other Noncapital Financing Activities	6,115.09	1,768,824.19
Payments for Other Noncapital Financing Uses	(8,665,341.10)	(5,492,412.41)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ 313,150,096.81</u>	<u>\$ 270,960,998.10</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	\$ 152,542.59	\$ 110,998.41
Proceeds from Debt Issuance	240,842,039.78	
Proceeds from (Payments for) Other Financing Activities	(38,847.15)	(41,844.35)
Payments for Additions to Capital Assets	(309,931,763.30)	(82,079,095.04)
Payments of Principal on Debt Issuance	(44,410,000.00)	(36,970,000.00)
Payments of Interest on Debt Issuance	(20,805,851.84)	(20,216,688.18)
Payments for Leases	(1,804,604.19)	(1,779,102.83)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (135,996,484.11)</u>	<u>\$ (140,975,731.99)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	\$ 130,375,546.11	\$ 13,807,496.38
Proceeds from Investment Income	59,218,182.03	34,286,801.13
Payments to Acquire Investments	(63,612,471.24)	(130,644,486.28)
Net Cash Provided (Used) by Investing Activities	<u>\$ 125,981,256.90</u>	<u>\$ (82,550,188.77)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 139,421,841.65</u>	<u>\$ (97,039,486.16)</u>
Cash and Cash Equivalents, September 1	<u>\$ 337,106,313.56</u>	<u>\$ 434,145,799.72</u>
Cash and Cash Equivalents, August 31	<u>\$ 476,528,155.21</u>	<u>\$ 337,106,313.56</u>

	Enterprise Funds	
	2024	2023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (259,226,050.11)	\$ (252,682,190.36)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Amortization and Depreciation	\$ 78,005,356.37	\$ 75,723,449.52
On Behalf Payments for Fringe Benefits	22,885,176.65	21,038,478.34
Operating Income and Cash Flow Categories:		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	\$ (40,573,819.44)	\$ (8,386,543.44)
(Increase) Decrease in Due from Other Agencies	789,776.69	(800,597.65)
(Increase) Decrease in Inventories	42,981.66	225,348.34
(Increase) Decrease in Prepaid Expenses	(5,386,894.91)	(8,655,624.10)
(Increase) Decrease in Loans & Contracts	984,808.32	153,335.25
Increase (Decrease) in Payables	15,115,481.71	8,211,559.28
Increase (Decrease) in Due to Other Funds	(496,630.79)	(783,188.18)
Increase (Decrease) in Unearned Revenue	20,797,988.84	20,249,906.75
Increase (Decrease) in Compensated Absence Liability	902,569.90	137,947.32
Increase (Decrease) in Benefits Payable	2,446,227.16	1,093,555.43
Total Adjustments	<u>\$ 95,513,022.16</u>	<u>\$ 108,207,626.86</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (163,713,027.95)</u>	<u>\$ (144,474,563.50)</u>
NON-CASH TRANSACTIONS		
Net Change in the Fair Value of Investments	\$ 27,065,998.90	\$ 24,581,337.18
Donation of Capital Assets	515,649.00	88,695.00
Gain (Loss) on Sale of Capital Assets	(81,143.57)	(2,426,424.48)
Borrowing Under Lease Purchase		1,823,347.41

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED | TEXAS STATE UNIVERSITY

Statement of Fiduciary Net Position as of August 31, 2024 with Comparative Data for August 31, 2023

	Custodial Funds	
	2024	2023
ASSETS		
Cash		
Cash in Bank (Note 3)	\$ 4,795,732.13	\$ 3,047,309.79
Receivables (Note 1)		
Accounts Receivable	174,371.92	90,325.26
Total Assets	<u>\$ 4,970,104.05</u>	<u>\$ 3,137,635.05</u>
LIABILITIES		
Accounts Payable	\$ 297,314.77	\$ 215,780.68
Unearned Revenue	1,231,285.00	701,124.00
Other Current Liabilities	43,184.31	1,158.10
Total Liabilities	<u>\$ 1,571,784.08</u>	<u>\$ 918,062.78</u>
NET POSITION		
Restricted for Individuals, Organizations or Other Governments	\$ 3,398,319.97	\$ 2,219,572.27
Total Net Position	<u>\$ 3,398,319.97</u>	<u>\$ 2,219,572.27</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED | TEXAS STATE UNIVERSITYStatement of Changes in Fiduciary Net Position for the Fiscal Year ended August 31, 2024
with Comparative Data for August 31, 2023

	Custodial Funds	
	2024	2023
ADDITIONS		
Contributions:		
Loan and Scholarship Revenue	\$ 36,058,598.21	\$ 31,531,480.25
Student Club	273,426.55	254,803.77
Alumni and Faculty	455,775.77	346,431.65
Camps, Training & Conference	31,616.00	112,070.00
Gifts and Donations	3,370.07	
Total Contributions	<u>\$ 36,822,786.60</u>	<u>\$ 32,244,785.67</u>
Investment Income:		
Interest, Dividends and Other	\$ 2,047.37	\$ 5,142.88
Total Net Investment Income	<u>\$ 2,047.37</u>	<u>\$ 5,142.88</u>
Other Additions:		
Other Revenue	\$ 25,443.33	\$ 32,863.68
Total Other Additions	<u>\$ 25,443.33</u>	<u>\$ 32,863.68</u>
 Total Additions	 <u>\$ 36,850,277.30</u>	 <u>\$ 32,282,792.23</u>
DEDUCTIONS		
Loan and Scholarship Expense	\$ 34,949,566.31	\$ 31,417,004.46
Club Account Disbursements	122,811.49	212,435.36
Administrative Expenses:		
Communications and Utilities	670.88	990.88
Materials and Supplies	205,018.36	157,347.40
Printing and Reproduction	14,778.40	24,151.57
Professional Fees and Services	203,521.26	124,994.00
Rentals and Leases	50,210.15	68,969.85
Travel	25,352.62	21,648.53
Other Administrative Expenses	99,600.13	74,605.12
Total Deductions	<u>\$ 35,671,529.60</u>	<u>\$ 32,102,147.17</u>
Change in Net Position	<u>\$ 1,178,747.70</u>	<u>\$ 180,645.06</u>
Net Position, September 1	\$ 2,219,572.27	\$ 2,038,927.21
Restatements		
Net Position, September 1, as Restated	<u>\$ 2,219,572.27</u>	<u>\$ 2,038,927.21</u>
Net Position, August 31	<u>\$ 3,398,319.97</u>	<u>\$ 2,219,572.27</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED | TEXAS STATE UNIVERSITY

Statement of Net Position as of August 31, 2024

	Discrete Component Units	
	Texas State Development Foundation	Emmett and Miriam McCoy College of Business Administration Development Foundation
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Unrestricted Cash and Cash Equivalents:		
Cash in Bank	\$ 2,402,619.92	\$ 402,739.84
Cash Equivalents		1,826,857.76
Total Current Assets	<u>\$ 2,402,619.92</u>	<u>\$ 2,229,597.60</u>
Non-Current Assets:		
Restricted:		
Gifts Receivable - Pledges	\$ 2,304,951.18	\$
Investments	125,198,799.46	75,219,719.92
Total Non-Current Assets	<u>\$ 127,503,750.64</u>	<u>\$ 75,219,719.92</u>
Total Assets and Deferred Outflows	<u>\$ 129,906,370.56</u>	<u>\$ 77,449,317.52</u>
LIABILITIES AND DEFERRED INFLOWS		
Liabilities:		
Accounts Payable	\$ 2,575.58	\$
Annuities Payable-Current	31,746.34	
Accounts Payable to Primary Government	1,137,909.58	
Total Current Liabilities	<u>\$ 1,172,231.50</u>	<u>\$ 0.00</u>
Non-Current Liabilities:		
Annuities Payable-Non-Current	\$ 243,590.27	\$
Total Non-Current Liabilities	<u>\$ 243,590.27</u>	<u>\$ 0.00</u>
Total Liabilities and Deferred Inflows	<u>\$ 1,415,821.77</u>	<u>\$ 0.00</u>
NET POSITION		
Restricted for:		
Funds Held as Permanent Investments:		
Non-Expendable	\$ 78,586,170.00	\$ 49,906,033.00
Expendable	48,736,609.08	27,543,284.52
Unrestricted	1,167,769.71	
Total Net Position	<u>\$ 128,490,548.79</u>	<u>\$ 77,449,317.52</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED | TEXAS STATE UNIVERSITYStatement of Revenues, Expenses, and Changes in Net Position
for the Fiscal Year ended August 31, 2024

	Discrete Component Units	
	Texas State Development Foundation	Emmett and Miriam McCoy College of Business Administration Development Foundation
OPERATING REVENUES		
Total Operating Revenues	\$ 0.00	\$ 0.00
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	\$ 6,261,073.61	\$ 2,140,938.14
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)	\$ 17,745,517.48	\$ 12,384,961.44
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 Other Revenues, Expenses, Gains/Losses and Transfers	\$ 3,268,857.12	\$ 1,470,337.45
Change in Net Position	\$ 14,753,300.99	\$ 11,714,360.75
Net Position, September 1	\$ 113,737,247.80	\$ 65,734,956.77
Restatements-Prior Year Audit Adjustments		
Net Position, September 1, as Restated	\$ 113,737,247.80	\$ 61,245,250.76
Net Position, August 31	\$ 128,490,548.79	\$ 77,449,317.52

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

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Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

NATURE OF OPERATIONS AND HISTORY

Texas State University (Texas State) is a doctoral-granting, student-centered institution dedicated to excellence and innovation in teaching, research, including creative expression, and service. The university strives to create new knowledge, to embrace a diversity of people and ideas, to foster cultural and economic development, and to prepare its graduates to participate fully and freely as citizens of Texas, the nation, and the world.

The university was first authorized by the Texas legislature in 1899, and Southwest Texas State Normal School opened its doors in 1903. Over the years, the school has broadened its scope and changed its name a few times as well:

- 1918: Southwest Texas State Normal College
- 1923: Southwest Texas State Teachers College
- 1959: Southwest Texas State College
- 1969: Southwest Texas State University
- 2003: Texas State University-San Marcos
- 2013: Texas State University

Each name reflects the evolution from a small teaching institution to a major, multi-purpose university. Through the nine academic colleges, Texas State offers more than 200 undergraduate and post-graduate degrees to serve the needs of future generations of Texans.

Texas State is the only university in Texas to have graduated a U.S. president or vice president. President Johnson's memory remains alive on campus through the LBJ Student Center, the university's Lyndon Baines Johnson Distinguished Lecture Series and the LBJ Statue. Johnson returned to Texas State many times. In 1965, he returned to his alma mater to sign the Higher Education Act, which strengthened resources so all Americans could obtain financial support for a postsecondary education.

REPORTING ENTITY

Texas State University is a part of the legal entity and primary government of the State of Texas and is governed by the Texas State University System (TSUS) nine-member Board of Regents appointed by the governor and confirmed by the Senate. Texas State University's financial activity is consolidated along with the remaining seven components of the system into the system-wide financial report of TSUS. The system-wide report is further consolidated into the Annual Comprehensive Financial Report (ACFR) for the State of Texas. Financial reports for the State of Texas may be obtained from the Texas Comptroller of Public Accounts website: <https://www.comptroller.texas.gov/transparency/reports/comprehensive-annual-financial>. Texas State University System is reported as a proprietary fund within the statewide ACFR. The State Auditor expresses an opinion on the ACFR, but not on the financial statements of individual state agencies or universities contained therein.

This financial report includes all activities and programs for which Texas State University exercises fiscal control and responsibility and includes all funds that comprise the university's financial reporting entity. The financial reporting entity consists of Texas State University's funds, as the primary government, plus any closely related entities for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship would be misleading to exclude. As a result of their relationships with Texas State University, the Texas State University Research Foundation and the Harold M. Freeman Educational Foundation are included in the financial statements of Texas State as blended component units. The University has two discrete component units – the Texas State University Development Foundation and the Emmett and Miriam McCoy College of Business Administration Development Foundation. Statements for the discretely presented component units appear separately at the end of the financial statements. Another entity, Texas State Alumni Association, is reported as an affiliated organization and is not included in the basic financial statements. More details on these foundations and organizations may be found in the Financial Reporting Entity note later in this section.

Copies of this Annual Financial Report 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 at <https://www.txst.edu/gao/reporting/afr.html>.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

Texas State University's accounts are organized on the basis of funds, each of which is considered a separate accounting entity according to governmental accounting. The operations of each fund are accounted for with a self-balancing set of accounts that

Notes to the Financial Statements

comprise its assets, liabilities, revenues, and expenses. As a special-purpose government engaged only in business-type activities, the operating funds are presented in a single **enterprise fund** column for financial reporting purposes. Three primary financial statements are presented with supporting schedules: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows and the supporting schedule Matrix of Operating Expenses Reported by Function. Accounting principles similar to those used by private-sector businesses are applied in accounting for these funds. These statements are prepared using the economic resources measurement focus and accrual basis of accounting.

The basis of accounting determines when revenues and expenses are recognized and reported in the financial statements. Under the accrual basis, revenues are recognized when earned and expenses are recognized when the liability is incurred. The enterprise or business-type activities are financed in whole or in part by fees charged to external parties for goods or services and focus on determining operating income, changes in net position, financial position, and cash flows. Operating items are distinguished from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the principle of ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All significant inter-fund transactions have been eliminated.

Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds or private-purpose trust funds. Balances and activities are recorded using the accrual basis of accounting and represent amounts held for individuals, organizations or other governments. Two primary financial statements are presented: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These statements are presented in accordance with GASB Statement 84 *Fiduciary Activities*.

The accompanying statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), with the exception of the items described below, and in accordance with state statutes and regulations. The Texas Comptroller of Public Accounts issues the *Reporting Requirements for Annual Financial Reports (AFRs) of State Agencies and Universities* for purposes of consolidation at the state-wide level. As an individual university, Texas State's AFR complies with the State Comptroller's requirements.

Certain elements of a typical stand-alone report are omitted at the individual level in accordance with the *Reporting Requirements for Annual Financial Reports (AFRs)*, because they are reported at the system-level of TSUS or at the consolidated Texas Annual Comprehensive Financial Report (ACFR) level. These Reporting Requirements do not require components of university systems to record their portion of pension liabilities under *GASB 67 Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27* or their retiree healthcare liabilities under *GASB 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Instead, the related liabilities are recorded at the system level in the TSUS report described above. Management's Discussion and Analysis, which is part of the required supplementary information under GASB 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, is prepared at the state-wide level and is only required for audited reports or agencies with certain types of activity that are material to the statewide report. Texas State has no such activity, and therefore, does not include this element in its AFR.

NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 99 *Omnibus 2022* was issued in April 2022 and is effective for fiscal years beginning after June 15, 2023. This statement addresses accounting and financial reporting issues related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53. This statement provides guidance for determining exchange and exchange-like financial guarantees.

GASB Statement No. 100 *Accounting Changes and Error Corrections* was issued in June 2022 and is effective for fiscal years beginning after June 15, 2023. This statement addresses accounting and financial reporting issues related to accounting changes and error corrections. This statement provides guidance for enhancing accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

BUDGETS, APPROPRIATIONS AND RESTRICTED RESOURCES

The administrative costs and capital asset outlay for the university are controlled by annual budgets approved by university management and the TSUS Board of Regents. As a state university, Texas State University received appropriations from the state for a portion of its operations in the form of Legislative Revenue, Additional Appropriations and Legislative Transfers In or Out. State appropriations are authorized biennially by the Texas legislature and approved by the governor in the General Appropriations

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Notes to the Financial Statements

Act. Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they are appropriated. State appropriations represented approximately 24.5% and 21.9% of total revenues from operations for fiscal years ended August 31, 2024 and 2023, respectively. Included in the state appropriations Legislative Transfers-In for fiscal year 2024 is \$22.3 million for the Available Texas University Fund. Funding this transfer from the General Revenue fund was a one-time event and is not expected to occur in the future. The 24.5% ratio shown above was calculated in a historically consistent manner. Excluding the Available Texas University Fund transfer results in a ratio of 22.5% for fiscal year 2024. When both restricted and unrestricted resources are available for use, restricted resources are generally used first, then unrestricted resources are used as needed.

USE OF ESTIMATES IN THE PREPARATION OF BASIC FINANCIAL STATEMENTS

The preparation of financial statements and related notes to the financial statements requires management to make estimates and assumptions that affect the reported amounts for assets and liabilities at the date of the financial statements and the reported amounts for revenues and expenses during the reporting period. Actual results could differ from those estimates.

A significant estimate for scholarship discounts and allowances is made by the university. Allowances are determined by using the Alternate Method as issued by the National Association of College and University Business Officers in the *Advisory Report 2000-05*. The Alternate Method acknowledges that in reality most institutions do not post financial aid on a case-by-case basis but rather as of a certain date; therefore, institutions are allowed to use a rational, documented allocation methodology to calculate discounts and allowances. This approach is referred to as the Alternate Method. As of August 31, 2024 and 2023, this method resulted in estimates of \$164,133,640.52 and \$137,992,314.86, respectively, for the university's discounts and allowances related to tuition and fees.

CURRENT AND NON-CURRENT ASSETS

Current assets are those considered available for appropriation and expenditure within one fiscal year. Examples of expendable financial resources include cash, various receivables, and short-term investments. All other assets are considered non-current.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash in local banks, cash in transit, and cash in the state treasury. Cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near maturity that the risk of changes in value due to changes in interest rates is insignificant. Only investments with an original maturity of three months or less are considered cash equivalents. TexPool, a Local Government Investment Pool, is valued at a stable \$1.00 share price and is reported at amortized cost.

ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for student tuition and fees, grant and contract expense reimbursements, various sales and services provided to students and third parties, loans receivable, investment-related transactions, and gifts receivable. Federal accounts include amounts from sponsored program activity as well as financial aid. Gifts receivable represent amounts pledged to the university by donors. Other accounts receivable include year-end revenue accruals or accounts not included in the other categories. Certain accounts are recorded net of allowances.

The allowances for those accounts by receivable type and fiscal year are as follows:

<u>Allowances by Receivable Type</u>	<u>2024</u>	<u>2023</u>
Student Accounts	\$4,542,990.86	\$3,366,108.95
Current and Noncurrent Gift Receivables	2,780,708.78	3,143,311.52
Loans Receivable	745,761.73	666,173.97

INVESTMENTS

Investments are reported at fair value in the Statement of Net Position in accordance with GASB Statement Number 72, *Fair Value Measurement and Application*. Fair value is defined by GASB 72 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."

Notes to the Financial Statements

INVENTORIES

Inventories, including both merchandise and consumable inventories, are valued at cost and expensed when consumed.

PREPAID ASSETS

Payments made for costs or services benefiting a future accounting period are recorded as prepaid assets and include items such as scholarships, deposits on capital assets and a variety of administrative expenses. Prepaid scholarships represent funds paid in the current fiscal year relating to the subsequent year.

RESTRICTED ASSETS

Restricted assets represent resources that are constrained to a particular purpose, such as for endowments, academic programs or construction projects, and either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

CAPITAL ASSETS AND RELATED DEBT ACTIVITY

Purchases of assets with (a) an estimated useful life in excess of one year and that (b) exceed the university's capitalization thresholds are recorded as capital assets at their acquisition cost on the date of acquisition. Donated assets with (a) an estimated useful life in excess of one year and that (b) exceed the university's 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 building values are charged to operating expenses in the year in which the expenses are incurred.

The university's capitalization thresholds are:

<u>Asset Category</u>	<u>Capitalization Threshold</u>
Land, land improvements, and permanent land use rights	All acquisitions are capitalized
Books and materials for the university's academic and research library	All acquisitions are capitalized
Works of art and historical treasures not held for financial gain	All acquisitions are capitalized
Furniture, equipment, and vehicles	\$10,000
Buildings, building improvements, facilities, and other improvements	\$100,000
Purchased computer software and term ^(A) land use rights	\$100,000
Right to Use-Leased Assets	\$100,000
Right to Use-Subscription-Based IT Arrangements (SBITA's)	\$500,000
Infrastructure	\$500,000
Internally generated computer software	\$1,000,000

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

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>Estimated 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
Leased Assets-Right to Use	Lease Term

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 TSUS Revenue Financing System. The Revenue Financing System is comprised of the TSUS administration and the component institutions within TSUS. Although the university must repay debt issued on its behalf, the associated bond liability is reported in total by the TSUS administration and is not included in the liabilities of the university on its

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Notes to the Financial Statements

financial statements. Debt service requirements reported by the TSUS administration which are attributable to Texas State are disclosed in Note 5, Bonded Indebtedness.

ACCOUNTS PAYABLE

Accounts Payable represents the liability for the value of assets or services received at the Statement of Net Position date for which payment is pending.

OTHER PAYABLES

Other payables are the accruals at year-end of expense transactions not included in any of the other payable descriptions.

UNEARNED REVENUES

Unearned Revenues represents payments received in advance of providing goods or services.

RIGHT TO USE LEASE OBLIGATIONS

Current and Non-current Right to Use Lease Obligations arise from the implementation of GASB 87 *Leases* and GASB 96 *Subscription-Based Information Technology Arrangements (SBITA)*, if applicable, for the 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.

NON-CURRENT LIABILITIES

Non-current liabilities may arise from debt issuances or other commitments with an expected liquidation date of more than one year from fiscal year end.

EMPLOYEES' COMPENSABLE LEAVE BALANCES

State employees are entitled to be paid for all unused vacation time accrued in the event of resignation, dismissal, or separation from State employment provided the employee has been continuously employed with the State for six months. An expense and liability are recorded as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Compensable leave liabilities are reported as either current or non-current in the Statement of Net Position. The current portion is that which is expected to be paid within one year. The non-current portion has an expected payment date of more than one year.

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 bonds, notes, and other debt attributed to the acquisition, construction, or improvement of those assets.

RESTRICTED NET POSITION

Restricted net position consists of restricted assets less liabilities and deferred inflows of resources related to those assets. This represents resources that are constrained to a particular purpose, such as for endowments, academic programs or construction projects, and 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 is the residual amount of total net position less investment in capital assets and restricted net position. Unrestricted net position often has constraints on resources which are imposed by management, but can be removed or modified. Substantially, all unrestricted net assets are designated for capital projects as well as academic and research programs and initiatives.

A young man with a backpack and a cap is walking past a brick building with arches. The building has a central window and two side arches. The student is wearing a light blue long-sleeved shirt, black shorts, and white sneakers. He is carrying a black backpack and a red object in his hand. The scene is outdoors with trees and a sidewalk.

**EARNED FOURTH CONSECUTIVE
GOLD AWARD FROM TEXAS
VETERANS COMMISSION IN 2024**

**NAMED A FULBRIGHT HSI LEADER
FOR 2024**

UNAUDITED | TEXAS STATE UNIVERSITY

Notes to the Financial Statements

NOTE 2: Capital Assets

Changes in capital assets for the fiscal year ended August 31, 2024 are summarized as follows:

	Balance 8/31/2023	Adjustments	Completed CIP
Non-Depreciable Assets:			
Land and Land Improvements	\$ 57,611,145.70	\$ -	\$ -
Construction in Progress	65,976,214.40	-	(114,971,298.86)
Other Assets	11,833,526.33	-	-
Total Non-Depreciable Assets	\$ 135,420,886.43	\$ -	\$ (114,971,298.86)
Depreciable Assets:			
Buildings and Building Improvements	\$ 1,400,857,194.18	\$ -	\$ 114,087,381.95
Infrastructure	93,654,152.93	-	595,439.07
Facilities & Other Improvements	184,586,820.19	-	288,477.84
Furniture and Equipment	97,126,341.73	-	-
Vehicle, Boats & Aircraft	11,560,867.38	-	-
Other Assets	100,806,307.56	-	-
Total Depreciable Assets at Historical Costs	\$ 1,888,591,683.97	\$ -	\$ 114,971,298.86
Less Accumulated Depreciation for:			
Buildings and Building Improvements	\$ (696,448,236.61)	\$ -	\$ -
Infrastructure	(49,546,385.91)	-	-
Facilities & Other Improvements	(100,376,211.53)	-	-
Furniture and Equipment	(76,749,452.50)	-	-
Vehicles, Boats & Aircraft	(8,457,083.17)	-	-
Other Assets	(51,606,575.74)	-	-
Total Accumulated Depreciation	\$ (983,183,945.46)	\$ -	\$ -
Depreciable Assets, Net	\$ 905,407,738.51	\$ -	\$ 114,971,298.86
Amortizable Assets - Intangible and Right to Use:			
Computer Software	\$ 28,457,158.68	\$ -	\$ -
Right to Use-Building Leases	2,265,138.45	-	-
Total Amortizable Assets - Intangible	\$ 30,722,297.13	\$ -	\$ -
Less Accumulated Amortization for:			
Computer Software	\$ (28,076,625.89)	\$ -	\$ -
Right to Use-Building Leases	(816,129.42)	-	-
Total Accumulated Amortization	\$ (28,892,755.31)	\$ -	\$ -
Amortizable Assets - Intangible, Net	\$ 1,829,541.82	\$ -	\$ -
Capital Assets, Net	\$ 1,042,658,166.76	\$ -	\$ -

Notes to the Financial Statements

<u>Interagency Transfers In</u>	<u>Interagency Transfers Out</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 8/31/2024</u>
\$ -	\$ -	\$ 11,220,792.55	\$ -	\$ 68,831,938.25
-	-	147,201,048.63	-	98,205,964.17
-	-	1,389,349.58	-	13,222,875.91
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,811,190.76</u>	<u>\$ -</u>	<u>\$ 180,260,778.33</u>
\$ -	\$ -	\$ 132,189,441.68	\$ (577,653.19)	\$ 1,646,556,364.62
-	-	-	-	94,249,592.00
-	-	-	-	184,875,298.03
-	-	7,186,549.77	(1,960,668.57)	102,352,222.93
-	-	8,677,211.58	(384,619.54)	19,853,459.42
-	-	4,821,830.69	(1,239,739.78)	104,388,398.47
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,875,033.72</u>	<u>\$ (4,162,681.08)</u>	<u>\$ 2,152,275,335.47</u>
\$ -	\$ -	\$ (52,561,174.55)	\$ 548,770.53	\$ (748,460,640.63)
-	-	(2,583,381.57)	-	(52,129,767.48)
-	-	(8,296,003.20)	-	(108,672,214.73)
-	-	(6,869,744.18)	1,922,786.61	(81,696,410.07)
-	-	(1,102,567.98)	370,240.59	(9,189,410.56)
-	-	(5,993,051.41)	1,239,739.78	(56,359,887.37)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (77,405,922.89)</u>	<u>\$ 4,081,537.51</u>	<u>\$ (1,056,508,330.84)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,469,110.83</u>	<u>\$ (81,143.57)</u>	<u>\$ 1,095,767,004.63</u>
\$ -	\$ -	\$ -	\$ (142,000.00)	\$ 28,315,158.68
-	-	-	-	2,265,138.45
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (142,000.00)</u>	<u>\$ 30,580,297.13</u>
\$ -	\$ -	\$ (142,228.76)	\$ 142,000.00	\$ (28,076,854.65)
-	-	(457,204.72)	-	(1,273,334.14)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (599,433.48)</u>	<u>\$ 142,000.00</u>	<u>\$ (29,350,188.79)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (599,433.48)</u>	<u>\$ -</u>	<u>\$ 1,230,108.34</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 234,680,868.11</u></u>	<u><u>\$ (81,143.57)</u></u>	<u><u>\$ 1,277,257,891.30</u></u>

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Notes to the Financial Statements

NOTE 2: Capital Assets

Changes in capital assets for the fiscal year ended August 31, 2023 are summarized as follows:

	Balance 9/1/2022	Adjustments	Completed CIP
Non-Depreciable Assets:			
Land and Land Improvements	\$ 54,433,688.52	\$ -	\$ -
Construction in Progress	29,266,186.09	-	(29,127,378.18)
Other Assets	11,589,940.74	-	-
Total Non-Depreciable Assets	\$ 95,289,815.35	\$ -	\$ (29,127,378.18)
Depreciable Assets:			
Buildings and Building Improvements	\$ 1,376,273,122.46	\$ -	\$ 24,579,219.79
Infrastructure	91,492,486.04	-	2,161,709.57
Facilities & Other Improvements	182,200,371.37	-	2,386,448.82
Furniture and Equipment	92,203,974.19	-	-
Vehicle, Boats & Aircraft	11,090,612.97	-	-
Other Assets	103,162,710.73	-	-
Total Depreciable Assets at Historical Costs	\$ 1,856,423,277.76	\$ -	\$ 29,127,378.18
Less Accumulated Depreciation for:			
Buildings and Building Improvements	\$ (646,766,455.12)	\$ -	\$ -
Infrastructure	(47,008,281.75)	-	-
Facilities & Other Improvements	(92,060,826.65)	-	-
Furniture and Equipment	(72,046,690.36)	-	-
Vehicles, Boats & Aircraft	(7,925,632.44)	-	-
Other Assets	(50,670,874.15)	-	-
Total Accumulated Depreciation	\$ (916,478,760.47)	\$ -	\$ -
Depreciable Assets, Net	\$ 939,944,517.29	\$ -	\$ 29,127,378.18
Amortizable Assets - Intangible and Right to Use:			
Computer Software	\$ 28,465,178.68	\$ -	\$ -
Right to Use-Building Leases	1,970,298.39	-	-
Total Amortizable Assets - Intangible	\$ 30,435,477.07	\$ -	\$ -
Less Accumulated Amortization for:			
Computer Software	\$ (27,913,916.10)	\$ -	\$ -
Right to Use-Building Leases	(358,924.70)	-	-
Total Accumulated Amortization	\$ (28,272,840.80)	\$ -	\$ -
Amortizable Assets - Intangible, Net	\$ 2,162,636.27	\$ -	\$ -
Capital Assets, Net	\$ 1,037,396,968.91	\$ -	\$ -

Notes to the Financial Statements

Interagency Transfers In	Interagency Transfers Out	Additions	Deletions	Balance 8/31/2023
\$ -	\$ -	\$ 3,177,457.18	\$ -	\$ 57,611,145.70
-	-	65,837,406.49	-	65,976,214.40
-	-	243,585.59	-	11,833,526.33
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,258,449.26</u>	<u>\$ -</u>	<u>\$ 135,420,886.43</u>
\$ -	\$ -	\$ 623,030.82	\$ (618,178.89)	\$ 1,400,857,194.18
-	-	-	(42.68)	93,654,152.93
-	-	-	-	184,586,820.19
9,999.00	-	6,980,728.44	(2,068,359.90)	97,126,341.73
-	-	713,670.82	(243,416.41)	11,560,867.38
-	-	5,530,353.45	(7,886,756.62)	100,806,307.56
<u>\$ 9,999.00</u>	<u>\$ -</u>	<u>\$ 13,847,783.53</u>	<u>\$ (10,816,754.50)</u>	<u>\$ 1,888,591,683.97</u>
\$ -	\$ -	\$ (50,268,959.19)	\$ 587,177.70	\$ (696,448,236.61)
-	-	(2,538,146.84)	42.68	(49,546,385.91)
-	-	(8,315,384.88)	-	(100,376,211.53)
-	-	(6,703,605.15)	2,000,843.01	(76,749,452.50)
-	-	(774,867.14)	243,416.41	(8,457,083.17)
-	-	(6,494,551.81)	5,558,850.22	(51,606,575.74)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,095,515.01)</u>	<u>\$ 8,390,330.02</u>	<u>\$ (983,183,945.46)</u>
<u>\$ 9,999.00</u>	<u>\$ -</u>	<u>\$ (61,247,731.48)</u>	<u>\$ (2,426,424.48)</u>	<u>\$ 905,407,738.51</u>
\$ -	\$ -	\$ -	\$ (8,020.00)	\$ 28,457,158.68
-	-	294,840.06	-	2,265,138.45
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,840.06</u>	<u>\$ (8,020.00)</u>	<u>\$ 30,722,297.13</u>
\$ -	\$ -	\$ (170,729.79)	\$ 8,020.00	\$ (28,076,625.89)
-	-	(457,204.72)	-	(816,129.42)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (627,934.51)</u>	<u>\$ 8,020.00</u>	<u>\$ (28,892,755.31)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (333,094.45)</u>	<u>\$ -</u>	<u>\$ 1,829,541.82</u>
<u>\$ 9,999.00</u>	<u>\$ -</u>	<u>\$ 7,677,623.33</u>	<u>\$ (2,426,424.48)</u>	<u>\$ 1,042,658,166.76</u>

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Notes to the Financial Statements

NOTE 3: Deposits, Investments, and Repurchase Agreements

Deposits

As of August 31, 2024 and 2023, the carrying amount of deposits was \$12,268,524.91 and \$4,780,891.32, respectively, as presented below:

	<u>2024</u>	<u>2023</u>
Cash in Bank - Carrying Value	\$ 12,268,524.91	\$ 4,780,891.32
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent	-	-
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	-	-
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	-	-
Cash in Bank per AFR	<u>\$ 12,268,524.91</u>	<u>\$ 4,780,891.32</u>
Current Assets Cash in Bank-Proprietary Funds	\$ 7,465,462.74	\$ 1,726,584.97
Current Assets Restricted Cash in Bank	7,330.04	6,996.56
Current Assets Cash in Bank-Fiduciary Funds	<u>4,795,732.13</u>	<u>3,047,309.79</u>
Cash in Bank per AFR	<u>\$ 12,268,524.91</u>	<u>\$ 4,780,891.32</u>

As of August 31, 2024 and 2023, the total bank balances were \$15,481,440.30 and \$12,541,783.59, respectively.

Investments

Texas State is authorized to invest in Operating Long-Term and Endowment Funds as a prudent person in obligations and instruments as defined in the Texas State University System Investment Policy.

Investments at Amortized Cost

TexPool and TexPool Prime

Investments in TexPool and TexPool Prime money market funds that maintain a stable \$1.00 share price are reported at amortized cost. TexPool Prime has a very conservative investment policy and aligns with Rule 2a-7 money-market practices. TexPool Prime invests in US Government Securities, repurchase agreements, AAA rated money market mutual funds, commercial paper, and certificates of deposit to provide a safe, efficient, and liquid investment option. The fund is rated AAAM by Standard & Poor's, the highest rating a local government investment pool can achieve. There is no penalty or limit for withdrawal, however, a courtesy one-day notification is requested for withdrawals exceeding approximately \$20 million.

TexPool Prime is one of two portfolios developed on behalf of Texas entities to provide for the creation of investment pools for public funds and to allow eligible governmental entities to jointly invest their funds in authorized investments. The TexPool Prime portfolio was created to allow for an investment alternative that incorporates into its investment framework commercial paper and certificates of deposit, as well as U.S. Treasury and U.S. government agency securities. The Texas Treasury Safekeeping Trust Company, under the guidance of the Texas Comptroller of Public Accounts, administers the TexPool portfolios as public fund investment pools. Federated Hermes under contract with the State Comptroller is the full-service provider to the pools managing the assets, providing Participant Services, and arranging for all custody and other functions in support of the pool's operations.

Texas Fixed Income Trust

The Texas Fixed Income Trust (TX FIT) is an investment pool designed for Texas' local governments. Texas State invests in the Cash and Choice Pools. Both are rated AAAf by Fitch. The underlying holdings are commercial paper. The pool offers fixed term investments with stated rates of return (depending on duration). Interest is paid out on the maturity date of the investment. Texas State does not invest in durations longer than one year.

Fair Value of Investments

Texas State measures and records investments using fair value measurement guidelines in accordance with GASB Statement 72, *Fair Value Measurement and Application*. GASB 72 recognizes a three-level fair value hierarchy for inputs to valuation techniques; however, due to the transition to an investment pool administered by System Administration values are presented in summary below. Detailed investment holdings at the component level are no longer available as Texas State holds units of the pool. For more detailed fair value information refer to the Texas State University System consolidated report.

Notes to the Financial Statements

As of August 31, 2024 and 2023, the investment valuations were:

	2024		2023	
	No. of Units	2024 Value	No. of Units	2023 Value
Fair Value				
Fixed Income Money Market		\$ 189,030.52		\$ 75,536.52
Other Commingled Funds (TxFIT)		100,020,350.75		100,017,345.15
Operating Equity	414,914.0030	55,171,862.54	414,914.0030	47,541,708.10
Operating Fixed Income	146,781.9336	15,441,901.91	1,195,726.1094	113,974,120.90
Operating Real Assets	30,188.2823	4,797,679.77	30,188.2823	4,182,837.37
Endowments	1,497,647.3831	205,201,340.83	1,524,487.6190	181,680,199.15
Long-Term Investments	2,089,531.6020	\$ 380,822,166.32	3,165,316.0137	\$ 447,471,747.19
Amortized Cost				
Other Commingled Funds (TexPool)		\$ 438,433,808.86		\$ 301,365,233.45
Cash Equivalents		\$ 438,433,808.86		\$ 301,365,233.45

Texas University Fund

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. Texas State University was recognized as one of four eligible institutions. Criteria for other institutions to become TUF eligible institutions are also defined. 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 Texas State University 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.

Deposit and Investment Risk Factors

The following paragraphs describe various types of risk related to Deposits and Investments.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the university will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The university's investment policy limits holding of securities by counterparties to those involved with securities lending. As of August 31, 2024, Texas State University had no investments subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The TSUS investment policy requires that investments in debt securities have credit ratings recognized by the agencies of Standard and Poor's, Finch,

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Notes to the Financial Statements

and/or Moody's. For operating, a short-intermediate term funds portfolio, average credit quality of the entire portfolio is to be greater than or equal to A-, as defined by S&P (A- by Finch, A3 for Moody's). The minimum credit quality of any diversified fund vehicle must be investment grade at the time of purchase. Operating Long-Term fund portfolios are intended to be invested in a similar manner to Endowment funds, but no more than 20% of the global fixed income and credit may be rated below investment grade, and a maximum of 20% of the total Long-Term Operating Portfolio may be invested in emerging markets, regardless of asset type. An Operating Long-Term funds portfolio may only invest up to 60% of the market value of its total operating funds portfolio, exclusive of bond proceeds, in this type of investment strategy. In order to invest with managers who utilize alternative investments, Texas State must retain an investment consultant. For the endowment portfolio, risk is controlled through the portfolio diversification of market sector and maturity. Risk is further defined by prohibited investments and activities, and limited by maximum single purchase and maximum aggregate position percentages. The credit quality distributions for securities with credit risk exposures are disclosed in the System's Investment Note.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. Government, and investments in mutual funds, external investment pools, and other pooled investments are excluded from this disclosure requirement. Texas State University, by following the TSUS Investment Policy, limits the Operating Short-Intermediate fund for mutual funds, commingled vehicles, and registered Exchange Traded Funds (ETFs) portfolio holdings be no more than 10% of the total assets of a single fund, commingled vehicle or ETF. For Operating Short-Intermediate and Operating Long fund combined excluding pooled vehicles, mutual funds, ETFs or Managed Accounts which are multi-strategy and multi-manager products, no more than 40% of the portfolio may be invested in a single mutual fund or manager. As of August 31, 2024, Texas State University was not subject to concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Usually, a longer maturity results in a greater degree of price volatility. The university minimizes interest rate risk on investments by managing maturities to cash flow. Interest rate risk is reduced by investing in fixed-income securities with varying maturities. The weighted average maturity of the entire short-intermediate term funds portfolio is to be less than or equal to 36 months. There is no maximum maturity of any single issue. Operating Long funds are intended to be invested in a similar manner to endowment funds. The long-term objective of the Endowment portfolio is to preserve the intergenerational equity of the endowment while providing for appropriate current spending. All operating long and endowment funds are managed by the "prudent person standard". Although all long-term investments are subject to some interest rate risk due to various economic forces, as of August 31, 2024, Texas State University had limited the exposure to interest rate risk through asset allocation. Global fixed income/credit is intended to offset the volatility of equities, particularly during market downturns, as well as provide deflation protection.

Reverse Repurchase, Securities Lending and Derivative Investing

The university did not participate in Reverse Repurchase Agreements, Securities Lending, or Derivative Investing during fiscal year 2024.

NOTE 4: Long-Term Liabilities

Employees' Compensable Leave

Accrued compensable leave is the Institution's liability for unpaid overtime accrued by classified employees and unused vacation time for all employees. Obligations to personnel are paid at the time of dismissal, resignation, or separation from the university, provided the employee has at least six months of continuous employment with the state. An expense and liability are recorded annually as the benefits accrue to employees. For the fiscal years ended August 31, 2024 and 2023, the accrued liability for vacation and overtime totaled \$14,826,572.77 and 13,406,716.71, respectively. During the same periods, the university made lump sum payments totaling \$1,545,782.12 and \$2,221,949.94 for accrued vacation and overtime to employees who separated from state service. The maximum accrual for vacation is 532 hours. It is allowed for employees with 35 or more years of service. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and paid only when an employee is off due to illness or to the estate of an employee in the event of his/her death. The maximum leave that may be paid to an employees' estate is the lesser of (a) one-half of the employees' accumulated entitlement or (b) 336 hours.

Notes to the Financial Statements

The following changes occurred in long-term liabilities during the fiscal years ended August 31, 2024 and 2023:

<u>Employees' Compensable Leave</u>	<u>2024</u>	<u>2023</u>
Balance, September 1	\$ 13,406,716.71	\$ 13,433,187.45
Additions	2,965,638.18	2,195,479.20
Reductions	(1,545,782.12)	(2,221,949.94)
Balance, August 31	\$ 14,826,572.77	\$ 13,406,716.71
Amounts Due Within One Year	\$ 8,987,746.20	\$ 8,085,176.30
Amounts Due Thereafter	5,838,826.57	5,321,540.41
Total Due	\$ 14,826,572.77	\$ 13,406,716.71

Right to Use Lease Obligations

See Note 6 Lease for details on the liability associated with leases.

NOTE 5: Bonded Indebtedness

All bonded indebtedness for Texas State University is issued by System Administration through the Texas State University System Revenue Financing System. System Administration and each component institution within the system are members of the Revenue Financing System. The Board of Regents 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. System Administration issued the debt; therefore, the bonds payable attributable to the institution are included with the Bonds Payable reported by System Administration consolidated report. The Institution must repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented for informational purposes only.

<u>Year</u>	<u>Debt Service Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 46,420,000.00	\$ 27,099,975.58	\$ 73,519,975.58
2026	44,955,000.00	28,096,304.82	73,051,304.82
2027	46,440,000.00	26,126,058.50	72,566,058.50
2028	43,635,000.00	24,072,397.78	67,707,397.78
2029	40,175,000.00	22,203,999.72	62,378,999.72
2030-2034	166,395,000.00	85,878,325.28	252,273,325.28
2035-2039	96,485,000.00	54,664,062.70	151,149,062.70
2040-2044	60,060,000.00	37,595,431.30	97,655,431.30
2045-2046	5,835,000.00	3,037,566.30	8,872,566.30
Totals	\$ 550,400,000.00	\$ 308,774,121.98	\$ 859,174,121.98

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. For fiscal years ended August 31, 2024 and 2023, the institution was appropriated \$23,209,000 and \$15,164,462, respectively, for Tuition Revenue Bond debt service. The institution expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

NOTE 6: Leases

Texas State has entered into various leases for buildings and vehicles. The Texas Comptroller of Public Accounts established a threshold of \$100,000 for reporting leases under GASB 87 **Leases** requirements. In accordance with that guidance, leases with a present value exceeding the threshold are reported below. All other rental payments for leases below the threshold are reported as Rentals and Leases expense in the Matrix of Operating Expenses Reported by Function and are not included in the following lease disclosures. Rental payments for leases above the threshold for the fiscal years ended August 31, 2024 and 2023 were \$311,955.21 and \$447,448.82, respectively.

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Notes to the Financial Statements

Future minimum lease rental payments reported in the financial statements include the following amounts of principal and interest paid or due under lease liability, as of August 31, 2024.

Lease Liability: Future Lease Payments		
Fiscal Year	Principal	Interest
2025	\$ 292,212.29	\$ 22,379.44
2026	207,309.66	17,745.37
2027	203,976.38	14,676.58
2028	207,086.30	11,566.66
2029	201,920.10	8,413.34
2030-2032	426,793.31	9,107.92
Totals	\$ 1,539,298.04	\$ 83,889.31

For lease revenue subject to GASB 87 guidelines future minimum lease rental receipts reported in the financial statements include the following amounts of principal and interest received or due under leases of buildings leased to outside parties as of August 31, 2024.

Lease Receivable: Future Lease Receipts		
Fiscal Year	Principal	Interest
2025	\$ 90,089.26	\$ 44,910.75
2026	91,861.77	43,138.22
2027	97,049.67	41,325.33
2028	110,131.48	39,298.52
2029	116,066.79	37,098.21
2030-2034	661,075.80	148,486.20
2035-2039	739,490.60	79,989.40
2040-2042	438,495.66	12,218.34
Totals	\$ 2,344,261.03	\$ 446,464.97

Amortization of Deferred Inflows on a straight-line basis related to Leases Receivable as of August 31, 2024, are as follows:

Deferred Inflow of Resources-Lease Receivable		
Year	Amount	Balance
2025	\$ 127,199.88	\$ 2,130,598.04
2026	127,199.88	2,003,398.16
2027	127,199.88	1,876,198.28
2028	127,199.88	1,748,998.40
2029	127,199.88	1,621,799.82
2030-2034	635,999.40	985,799.12
2035-2039	635,999.40	349,801.52
2040-2042	349,801.52	0.00
Total	\$ 2,257,799.72	

NOTE 7: Pension Plans and Fringe Benefits Paid by the State

The state established an optional retirement program (ORP) for institutions of higher education. Participation in the ORP is in lieu of participation in the Teacher Retirement System and is available to certain eligible employees. Employee member and employer contributions were as follows for the fiscal years ended August 31, 2024 and 2023:

Contributions	2024	2023
Member Contributions	\$ 4,553,557	\$ 5,408,194
Employer Contributions	5,693,698	5,657,400
Total	\$ 10,247,255	\$ 11,065,594

Notes to the Financial Statements

For the fiscal year ended August 31, 2024, the state provided on-behalf unemployment contributions of \$15,000.69. Other paid-on-behalf amounts pertain to pension and other post-employment benefit contributions and liabilities which are covered by System reporting.

NOTE 8: Interfund Activity and Transactions

Texas State experienced routine transfers with other state agencies, consistent with the activities of the fund making the transfer and as a result of various grants and contract activities. In addition to transfers, Texas State recorded assets and liabilities for future amounts due from/to other state agencies. Repayment of interagency balances will occur within one year from the date of the financial statements.

The university also experiences other interagency activity, which is classified as transfers in/out or legislative transfers in/out. These transfers pertained to the receipt of bond proceeds and debt service payments from/to TSUS. Legislative transfer activity is directly attributable to bonds authorized by the Legislature and historically funded by means of special line items in the university's General Revenue appropriations or other transfers of appropriations between state agencies.

Agency Name	Agency Number	D23 Fund	2024		2023	
			Due From Other State Agencies	Due to Other State Agencies	Due From Other State Agencies	Due to Other State Agencies
Federal						
General Land Office	305	0027	\$ 4,098.18	\$ -	\$ 142,968.73	\$ -
Health and Human Services	529	0001	426,772.55	-	297,572.36	330,638.31
Department of Agriculture	551	5026	2,334.41	-	4,900.38	-
Texas A&M AgriLife Research	556	7999	-	86,703.76	-	27,555.69
Texas Division of Emergency Management	575	0109	22,725.89	-	189,837.43	-
Texas Division of Emergency Management	575	0161	7,507.77	-	7,507.77	-
Texas Division of Emergency Management	575	3256	905,799.59	-	1,024,945.86	-
Texas Water Development Board	580	0001	80,580.66	-	42,005.98	-
Texas Commission on Environmental Quality	582	1535	150,098.14	-	227,522.17	-
Texas Department of Transportation	601	0006	20,842.77	-	40,237.47	-
Texas Education Agency	701	0148	63,856.57	-	40,905.10	-
Texas A&M University	711	7999	2,651.35	-	36,253.21	-
Texas A&M Engineering Extension Service	712	7999	-	36,013.29	-	-
Tarleton State University	713	7999	-	-	-	130,585.90
Texas A&M Engineering Extension Service	716	7999	241,067.32	-	241,366.52	-
Texas Southern University	717	7999	168.20	-	2,215.41	-
University of Texas-Austin	721	7999	41,543.96	114,655.66	31,685.47	22,878.49
Texas A&M University – Kingsville	732	7999	50,520.01	-	-	-
University of Texas at San Antonio	743	7999	379,249.47	-	76,292.89	50,851.86
University of Texas Health Science Center at San Antonio	745	7999	22,759.58	-	81,370.55	-
University of Texas Rio Grande Valley	746	7999	33,252.63	41,228.53	32,875.95	27,679.02
Sam Houston State University	753	7999	-	17,892.47	-	210,401.93
Texas State University System	758	0325	-	-	-	50,000.00
Texas Higher Education Coordinating Board	781	0325	-	-	316,330.57	311,786.09
Parks and Wildlife Department	802	0014	-	-	13,523.20	-
Parks and Wildlife Department	802	0931	8,497.13	-	9,049.32	-
Parks and Wildlife Department	802	0951	80,681.84	-	261,924.49	-
Parks and Wildlife Department	802	0952	-	-	17,621.80	-
Parks and Wildlife Department	802	4675	-	-	7,757.49	-

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Notes to the Financial Statements

Agency Name	Agency Number	D23 Fund	2024		2023	
			Due From Other State Agencies	Due to Other State Agencies	Due From Other State Agencies	Due to Other State Agencies
State						
Governor – Fiscal	300	0001	-	-	-	-
Health and Human Services	529	0001	269,398.48	-	367,557.41	-
Dept of State Health Services	537	0001	-	-	186,347.83	-
Cancer Prevention and Research Institute of Texas	542	6390	-	-	28,459.70	-
Texas Water Development Board	580	7999	-	-	-	-
Texas A&M University	711	7999	1,450.12	-	-	-
Texas A&M Engineering Experiment Station	712	7999	-	-	-	920.00
Texas A&M University – Corpus Christi	760	7999	-	18,761.23	-	5,766.19
Texas Higher Education Coordinating Board	781	0001	59,257.00	257,912.92	-	-
Texas Higher Education Coordinating Board	781	2824	35,077.59	-	-	-
Texas Higher Education Coordinating Board	781	2825	25,626.46	-	-	-
Parks and Wildlife Department	802	0014	13,040.18	-	-	-
Parks and Wildlife Department	802	0664	5,538.71	-	7,857.48	-
Parks and Wildlife Department	802	0931	31,621.78	-	38,902.49	-
Other						
Texas Workforce Commission	320	0165	-	-	-	6,364.69
Texas Higher Education Coordinating Board-Interest	781	0325	-	3,225.92	-	-
Total Due From / Due To Other Agencies			\$ 2,986,018.34	\$ 576,393.78	\$ 3,775,795.03	\$ 1,175,428.17

Agency Name	Agency Number	D23 Fund	2024		2023	
			Due From Other Component	Due to Other Component	Due From Other Component	Due to Other Component
Texas State University System Billings	758	7999	\$ -	\$ 102,403.60	\$ -	\$ -
Total Due From / Due To Other Components			\$ -	\$ 102,403.60	\$ -	\$ -

Agency Name	Agency Number	D23 Fund	2024		2023	
			Transfers In	Transfers Out	Transfers In	Transfers Out
Comptroller – Fiscal-Hazlewood	902	0210	\$ 941,076.00	\$ 941,076.00	\$ 920,049.00	\$ -
Texas State University System for Debt Service and Billings	758	7999	-	42,766,702.01	7,325,079.31	41,365,248.02
Texas State University System for Bond Proceeds	758	7999	240,842,039.78	-	-	-
Texas State University System for Grant Funding & Gifts	758	7999	498,124.41	-	503,596.65	-
Texas Dept of Motor Vehicles for License Plate	608	0802	29,728.87	-	-	22,590.67
Total Transfers			\$ 242,310,969.06	\$ 43,707,778.01	\$ 8,748,724.96	\$ 41,387,838.69

Notes to the Financial Statements

Agency Name	Agency Number	D23 Fund	2024		2023	
			Legislative Transfers In	Legislative Transfers Out	Legislative Transfers In	Legislative Transfers Out
Texas State University System for Debt Service	758	0001	\$ -	\$ 28,455,400.83	\$ -	\$ 20,869,983.16
Texas Veterans Commission for Reimbursement TVC	902	0001	9,803,171.00	-	1,324,796.00	-
Available Texas University Fund	902	0001	22,354,263.00			
Total Legislative Transfers			\$ 32,157,434.00	\$ 28,455,400.83	\$ 1,324,796.00	\$ 20,869,983.16

NOTE 9: Contingencies and Commitments

As of August 31, 2024 and 2023, various lawsuits and claims involving Texas State were pending. While the ultimate liability with respect to litigation and other claims asserted against the university cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the university.

NOTE 10: Risk Management**WORKERS' COMPENSATION**

The state's Workers' Compensation program is administered by the State Office of Risk Management (SORM). As a participating agency, Texas State is assessed an annual charge for Workers' Compensation coverage for employees according to a set formula. The assessment for all fund sources was \$535,637.00 and \$507,173.46 for the fiscal years ended August 31, 2024 and 2023, respectively.

UNEMPLOYMENT COMPENSATION

The state provides an Unemployment Compensation program; actual claims are paid from several funding sources as determined by the Comptroller of Public Accounts. The Unemployment Compensation program is on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. The assessment for all fund sources for the fiscal year ended August 31, 2024 and 2023 were \$205,438.11 and \$242,111.81, respectively.

PROPERTY AND OTHER INSURANCE COVERAGE

Property insurance is obtained through Arthur J. Gallagher Risk Management Services, Inc (Gallagher) to include fire and flood coverage for all university buildings valued in excess of \$100,000. Texas State's other property, vehicle, and special events insurance policies are also obtained through Gallagher, which is a participant in the SORM's statewide insurance program.

VEHICLE INSURANCE

The Texas Motor Vehicle Safety Responsibility Act (Texas Transportation Code, Chapter 601) requires that every non-governmental vehicle operated on a state highway be insured for minimum limits of liability in the amount of \$30,000/\$60,000 (bodily injury) and \$25,000 (property damage). There is coverage of \$1,000,000 combined single liability. The coverage exceeds the extent of the waivers of state immunity in the Tort Claims Act.

Auto insurance is obtained through Gallagher to include liability coverage for all university-owned vehicles as well as hired and non-owned vehicles. Liability coverage is subject to a \$1,000 deductible. Vehicles rented or leased have additional comprehensive and collision coverage subject to a \$1,000 deductible.

FOREIGN TRAVEL INSURANCE

Foreign travel accident and sickness as well as liability coverage is obtained through Gallagher. This policy covers all students, faculty, and staff of the university that travel abroad for approved university business or instruction. The coverage offers out-of-country medical benefits of \$200,000, emergency medical of \$10,000, accidental death and dismemberment, emergency medical evacuation, emergency reunion, security evacuation, chaperone replacement, and war risk. The policy provides general liability coverage of \$1,000,000/\$2,000,000 and auto liability of \$1,000,000 combined single limit bodily injury and property damage.

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Notes to the Financial Statements

OTHER

Texas State University is exposed to a variety of civil claims resulting from the performance of its duties. It is the university's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. Liabilities are reported when it is both probable a loss has occurred, and the amount of that loss can be reasonably estimated. There were no liabilities outstanding as of August 31, 2024 and 2023.

<u>Claims and Judgments</u>	<u>2024</u>	<u>2023</u>
Balance, September 1	\$ -	\$ -
Increases	208,956.80	1,036,602.77
Decreases	(208,956.80)	(1,036,602.77)
Balance, August 31	\$ -	\$ -

NOTE 11: The Financial Reporting Entity

Component Units are legally separate organizations for which the officials of the primary government are financially accountable. In addition, Component Units can be other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would create misleading or incomplete financial statements. The legally separate entities having the closest relationships with the University are reported as blended component units, and those having slightly more separation or independence from the University are reported as discrete component units. Both are described below.

COMPONENT UNITS

Blended Component Units

The financial transactions and records of the following component units are blended with the financial transactions and records of the University due to the significance of their operational or financial relationship with the University.

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 the university's 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 February 28th.

The Research Foundation is included in Texas State's financial statements as a blended component unit in accordance with GASB Statement 14, as amended. 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. Condensed financial information appears below. 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. 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.

Condensed Financial Information for Blended Component Units

	Research Foundation	Freeman Foundation
Year Ended:	February 28	August 31
Condensed Statement of Net Position		
Assets		
Current Assets	\$ 43,151.00	\$ 20,749.51
Capital Assets, Net		76,526.55
Total Assets	43,151.00	97,276.06
Liabilities		
Current Liabilities	1.00	
Non-Current Liabilities	200,000.00	
Total Liabilities	200,001.00	0.00
Net Position		
Capital Assets, Net of Related Debt		76,526.55
Restricted, Expendable		20,749.51
Unrestricted	(156,850.00)	
Total Net Position	\$ (156,850.00)	\$ 97,276.06
Condensed Statement of Revenues, Expenses and Changes in Net Position		
Operating Revenues	\$ 0.00	\$ 91,121.27
Less: Depreciation Expense		32,870.67
Operating Expenses		421,943.70
Operating Income/(Loss)		(363,693.10)
Non-Operating Revenues		5,014.05
Transfers In		326,385.78
Change in Net Position	(0.00)	(32,293.27)
Net Position, Beginning	(156,850.00)	129,569.33
Net Position, Ending	\$ (156,850.00)	\$ 97,276.06
Condensed Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	\$ 0.00	\$ (330,822.43)
Non-Capital Financing Activities		330,903.58
Capital and Related Financing Activities		
Investing Activities		496.25
Beginning Cash Equivalents	43,151.00	20,172.11
Ending Cash Equivalents	\$ 43,151.00	\$ 20,749.51

Discrete Component Units

The financial statements for the following entities are included at the end of the financial statement section as discretely presented component units of the University. The **Texas State University Development Foundation** (Development Foundation) was formed in 1977 to support the educational, scientific, and research mission of Texas State. The Development Foundation raises and manages endowment funds designated for scholarships and other support for the university. The 48-member Board of Trustees is comprised of a cross-section of alumni and notable leaders who assist in the development and support of Texas State University. The fiscal year end is June 30, and audited financial statements can be obtained at the following url: <https://www.ua.txst.edu/about/development-foundation/financial-activity/documents.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. 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. The board composition includes the University President, Dean of the McCoy College, and two employees of the College

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Notes to the Financial Statements

of Business Administration. The fiscal year end is August 31, and audited financial statements can be obtained at the following url under the Audit topic: <https://www.mccoyncollegefoundation.org/>

RELATED ORGANIZATIONS

The **Texas State Alumni Association** (Association), while not a component unit, is disclosed due to its close relationship with the university. The Association is an affiliated organization which is controlled by a separate board of directors, pays their own expenses, and is not included in the basic financial statements of the university as the primary government.

The Alumni Association's efforts and funds are dedicated to the university, and are used to provide student scholarships, campus support, and alumni outreach or engagement activities. Financial activity as of and for the years ended August 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Student Scholarships	\$ 24,126.19	\$ 22,000.00
Deposits Held in Trust at the University	\$ 282,263.00	\$ 245,135.00

Deposits held in trust at the university are considered Custodial Funds in the university's financial statements.

NOTE 12: Stewardship, Compliance, and Accountability

Texas State's administration is not aware of any non-compliance items or material violations of finance-related legal and contract provisions. Per the laws of the State of Texas, Texas State cannot spend amounts in excess of appropriations granted by the Texas Legislature and there are no deficits reported in net position.

NOTE 13: Donor Restricted Endowments

Net appreciation classified as restricted, expendable on the Statement of Net Position is as follows:

	<u>2024</u>	<u>2023</u>
	\$ 33,047,244.12	\$ 27,285,305.93

For fiscal year 2024 there was an increase in fair market value (FMV) totaling \$5,298,488.69 compared to the increase in fair value of \$2,840,195.89 for 2023. The amount reported as net appreciation represents net appreciation on investments of donor restricted endowments 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.

Distributions are calculated using a 60-month FMV rolling average times a 3.5% distribution. The individual endowments own units in a restricted investment pool and the annual distribution is allocated on a per unit basis. Changes from prior year balances for expendable and non-expendable balances were as follows:

<u>True Endowment Funds</u>	<u>2024</u>	<u>2023</u>	<u>Reason for Change</u>
Expendable Balances	\$ 5,761,938.19	\$ 2,278,338.49	Fair value fluctuations, earnings, fees and distributions
Non-Expendable Balances	\$ 441,050.56	\$ 295,410.09	New gifts



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