



SOUTH TEXAS  
COLLEGE

# 2024



## POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED AUGUST 31, 2024

# TABLE OF CONTENTS

Letter from the President .....	1
Board of Trustees .....	2
Organizational Chart .....	2
Vision, Mission, and Core Values .....	3
District Information .....	3
The District's Initiatives and Achievements .....	4
Financial Highlights and Net Position .....	5
Statement of Net Position for All Funds .....	5
Statements of Revenues , Expenses, and Changes in Net Position (All Funds) .....	6
District's Operations Excluding Impact of GASB Statement 68 (Pension) and GASB Statement 75 (OPEB) .....	7-8
Net Position and Fund Expenditures .....	9
Unrestricted Fund Activity .....	10
Tuition and Fees .....	10
Ad-Valorem Property Taxes .....	11
Property Tax Rates for a Typical Homeowner in the South Texas College District .....	11
State Appropriations .....	12
How is the District Spending the Money? .....	13
District Functions .....	13
Capital Assets .....	14
Debt Status .....	15
Acknowledgments .....	16

# SOUTH TEXAS COLLEGE

## LETTER FROM THE PRESIDENT



I am excited to introduce South Texas College District's Popular Annual Financial Report (PAFR) for the fiscal year ended August 31, 2024.

The financial information within this report is derived in large part from the District's independently audited financial statements of our 2024 Annual Comprehensive Financial Report (ACFR), which is prepared in conformance with Generally Accepted Accounting Principles (GAAP). The PAFR presents highlights of the District's financial results for the past fiscal year and is designed to be transparent and easily understandable for individuals who are not finance or accounting professionals. Within this report, you will find an analysis of where the District's financial resources come from and where the dollars are spent in a format that is easy to understand.

This is the fifth time South Texas College District has prepared the PAFR. The PAFR is not a required document, however, it is considered a best practice by the Government Finance Officers Association (GFOA), and we take pride in presenting it. Thank you for taking the time to review this report.

Respectfully,

**Ricardo J. Solis, Ph.D.**  
**President**



# BOARD OF TRUSTEES



## Chair

### Dr. Alejo Salinas, Jr.

Retired Superintendent,  
Superintendent Emeritus,  
Hidalgo ISD



## Vice Chair

### Paul R. Rodriguez

CEO of Valley Land  
Title Co.



## Secretary

### Danny Guzman

Right-of-Way Agent,  
Hidalgo County Precinct #1



## Member

### Rose Benavidez

President of Starr County  
Industrial Foundation



## Member

### Victoria Cantú

CEO of Children's  
Education Station, LLC



## Member

### Dalinda Gonzalez- Alcantar

CEO, Boys & Girls Club  
of McAllen

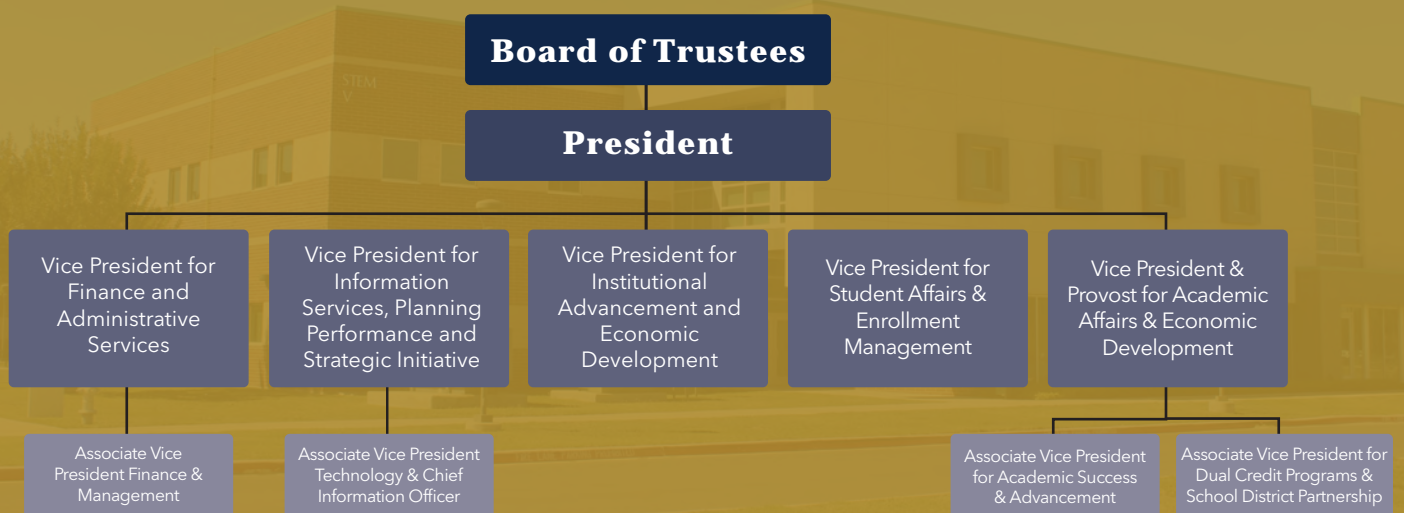


## Member

### David De Los Rios

Trustee

# ORGANIZATIONAL CHART



# VISION, MISSION, AND CORE VALUES



## Vision Statement

Changing lives and transforming communities through higher education.

## Mission Statement

South Texas College is a comprehensive public higher education institution that transforms lives through innovative education, holistic learner support, and community engagement. We empower our region and drive socioeconomic advancement through lifelong learning opportunities.

## Core Values

**Student Success:** We are committed to the personal, academic, and career goals of each student.

**Excellence:** We are committed to excellence and innovation in teaching, learning, and services.

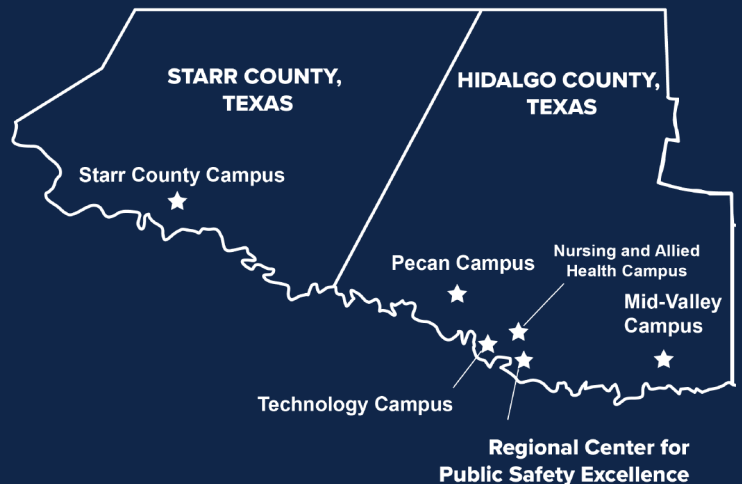
**Opportunity:** We are committed to providing access and support for students to achieve their academic and career goals.

**Caring:** We are committed to creating a campus culture that embodies respect, empathy, and genuine care for all.

**Integrity:** We are committed to being respectful, professional, honest, accountable, and transparent.

# DISTRICT INFORMATION

The District was created on September 1, 1993, by Texas Senate Bill 251 to serve Hidalgo and Starr counties. The District is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award baccalaureate and associate degrees.





# THE DISTRICT'S INITIATIVES AND ACHIEVEMENTS

The District's innovative endeavors and dedication to excellence have paved the way to praise and acclaim. The District has received numerous awards from national, state, and local bodies that recognize its leadership among the community colleges in the State of Texas and the nation. Some of the initiatives and achievements of the past year include:

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report Financial Report for the fiscal year ended August 31, 2023. This is the twenty-first consecutive year that the District has achieved this prestigious award.

The Government Treasurers' Organization of Texas (GTOT) presented the Certificate of Distinction to the District for its Investment Policy for the seventh straight time. The Certificate was issued for the District's success in developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing established by the GTOT, and is effective for a two-year period ending August 31, 2026.

The District has earned the three Texas

Comptroller of Public Accounts' Transparency Stars Program Awards. These awards recognize local governments that have achieved excellence in transparency for different areas that include:

- Traditional Finance Transparency Star
- Economic Development Transparency Star
- Debt Obligation Transparency Star

Excelencia in Education's 2024 Fast Facts Publication, ranked South Texas College 2nd in the nation for awarding Associate degrees to Hispanics.

Achieved the highest ranking for the Most Affordable College Programs in 2024 by UniversityHQ.

The District was ranked 8th for Safest College Campus in Texas and 10th for Best College Location in Texas by Niche in 2024.

# FINANCIAL HIGHLIGHTS AND NET POSITION

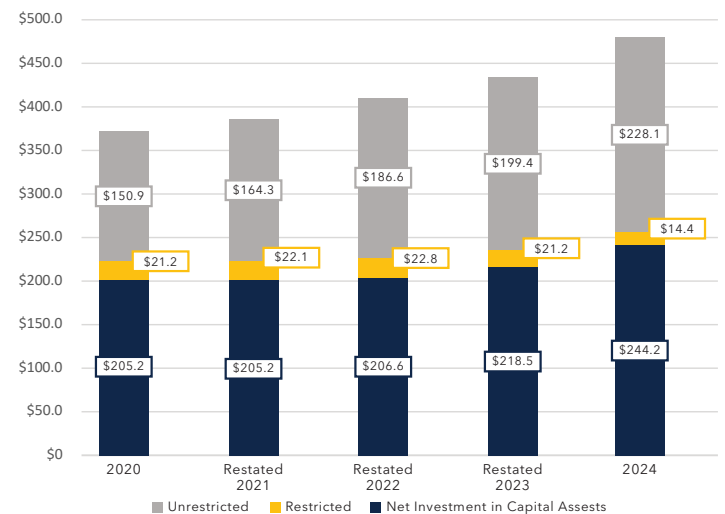
## STATEMENT OF NET POSITION

(ALL FUNDS)

For Fiscal Year Ended August 31, 2024 (in millions)

<b>Assets</b>	
Current Assests	\$ 162.9
Non - Current Assests	625.2
<b>Total Assets</b>	<b>\$ 788.1</b>
<b>Deferred Outflow of Resources</b>	<b>\$ 375.0</b>
<b>Liabilities</b>	
Current Liabilities	\$ 38.2
Non - Current Liabilities	233.5
<b>Total Liabilities</b>	<b>\$ 271.7</b>
<b>Deferred Inflow of Resources</b>	<b>\$ 80.5</b>
<b>Net Position</b>	
Net Investment in Capital Assets	\$ 244.2
Restricted	14.4
Unrestricted	228.1
<b>Total Net Positions - End of Year</b>	<b>\$ 486.7</b>

### Statement of Net Position (in millions)



During fiscal year 2024, the net position increased primarily as a result of an updated state formula funding model, a new revenue stream from the FAST program, increased property tax revenue due to rising property values, and higher investment income fueled by higher interest rates.

What is **net position**? It refers to the College's overall financial situation or condition. It's essentially the difference between what the college owns (assets) and what it owes (liabilities). If the net position is positive, it means the college's assets exceed its liabilities, indicating a healthy financial position. Conversely, if the net position is negative, it means the college owes more than it owns, which could signal financial challenges.

The Statements of Net Position is a 'point in time' financial statement and provides the reader with a snapshot of the District's **assets, deferred outflows of resources, liabilities and deferred inflows of resources** at the end of the fiscal year.

**An asset** - is a resource with economic value that the District owns or controls.

**A liability** - is the District's legal financial debt or obligation that arises during the course of business operation.

**Net position** - is the cumulative resources allocated to plant and equipment, or resources that are available to the District with or without restrictions.

**A deferred outflow of resources** - represent a consumption of net assets that applies to future periods.

**A deferred inflow of resources** - represent an acquisition of net assets that applies to future periods.

Reflected in the Statement of Net Position are current and non-current items:

- **Current items** - are assets and liabilities to be satisfied or liquidated within one year.
- **Non-current items** - are assets and liabilities to be liquidated or satisfied beyond one year.

The Statement of Revenues, Expenses and Changes in Net Position present the District's results of operations for the fiscal year. This statement focuses on the revenues brought in by the College generated primarily by property taxes, state allocations, tuition and fees, and state and federal grants. It compares the revenue brought in during the fiscal year to the cost of the District's activities. The summarized information is presented to enhance the reader's understanding of the financial results of the various District services provided to students and the public.

# STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (ALL FUNDS)

For Fiscal Year Ended August 31, 2024 (in millions)

## Revenues

### Operating Revenues

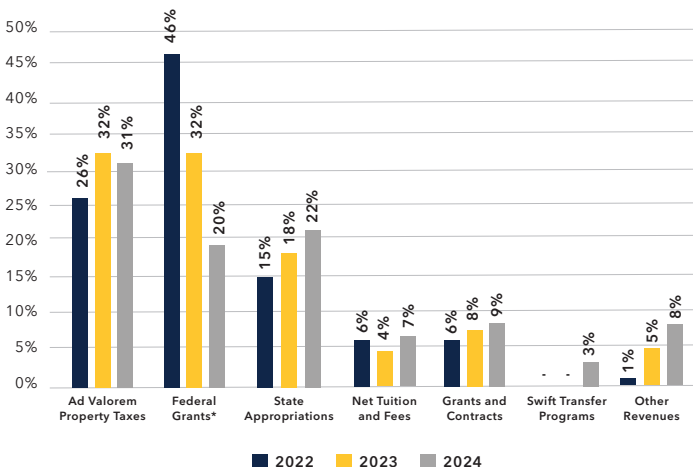
Net Tuition and Fees	\$ 19.7
Grants and Contracts	25.6
Other Operating Revenue	\$ 1.1
<b>Total Operating Revenues</b>	<b>\$ 46.4</b>

### Non-Operating Revenues

Ad-valorem Property Taxes	\$ 90.8
State Appropriations	63.6
Federal Grants	57.6
Investment Income	21.9
Swift Transfer Program	8.8
Other Non-Operating Revenues	1.5
<b>Total Non-Operating Revenues</b>	<b>\$ 244.2</b>

<b>Total Revenues</b>	<b>\$ 290.6</b>
-----------------------	-----------------

## Revenues Sources



## Expenses

### Operating Expenses

Instruction	\$ 86.2
Public Service	.5
Academic Support	27.3
Student Services	14.7
Institutional Support	38.5
Operation and Maintenance of Plant	26.1
Scholarships Expense	25.5
Auxiliary Enterprises	2.3
Depreciation Expenses	15.1
<b>Total Operating Expenses</b>	<b>\$ 236.2</b>

### Non-Operating Expenses

Non-Capital Construction Cost	\$ 2.1
Interest on Capital Related Debt	3.3
Other Non-Operating Expenses	1.4
<b>Total Non-Operating Expenses</b>	<b>\$ 6.8</b>

<b>Total Expenses</b>	<b>\$ 243.0</b>
-----------------------	-----------------

Capital Contribution	\$ -
Increase / (Decrease) in Net Position	47.6
Net Position at Beginning of Year	439.1
<b>Net Position at End of Year</b>	<b>\$ 486.7</b>

\* In fiscal year 2022, the District's federal revenue surged due to \$90.6 million in Higher Education Emergency Relief Fund (HEERF) funding, supporting student aid and pandemic-related institutional costs. This funding decreased to \$31.9 million in fiscal year 2023 and \$0.2 million in fiscal year 2024.





# **DISTRICT'S OPERATIONS**

## **EXCLUDING IMPACT OF GASB STATEMENT 68 (PENSION) AND GASB STATEMENT 75 (OPEB)**

The District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System (TRS) and was impacted by the implementation of GASB Statement No 68, Accounting and Financial Reporting for Pensions, in fiscal year 2015. GASB Statement No 68 (GASB 68) revised and established new financial reporting requirements for most state and local governments that provide their employees with pension benefits.

The District also participates in a cost-sharing, multiple-employer, other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by Employees Retirement System of Texas (ERS) and was impacted by the implementation of GASB Statement No 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions (OPEB), in fiscal year 2018. GASB Statement No 75 (GASB 75) revised and established new accounting and financial reporting requirements for OPEB plans. In fiscal year 2018, ERS utilized an allocation methodology based on employer contributions related to retirees. In fiscal year 2019, ERS changed the allocation methodology by basing it on employer contributions for retirees and active employees. The change in allocation methodology had a significant adverse financial effect on the District.

The District's net position at August 31, 2024 was \$486.7 million compared to \$439.1 million at August 31, 2023, an increase of \$47.6 million. The financial statements include the impact of GASB Statement 68 and GASB Statement 75, and even though they are required entries by GASB, the District does not deem that the result with these entries appropriately reflects the District's operations throughout the years, as the liabilities are allocated to the District based on the discretion of ERS and TRS (allocation methods have changed in the past), and are not part of the District's day-to-day operations. The liabilities also reflect a long-term liability that may or may not be due.

Disregarding the effect of the ERS OPEB liability and the TRS pension liability, the District's net position increased by \$58.5 million resulting from excess revenues over expenses. Of the \$58.5 million increase in net position, the unrestricted net position increased by \$39.6 million, net investment in capital assets increased by \$25.7 million, and expendable net position decreased by \$6.8 million.

# NET POSITION EXCLUDING IMPACT OF GASB 68 (PENSION) AND GASB 75 (OPEB)

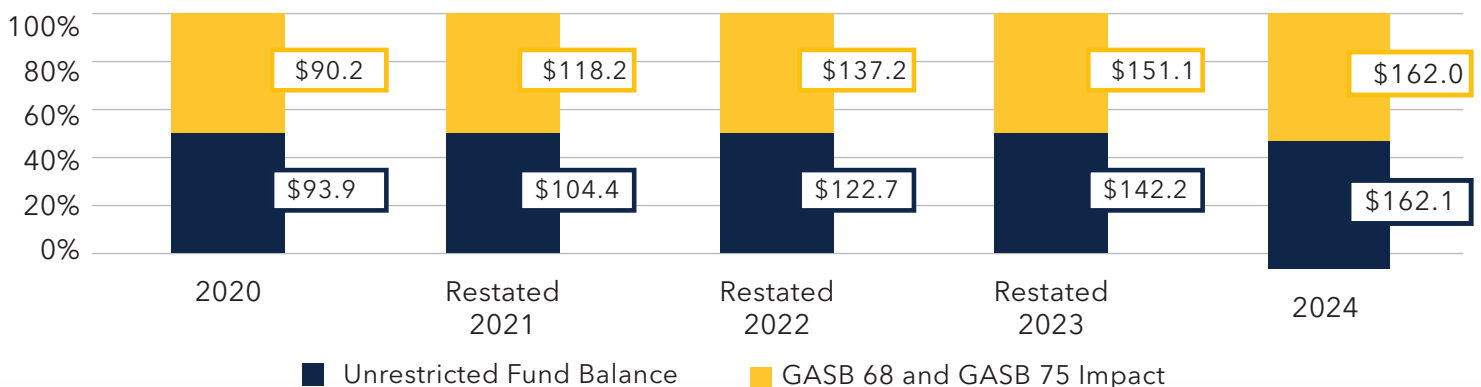
Fiscal year 2022 was restated due to the implementation of GASB 87 (Leases) and GASB 96 (SBITA) and fiscal year 2023 was restated due to a change in estimated and reclassification.

For Fiscal Year Ended August 31, 2022, 2023, and 2024 (in millions)	Restated 2022	Restated 2023	2024
Operating Revenues	\$ 36.7	\$ 32.4	\$ 46.4
Operating Expenses	252.3	215.3	224.6
<b>Operating Loss</b>	<b>(215.6)</b>	<b>(182.9)</b>	<b>(178.2)</b>
Non-Operating Revenues and Expenses	259.0	219.9	236.7
<b>Income Before Contributions</b>	<b>43.4</b>	<b>37.0</b>	<b>58.5</b>
Capital Contributions	-	-	-
<b>Increase in Net Position</b>	<b>43.4</b>	<b>37.0</b>	<b>58.5</b>
<b>Net Position - Beginning of Year</b>	<b>509.8</b>	<b>553.2</b>	<b>590.2</b>
<b>Net Position - End of Year</b>	<b>553.2</b>	<b>590.2</b>	<b>648.7</b>

The District's net effect of GASB 68 and GASB 75 for fiscal years 2022, 2023 and 2024 have been \$19.0 million, \$13.9 million and 10.9 million of net expense. The graph presents the impact that GASB 68 and GASB 75 have had on the cumulative unrestricted fund balance for the past five years.

## GASB 68 AND GASB 75 IMPACT ON UNRESTRICTED FUND BALANCE

For Fiscal Year Ended August 31 (in millions)



# NET POSITION & FUND EXPENDITURES

A fund is a set of accounts that are segregated to identify the transactions associated with a specific activity conducted by the District.

**Unrestricted Fund** – accounts for economic resources of the District which are expendable for the purpose of performing the primary missions of the institution such as instruction, research, and public service, and which are not restricted by external sources or designated by the governing board other than operating expenditures.

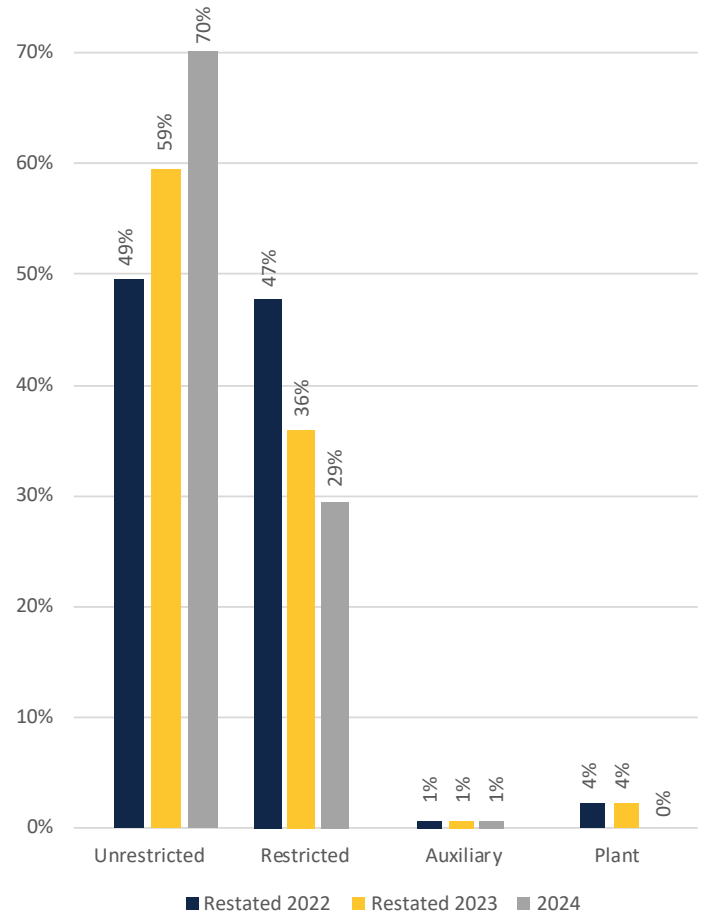
**Restricted Fund** – accounts for activities that have restrictions pertaining to their use by external parties, such as grants, contracts, donors, or legislation.

**Plant Fund:**

- **Unexpended – Construction Fund:** accounts for resources to be used for plant construction or acquisition.
- **Renewals and Replacements Fund:** accounts for resources to be used for renewing and replacing facilities on existing College capital assets.
- **Retirement of Indebtedness Fund:** accounts for funds held in reserve for paying principal and interest on debt, as well as related costs in accordance with bond indentures.

**Auxiliary Fund** – accounts for transactions of self-supporting activities. The fund exists to provide goods or services to students, faculty, staff, other institutional departments, or incidentally to the general public, for which a fee is charged that is intended to recover associated costs.

**District’s Expenditures by Fund**



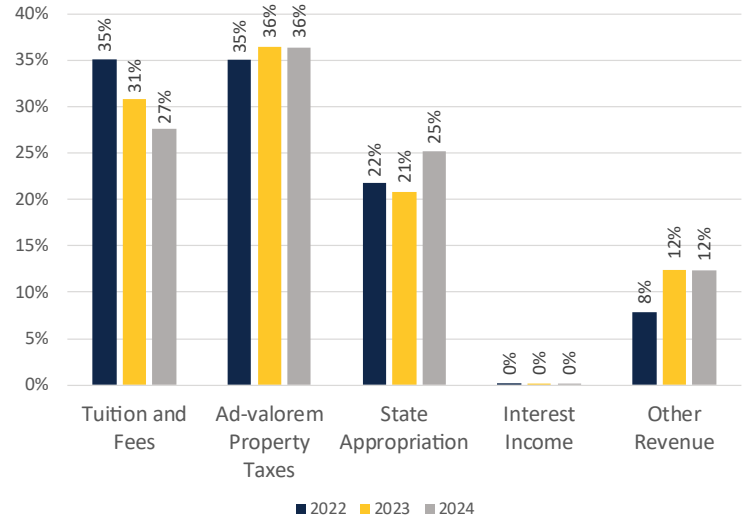
# UNRESTRICTED FUND ACTIVITY

## Revenue Sources

The District has a diversified revenue structure with the main sources of unrestricted revenue deriving from student tuition and fees, local taxes, and state appropriations.



## Unrestricted Revenue



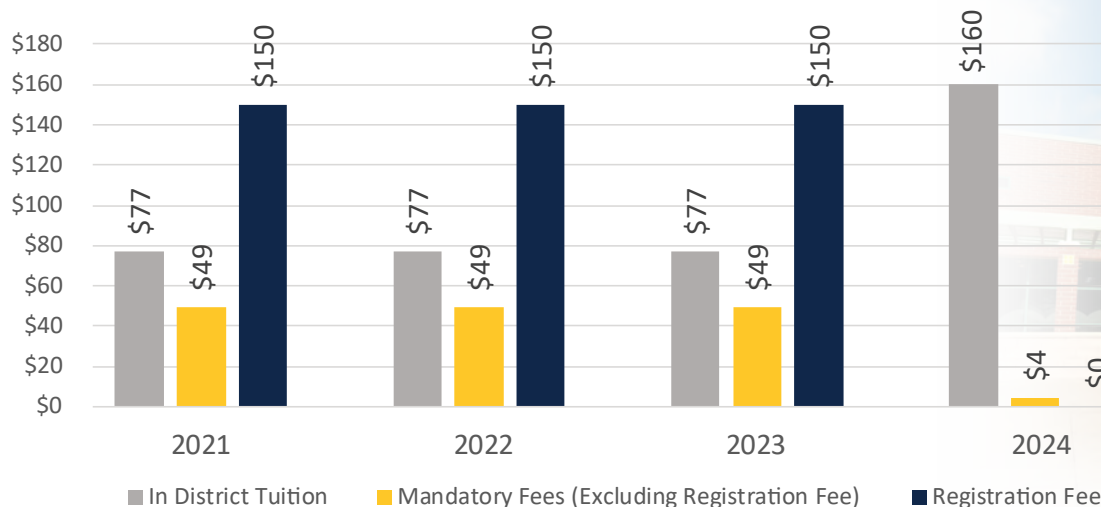
# TUITION AND FEES

Student tuition and fees are the primary operating source of revenues for the District, and makes up about 27% of the District’s unrestricted revenue stream. The District is committed to providing access and support for students to achieve their academic and career goals, as described in the Core Values of South Texas College. This is accomplished by keeping tuition cost low without lowering the quality of instruction.

In fall 2023 (fiscal year 2024), the District implemented a Simplified Tuition Rate (flat tuition rate per semester credit hour) with most mandatory fees consolidated into one, excluding the student activity fee – designed to simplify the process of paying for classes. The District’s in-district tuition rate of \$160 per semester credit hour in fiscal year 2024 remains among the most competitive in the state. In fiscal year 2025, the District increased tuition to \$164 per semester credit hour and eliminated all mandatory fees.

The table below shows a summary of the tuition and mandatory fee rates per semester credit hour.

## Per Credit Hour Rate

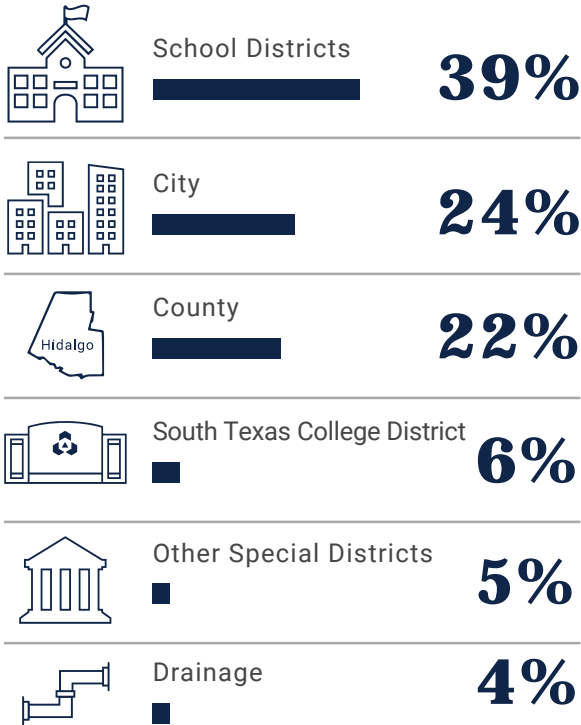


# AD-VALOREM PROPERTY TAXES

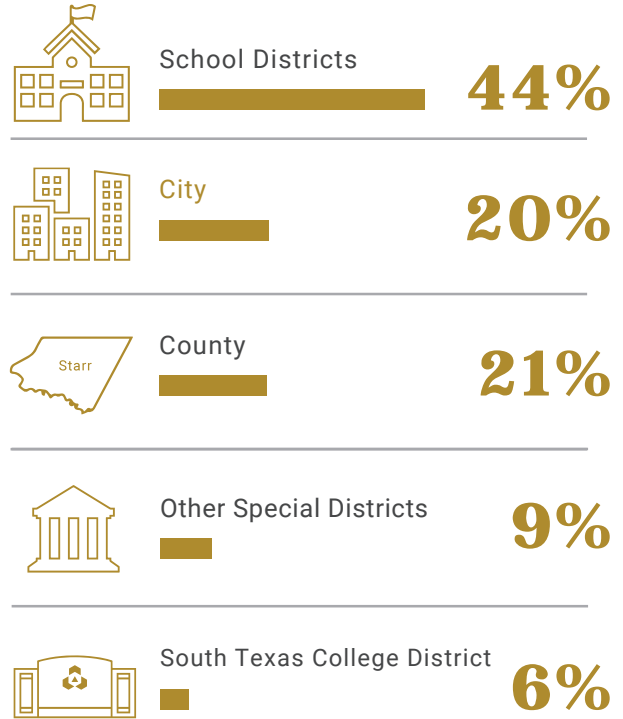
Ad-valorem property taxes continue to be among the District’s primary non-operating revenue sources, and accounted for 36% of the District’s total unrestricted funding sources for fiscal year 2024. The taxes are used to pay for operating costs and general obligation debt services. For fiscal year 2024, the District’s ad-valorem property tax rate for a typical homeowner was \$0.1562 per \$100 of the property’s assessed value—making up about 6 percent of the homeowner’s total property tax bill. This represents a decrease of \$0.0053 compared to the rate assessed in fiscal year 2023. The increase in ad-valorem property tax revenue is attributed to higher taxable value assessments in the District’s two counties.

## PROPERTY TAX RATES FOR A TYPICAL HOMEOWNER IN THE SOUTH TEXAS COLLEGE DISTRICT

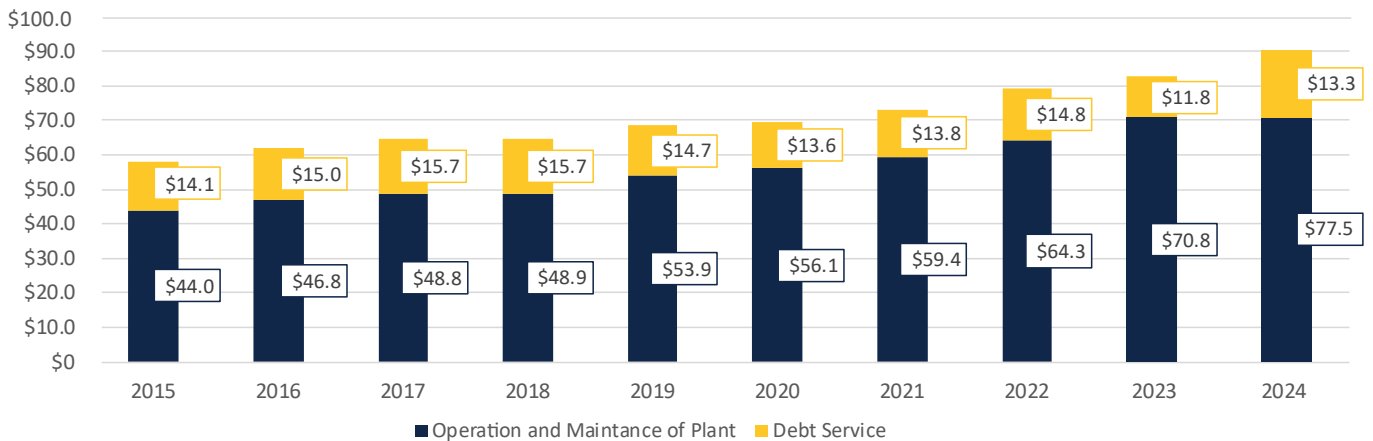
### Hidalgo County



### Starr County



### Property Tax Revenue Type (in millions)





RESEARCH  
RESEARCH



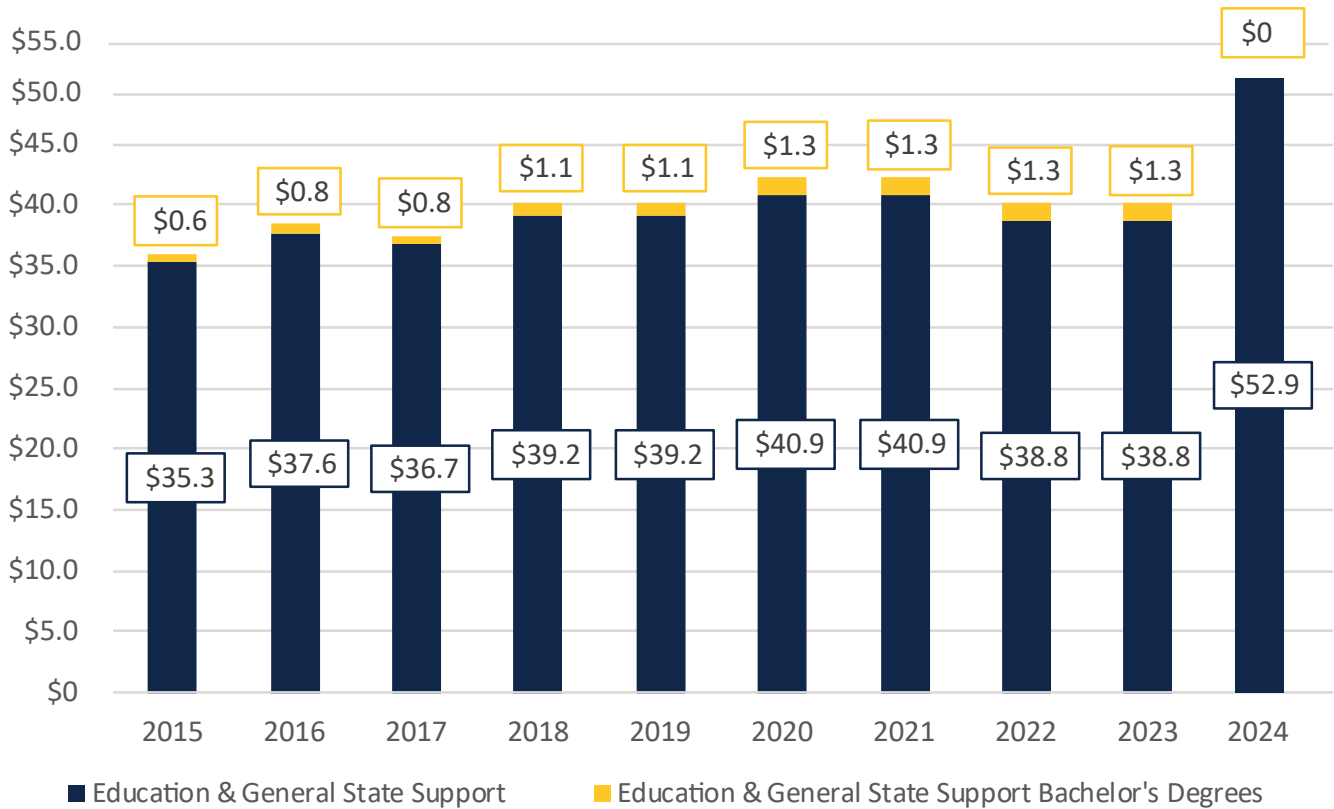
# STATE APPROPRIATIONS

State appropriations account for 25% of the District’s unrestricted funding source. The State of Texas appropriates funds to state agencies and institutions of higher education.

The District received an additional \$12.8 million in state appropriations in fiscal year 2024 due to a change in the formula funding model. The previous funding model was based on core operations, student success, contact hour funding, and for offering the Bachelor’s degrees. The revised formula for the 2024-2025 biennium is based on a Base Tier Formula and a Performance Tier formula.

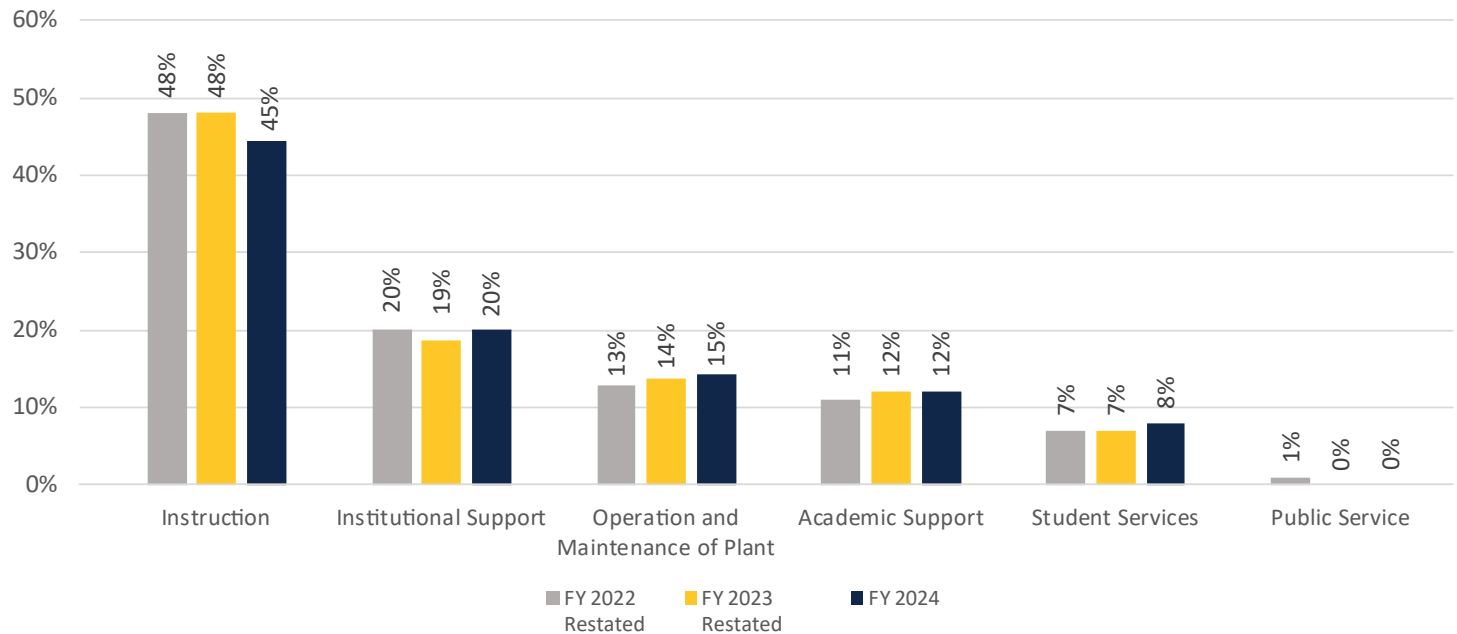
Below is a ten-year history of the District’s state appropriations revenues:

**State Appropriations** (in millions)



# HOW IS THE DISTRICT SPENDING THE MONEY?

## TOTAL FISCAL YEAR 2022 - 2024 UNRESTRICTED EXPENSES BY FUNCTION



## DISTRICT FUNCTIONS

**Instruction** – Activities dealing directly with student learning, such as faculty salary and benefits, equipment, materials and supplies for the classrooms.

**Public Service** - Activities established primarily to provide non-instructional services for the benefit of individuals and groups that are external to the District.

**Academic Support** – Activities designed to provide support services for the District’s primary mission of instruction and public service. Includes the centers for learning excellence, distance learning, high school programs and services and professional development.

**Student Services** – Activities that provide assistance in the areas of admissions, counseling, financial aid and student records.

**Institutional Support** – Expenditures for day to day operational and administrative activities that benefit the entire institution. Examples are financial and administrative services, information services, and public relations.

**Operation and Maintenance of Plant** – Maintenance, repairs, and minor construction of building costs that are necessary to keep the facilities open and ready for use for students, faculty, and staff.



# CAPITAL ASSETS

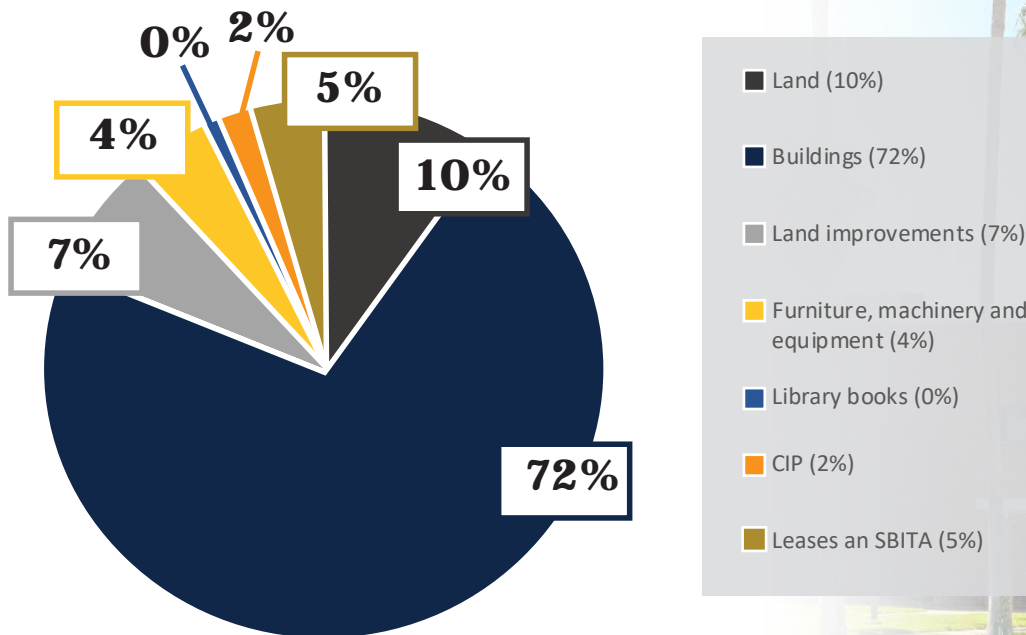
Capital assets include property, plant, equipment, and infrastructure assets that have an initial unit cost greater than or equal to \$5,000 and estimated useful lives of more than one (1) year.

Net capital assets increased in fiscal year 2024, primarily due to an increase in Subscription-based IT arrangements (SBITA)'s and construction in progress, which was partially offset by an increase in accumulated depreciation. The increase in depreciation was related to facilities, land improvement, and furniture and equipment added during fiscal year 2018 and 2019 that were funded by the District Limited Tax Bonds series 2014 and 2015, and SBITA's that was implemented in fiscal year 2023 with the GASB 96 implementation.

## Net Capital Assets (in millions)

Description	August 31, 2023 Restated	Additions	Retirements and Transfers	August 31, 2024
Land	\$ 33.5	\$ -	\$ -	\$ 33.5
Collections	0.1	-	-	0.1
Construction in Progress	7.2	12.6	(13.04)	6.7
Buildings	318.5	9.9	-	328.4
Land Improvements	47.1	3.1	(0.05)	50.2
Library Books	6.3	0.2	-	6.6
Furniture, Machinery, and Equipment	54.8	4.9	(1.12)	58.6
Leased Assets	0.7	0.8	-	1.5
SBITA	4.5	16.3	-	20.8
Less				
Accumulated Depreciation	(144.6)	(15.2)	1.2	(158.6)
<b>Total Net Capital Assets</b>	<b>\$ 328.1</b>	<b>\$ 32.7</b>	<b>\$ (13.1)</b>	<b>\$ 347.7</b>

## THE GRAPH BELOW SUMMARIZES THE CAPITAL ASSETS BY CATEGORY NET OF ACCUMULATED DEPRECIATION. Net Capital Assets August 31, 2023





# DEBT STATUS

The District currently has three series of limited tax bonds outstanding. These bonds are backed by the full confidence of the district and are paid with property taxes.

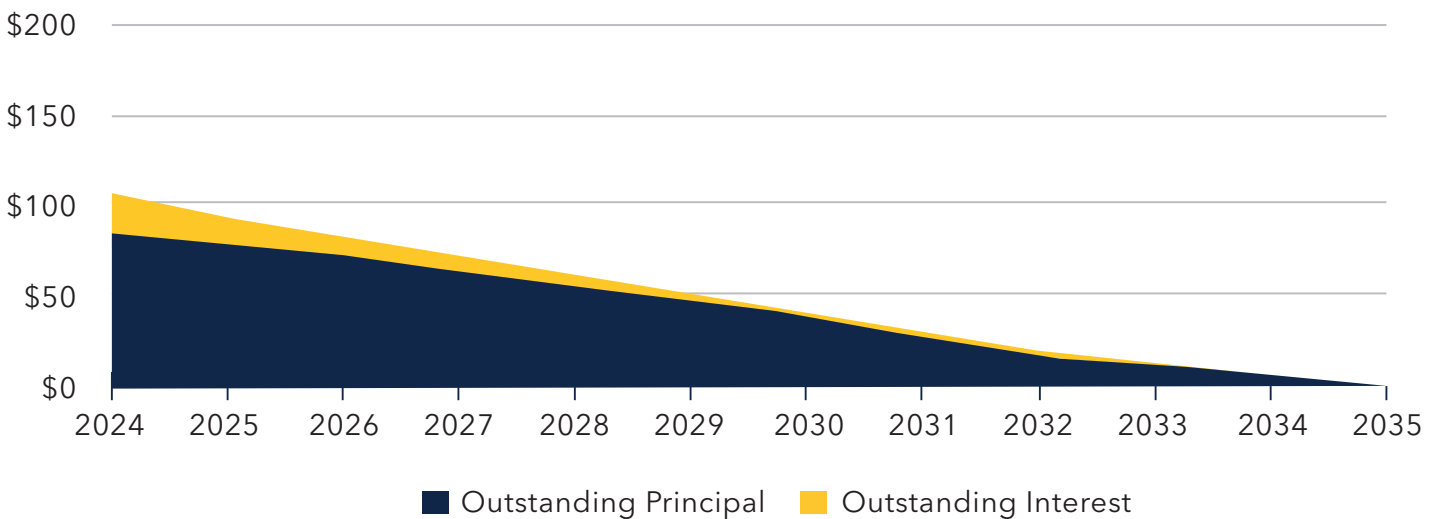
The Series 2014 Limited Tax Bonds and Series 2015 Limited Tax Bonds were issued to address the facility requirements of the District due to the enrollment increase over the years. Series 2020 Limited Tax Bonds refinanced part of the Limited Ad-valorem Tax Bonds previously issued in 2014. Series 2021 Limited Tax Bonds refinanced part of the Limited Ad-valorem Tax Bonds previously issued in 2015.

The district's bond ratings on the outstanding bonds are AA by Standard & Poor's Rating Services and Aa2 by Moody's Investor Services.

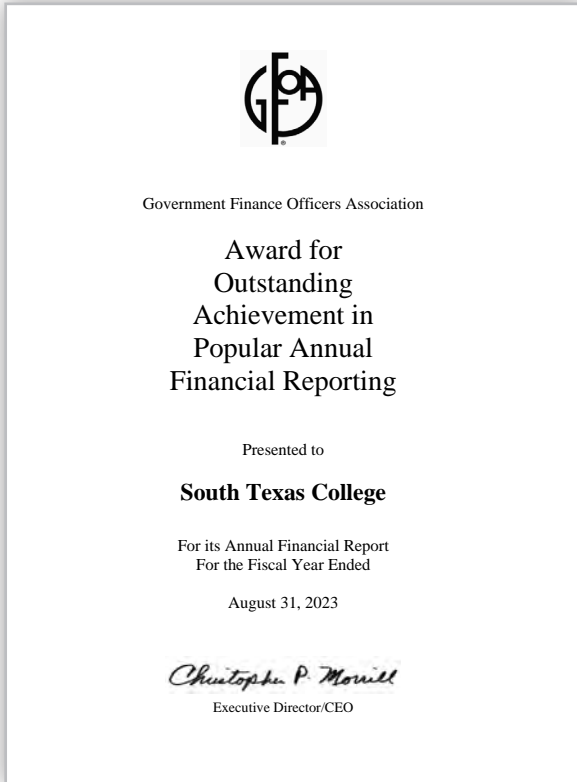
It's important to have a good credit rating as it can provide significant benefits:

- **Lower Borrowing Cost** - as the District can issue bonds at lower interest rates.
- **Attracting More Investors** - High credit ratings indicate financial stability, making the institution's bonds more appealing and driving demand for better terms.
- **Increased Access To Funding** - Improve the District's ability to qualify for federal and state funding programs.
- **Community And Stakeholder Trust** - Credit ratings reassure stakeholders such as state legislators, taxpayers, students, and parents that the District is effectively managing its finances.

## College Outstanding Debt (in millions)



# ACKNOWLEDGMENTS



The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to South Texas College for its Popular Annual Financial Report for the fiscal year ended August, 31, 2023. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. This is the third time the College has received the Popular Award. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

This Popular Annual Financial Report (PAFR) is intended to provide selected financial information in a simplified and straightforward format. The PAFR is based upon the District's Annual Comprehensive Financial Report (ACFR), which contains more detailed information on the District's finances.

The ACFR, PAFR, and other financial reports can be found on the District's website at [finance.southtexascollege.edu/businessoffice/](https://finance.southtexascollege.edu/businessoffice/).

---

## South Texas College District Finance and Administrative Services and Business Office Staff

**Mary Del Paz**, Vice President for Finance and Administrative Services

**Myriam Lopez**, Associate Vice President Finance and Management

**Katarina Bugariu**, Director Fiscal Services

**Nicole Perez**, Budget Manager

**Alma Church**, Accounting Group Manager

**Dalinda Gamboa**, Accounting Group Manager

**Maricarmen Ramirez**, Accounting Group Manager

**Marittza Adame**, Accounting Group Manager

**Vanessa Balderrama**, Accounting Group Manager

**Cristina Gonzalez**, Accounting Group Supervisor

**Elida Rangel**, Accounting Group Supervisor

**Esmeralda Ortegon**, Accounting Group Supervisor

**Nereida Sanchez**, Accounting Group Supervisor

**Samantha Balboa**, Accounting Group Supervisor

**Soledad Ortiz**, Accounting Group Supervisor

**Jarazmin Ibarra**, Graphic Designer



**SOUTH TEXAS  
COLLEGE**

**20** **POPULAR**  
**24** **ANNUAL**  
**FINANCIAL**  
**REPORT**