



SOUTH TEXAS COLLEGE DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FISCAL YEARS ENDED
AUGUST 31, 2024 AND 2023**





SOUTH TEXAS COLLEGE DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED AUGUST 31, 2024 AND 2023

**Prepared by
Business Office**

Serving Hidalgo and Starr County, Texas
3201 W. Pecan Blvd., McAllen, TX 78501

956-872-8311 | www.southtexascollege.edu

**South Texas College District
Annual Comprehensive Financial Report
Fiscal Years Ended August 31, 2024 and 2023**

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SOUTH TEXAS COLLEGE

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INTRODUCTORY **SECTION**



South Texas College District

3201 West Pecan Blvd.
P.O. Box 9701
McAllen, Texas 78502
(956) 872-4646

December 19, 2024

Dr. Ricardo J. Solis, President
Members of the Board of Trustees and
Citizens of the South Texas College District

The Annual Comprehensive Financial Report (ACFR) of South Texas College District (“the District”), for the fiscal years ended August 31, 2024 and 2023, is hereby submitted. The purpose of this report is to provide detailed information about the financial condition and performance of the District. Based upon a comprehensive framework of internal controls, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. The objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. The concept of reasonable assurance ensures that the costs of the controls do not exceed the benefits derived.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that impartially presents the financial position and results of operations of the District. All disclosures necessary to help the reader gain an understanding of the District’s financial activities, in relation to its mission, have been included.

Annual Comprehensive Financial Report

The South Texas College District Annual Comprehensive Financial Report for the fiscal years ended August 31, 2024 and 2023, was prepared by the Business Office. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB), and comply with the Annual Financial Reporting Requirements for Texas Public Community Colleges as set forth by the Texas Higher Education Coordinating Board (THECB). This letter of transmittal complements and should be read in conjunction with Management’s Discussion and Analysis which immediately follows the independent auditor’s report and which provides a narrative introduction, overview, and analysis of the basic financial statements. The Notes to the Financial Statements, included in the financial section, are considered integral to the basic financial statements and should be read in conjunction with them.

State statute requires an annual audit by independent certified public accountants. The purpose of an independent audit is to provide reasonable assurance, based on an independent review and testing, that the basic financial statements and accompanying notes are fairly stated in all material respects.

The District's Board of Trustees selected the accounting firm of Carr, Riggs & Ingram, LLC. In addition to meeting the requirements outlined in State statutes, their audit was also designed to meet the requirements of the Federal Single Audit Act, the U.S. Office of Management and Budget (OMB) 2 Code of Federal Regulations (CFR) 200, *Audits of States, Local Governments, and Non-Profit Organizations*, Uniform and Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards, and the Texas Grant Management Standards. The Independent Auditor's Report includes an unmodified opinion on the District's financial statements for the years ended August 31, 2024, and 2023. The independent auditor's report is included in the financial section of this report on page 13.

The District is a special purpose government engaged solely in business-type activity (BTA). Adhering to GASB Statements 34 and 35, this presentation of financial reporting combines all fund groups into a single column and resembles the format of corporate financial statements. It also serves to make the financial statements more comparable across organizations.

Profile of the District

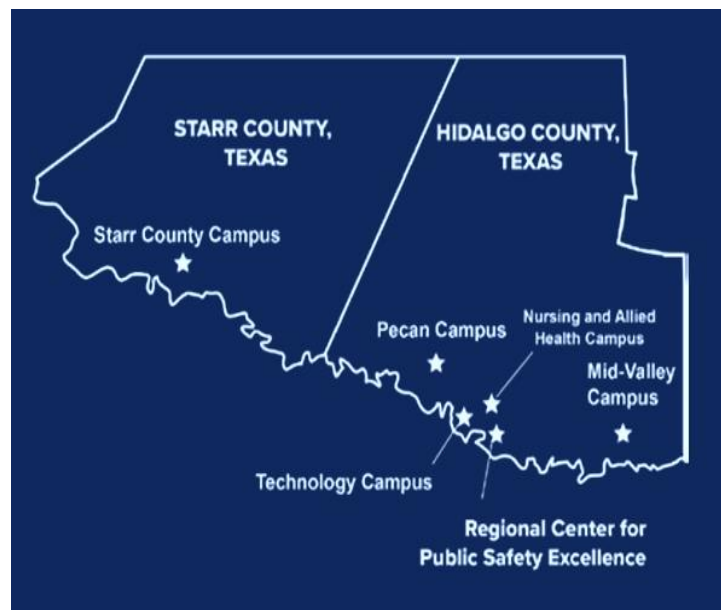
Organizational Structure and Service Area

The District was created on September 1, 1993, by Texas Senate Bill 251 to serve the people of Hidalgo and Starr counties. A confirmation election, held on August 12, 1995, established a taxing district for the district. The South Texas College District is governed by a seven-member Board of Trustees, who are elected locally to six-year terms by Hidalgo and Starr County voters. The Board is responsible for policy-making functions and delegates administrative responsibilities to the President, who serves as the Chief Executive Officer of the District.

The District is a political subdivision of the State of Texas located in Hidalgo and Starr Counties. It offers academic, general occupational, developmental, and continuing adult education programs through a network of locations in Hidalgo and Starr Counties. These locations include:

- Pecan Campus
- Technology Campus
- Dr. Ramiro R. Casso Nursing and Allied Health Campus
- Starr County Campus
- Mid-Valley Campus
- Regional Center for Public Safety Excellence

In addition, the District has an online virtual campus and Continuing Education Workforce Training Centers at the Pecan Plaza, Technology Campus, Mid-Valley Campus, and Starr County Campus as well as Higher Education Centers in La Joya and Pharr.



Mission, Strategic Goals and Vision

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. The District actualizes its mission following a systematic and collaborative process that establishes future direction through the development of its strategic goals:

- Lead Community Engagement
- Promote Academic Integrity and Excellence
- Create Educational Opportunities for Students
- Foster Student Success
- Cultivate Institutional Excellence

It is through the commitment to these strategic goals, that South Texas College District works to fulfill its vision of changing lives and transforming communities through higher education.

Programs and Major Initiatives

The District is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award baccalaureate and associate degrees. It offers 131 degree and certificate options including Associate's degrees in various art, science, technology and allied health fields of study. Additionally, the South Texas College District is the only community college in the State of Texas to offer five baccalaureate degrees. These degrees are Bachelor of Applied Technology degrees in Operations Management, Computer and Information Technologies, and Medical and Health Services Management, a Bachelor of Applied Science in Organizational Leadership and a Bachelor of Science in Nursing. Currently 22 associate degrees, 10 certificates and all five bachelor programs are available online, making it possible for students to earn their degrees without ever setting foot on campus. For students who wish to transfer and continue to pursue their educational goals, the District has over 120 articulation agreements and partnerships with over 70 domestic and international institutions.

The District's Dual Credit Program is a national model of collaboration and is the first in Texas to receive the prestigious accreditation by the National Alliance of Concurrent Enrollment Partnerships. The Dual Credit Program offers four options, including dual credit course, career and technical education programs, designated high schools and academy programs. The Program currently collaborates with 21 school districts and 70 high school sites throughout Hidalgo and Starr counties. Approximately 11,500 students were enrolled in dual credit college-level courses during the 2024 spring semester.

The District's Continuing Education and Workforce Development (CEWD) program provides opportunities for lifelong learners to upgrade their skills, change careers, or seek personal enrichment through education on various topics. The District's Center for Advanced Training & Apprenticeships (CATA) is committed to fostering long-term sustained economic growth by serving the advanced manufacturing and related industries. Through the Institute for Advanced Manufacturing, CATA provides customized training to new and incumbent workers in these sectors which include suppliers to end producers and supporting services. Through the Regional Center for

Public Safety Excellence, the District became the first border community college in the nation to establish integrative training for local, state and federal professionals in public safety and homeland security along the US/Mexico border. The District is also approved for veteran's educational training in Certificate and Associate of Applied Science degree programs by the Texas Education Agency.

The following tables illustrate the District's enrollment data over the last five fiscal years.

Annual Enrollment – Academic and Vocational					
	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Total credit hours	533,951	535,581	552,755	543,493	651,153
Total contact hours	10,851,928	10,882,496	11,187,936	10,939,952	13,009,248
Unduplicated full-time student equivalent	17,798	17,853	18,425	18,116	21,705
Unduplicated headcount	34,059	37,433	39,325	38,161	43,524

Annual Enrollment – Continuing Education					
	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Total contact hours	195,851	226,728	197,689	179,154	180,160
Unduplicated full-time student equivalent	1,632	1,889	1,647	1,493	1,501
Unduplicated headcount	4,009	4,382	3,884	3,526	3,715

Economic Condition and Outlook

Nestled in the Rio Grande Valley (RGV), near the Texas-Mexico border, the District serves Hidalgo and Starr Counties. Hidalgo County, of which McAllen is its largest city, was founded in 1852 and named for Don Miguel Hidalgo y Costilla. As of 2024, its population is 1,110,006. Starr County was founded in 1848 and named after James Harper Starr. It has a population of 75,319 as of 2024 and its largest city is Rio Grande City. The combined population is 1,185,325.

Unemployment rates and per capita income for Hidalgo and Starr Counties are as follows:

- The unemployment rate for Hidalgo County decreased from 6.8% in 2023 to 6.4% in 2024.
- The unemployment rate for Starr County increased from 9.4% in 2023 to 9.6% in 2024.
- Per capita income in Hidalgo County decreased from \$34,503 in 2023 to \$33,525 in 2024.
- Per capita income in Starr County decreased from \$34,933 in 2023 to \$31,643 in 2024.

The McAllen-Edinburg-Mission Metropolitan Statistical Area (MSA), comprised of numerous connected cities (McAllen, Mission, Edinburg, Pharr, San Juan, Alamo, Weslaco, and Mercedes, among others) in Hidalgo County, is a key economic player in South Texas. Its location near the border between the United States and Reynosa, Mexico, creates a binational, international metro area most recognized for its industrial and manufacturing sectors. McAllen's central location in the Rio Grande Valley, a large, young and continually growing labor pool, and its consistently low Cost of Living Index has allowed it to become an economic powerhouse.

The District plays a vital role in providing educational opportunities for its citizens and preparing a strong workforce in the region. Enthusiastic support of the area’s private, business, corporate, and industrial communities has earned the District a popular reputation. Due to the rapid expansion of its technical/vocational and academic programs, and its strong commitment to meeting the need for a trained and skilled workforce, the District’s students are graduating in record numbers, transferring to four-year colleges and universities, or finding employment.

The District’s financial outlook for the future continues to be positive. In 30 years, South Texas College District has grown from a student headcount of over 1,000 in Fall 1993 to 26,035 in Spring 2024. The District’s unrestricted fund budget increased from \$2,325,212 in 1993 to \$237,922,248 in 2024.

Long-Term Financial Planning

The District has a five-year Comprehensive Plan that identifies major initiatives to be undertaken. The objectives and initiatives identified in the Comprehensive Plan form the basis for budget allocations.

Other than federal grants used for scholarships, the District’s three main sources of revenue are:

- Net Tuition and Fees – increased by \$8,198,755 mostly due to a change in the methodology of the tuition discounting and a slight tuition rate increase that occurred when the simplified tuition rate was implemented in Fiscal Year 2024.
- State Appropriations – increased \$16,147,092 primarily due to the change in the formula funding model in Fiscal Year 2024.
- Ad Valorem Taxes – net ad valorem tax revenue increased by \$8,244,635 due to an increase in property value assessments.

The District has levied taxes since fiscal year 1997. The following table illustrates the District’s property tax levy rates and tax collections over the last ten years.

Tax Levy Rates (Per \$100 of assessed valuation)				
Fiscal Year	Current Operations	Debt Service	Taxable Assessed Value (TAV)	Total Tax Collections
2015	\$0.1400	\$0.0450	\$30,965,159,425	\$56,344,301
2016	0.1400	0.0450	33,304,492,691	59,726,169
2017	0.1400	0.0450	34,902,217,340	62,418,265
2018	0.1400	0.0450	36,596,147,819	66,710,260
2019	0.1400	0.0380	38,381,832,847	66,934,297
2020	0.1400	0.0333	40,256,755,406	67,929,064
2021	0.1400	0.0318	42,115,920,553	71,952,164
2022	0.1400	0.0315	45,214,407,716	77,314,037
2023	0.1388	0.0227	50,864,349,747	79,887,946
2024	0.1335	0.0227	58,137,262,311	87,897,893

Each community/junior college in Texas must file a copy of an annual operating budget which includes departmental operating budgets by function, and subsequent amendments thereto,

approved by the community/junior college governing board. It must be filed by December 1 of each fiscal year directly with the Governor, Legislative Budget Board, the Legislative Reference Library, and the THECB.

The budget is developed in collaboration with personnel from all divisions of the District. Available resources are allocated based on the division’s requirements and as approved by the Board of Trustees. The budget process ensures that demands are integrated with the District’s mission statement. Monthly budget reports reflecting budgeted and actual revenue and expenses are prepared and provided to management and the Board of Trustees to assist in decision-making and to monitor compliance and performance.

The District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District’s Board of Trustees.

Relevant Financial Policies

Board Policy CC, Unrestricted Fund Balance, adopted by the Board on January 31, 2023, requires the District to maintain an unrestricted fund balance sufficient to cover no less than three months of budgeted expenditures unless the Board of Trustees approves the use, transfer, or designation of fund balance, and a plan to restore the fund balance to the minimum amount.

The District has complied with Board Policy CC as follows:

Unrestricted Fund Balance Reserve			
	August 31, 2024	August 31, 2023	August 31, 2022*
Unrestricted Fund Balance Reserve	\$158,949,121	\$138,842,496	\$122,750,195
Next Fiscal Year Budgeted Unrestricted Fund Expenses (including transfers and contingencies)	\$235,901,042	204,151,801	186,693,736
Fund Balance as a % of Total Expenses	67.4%	68.0%	65.7%
Number of Months Expenses in Reserve	8.1 months	8.2 months	7.9 months

*Per the May 26, 2022 Board meeting, the metric used to determine the minimum Unrestricted Fund Balance changed to reflect the Total Unrestricted Fund Balance, which includes the Unrestricted Undesignated Fund Balance and the Unrestricted Fund Balance Designations.

During the fiscal year, the District may designate a portion of the unrestricted fund balance. The unrestricted fund balance designation represents the District’s intended use of available resources for specific initiatives.

As of August 31, 2024, the District’s Board of Trustees has designated a total of \$52,543,144 of the unrestricted net position for the purpose of:

- Future employee health insurance costs - \$7,500,000
- Infrastructure maintenance and renewal of the District’s Enterprise Resource Planning system - \$39,043,144

- Reserve for the District's business continuity and disaster plan - \$6,000,000

Achievements and Awards

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 accomplishments and achievements 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 for the fiscal year ended August 31, 2023. This is the twenty-first consecutive year that the District has achieved this prestigious award. To be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of only one year. The District's current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for another certificate.
- The Government Treasurers' Organization of Texas 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 Government Treasurers' Organization of Texas. The Certificate of Distinction 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 including:
 - 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.

Acknowledgments

The timely preparation of the Annual Comprehensive Financial Report could not have happened without the diligent efforts and dedicated service of the District's Business Office staff. Gratitude is

unequivocally given to the Board of Trustees and President for their interest, integrity, and insight in maintaining ethical and professional standards in the management of the District's finances and operations. Additional recognition goes to the accounting firm of Carr, Riggs & Ingram, LLC for their assistance with the audit.

Respectfully submitted,

Mary G. Del Paz

Maria G. Del Paz, MBA, CFE, CGMA, CPA
Vice-President for Finance and Administrative Services

Myriam Lopez

Myriam Lopez
Associate Vice-President Finance and Management

**South Texas College
Board of Trustees and President
For the Fiscal Year Ending August 31, 2024**



Chair

Dr. Alejo Salinas, Jr.
*Retired Superintendent,
Superintendent Emeritus,
Hidalgo ISD*

District 5
Term Expires: May 2026



Vice Chair

Paul R. Rodriguez
CEO, Valley Land Title Co.

District 3
Term Expires: May 2028



Secretary

Danny Guzman
*Right-of-Way Agent,
Hidalgo County Precinct
#1*

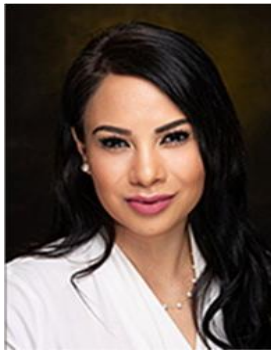
District 7
Term Expires: May 2026



Member

Rose Benavidez
*President of Starr County
Industrial Foundation*

District 1
Term Expires: May 2030



Member

Victoria Cantú
*CEO, Children's Education
Station, LLC*

District 2
Term Expires: May 2030



Member

**Dalinda Gonzalez-
Alcantar**
*CEO, Boys & Girls Club of
McAllen*

District 4
Term Expires: May 2028



Member

David De Los Rios
*Project Manager, DLR
Consulting & Management
Group*

District 6
Term Expires: May 2030



College President

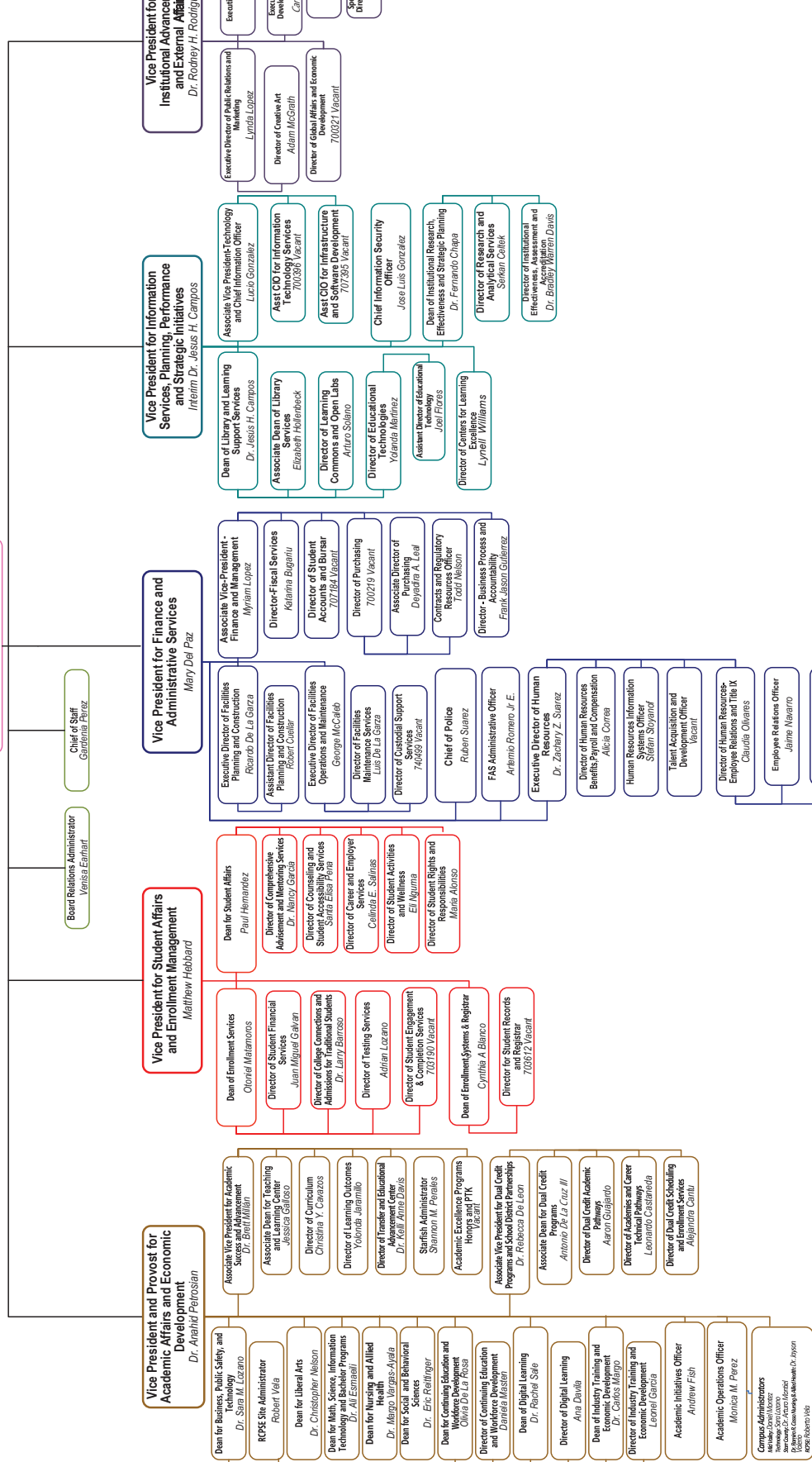
Dr. Ricardo J. Solis
July 2021 - Present

**South Texas College
Board of Trustees and President
For the Fiscal Year Ending August 31, 2024**

Name	Position
Dr. Ricardo J. Solis	President
Maria G. Del Paz, MBA, CFE, CGMA, CPA	Vice-President for Finance and Administrative Services
Myriam Lopez, MBA	Associate Vice-President for Finance and Management

South Texas College 2023 - 2024

Administrative - Executive Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

South Texas College

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2023

Christopher P. Morrill

Executive Director/CEO



FINANCIAL **SECTION**



CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.

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CRladv.com

INDEPENDENT AUDITOR'S REPORT

To the President and Board of Trustees
South Texas College
McAllen, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of South Texas College (the College) as of and for the years ended August 31, 2024, and August 31, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Texas College as of August 31, 2024, and August 31, 2023, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Change in Estimate

As described in Note 2 to the financial statements, the College had a change in accounting estimate in the calculation of Subscription-Based Information Technology Arrangements, Leases and tuition discounting. Accordingly, amounts reported for Subscription-Based Information Technology Arrangements, Leases and tuition discounting have been restated in the 2023 financial statements presented. Our opinion is not modified with respect to these matters.

Correction of Error

As discussed in Note 2 to the financial statements, additional Subscription-Based Information Technology Arrangements and Leases were identified that were not recognized in previously issued financial statements. Accordingly, amounts related to the additional Subscription-Based Information Technology Arrangements and Leases have been restated in the 2023 financial statements now presented with capital assets. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of District's Proportionate Share of Net Pension Liability, Schedule of District's Proportionate Share of Net OPEB Liability, Schedule of District's Contributions for Pensions, and Schedule of District's Contributions for OPEB as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise South Texas College's basic financial statements. The accompanying supplementary schedules (schedules A-D, as listed in the table of contents), schedule of expenditures of federal awards (schedule E) as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of expenditures of state awards (schedule F), as required by the Texas Comptroller of Public Accounts, Texas Grant Management Standards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules (schedules A-D), the schedule of expenditures of federal awards (schedule E), and the schedule of expenditures of state awards (schedule F) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and

the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas
December 19, 2024

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

Introduction

Management's discussion and analysis (MD&A) of the District's financial statements is designed to help readers understand the conditions and events impacting the financial statements, pointing out trends and changes affecting our operations for the fiscal years ending August 31, 2024, 2023, and 2022. This discussion is prepared by management and is based on currently known facts, decisions, and conditions impacting the District's financial activities and other key financial data as required by GASB Statement No. 34 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. It should be read in conjunction with the transmittal letter, the District's basic financial statements, and notes on the financial statements. Responsibility for the completeness and fairness of the information in this section rests with the District's management.

The financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and comply with the reporting requirements as set by the Texas Higher Education Coordinating Board (THECB).

In accordance with GASB Statement No 96, Subscription-Based Information Technology Arrangements (SBITAs), the District has included the requirement in the financial statements to more accurately portray SBITA obligations by the District and to increase the usefulness of the financial statements. Additional information can be found in Note 13 – Subscription-Based Information Technology Arrangements (SBITAs).

The District's financial report consists of three basic financial statements: the Statements of Net Position provide a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position; the Statements of Revenues, Expenses, and Changes in Net Position provide a summary of operations; and the Statements of Cash Flows provide categorized information about cash inflows and outflows for the last two fiscal years.

These three statements will assist the reader in determining whether the District, as a whole, is performing financially better this year than last year. The financial statements are presented using the accrual basis of accounting, whereby revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Financial Highlights for 2024

- The District's net position at August 31, 2024, was \$486.7 million, reflecting a \$47.6 million increase from the prior year.
- Total assets increased by \$54.0 million, and total liabilities increased by \$3.8 million.
- Cash and cash equivalents decreased by \$24.9 million, and investments increased by \$54.5 million. The District generated \$21.9 million in investment income due to the interest rate increases available throughout the year for invested funds and utilizing laddering investment strategies to manage cash flow.
- Capital assets, net of accumulated depreciation and amortization, increased by \$19.6 million from \$328.1 million to \$347.7 million.

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

- The rating for the District's general obligation bonds is AA by Standards & Poor's and Aa2 by Moody's Investors Service.
- Scholarships and fellowships expenses experienced a reduction of \$5.6 million from \$31.1 million to \$25.5 million, while federal non-operating revenue decreased from \$82.8 million to \$57.6 million.

Financial Highlights for 2023

- The District's net position at August 31, 2023, was \$439.1 million, reflecting a \$23.1 million increase from the prior year.
- Total assets increased by \$32.6 million, and total liabilities decreased by \$39.1 million.
- Cash and cash equivalents decreased by \$25.8 million, and investments increased by \$2.8 million.
- Capital assets, net of accumulated depreciation and amortization, increased by \$2.9 million from \$325.2 million to \$328.1 million. This increase reflects the restatement of capital assets for fiscal year 2023.
- The rating for the District's general obligation bonds is AA by Standards & Poor's and Aa2 by Moody's Investors Service.
- Scholarships and fellowships expenses experienced a reduction of \$44.6 million from \$75.7 million to \$31.1 million, while federal non-operating revenue decreased from \$138.4 million to \$82.8 million. This decrease reflects the restatement of scholarships and fellowships expenses for fiscal year 2023.

The Statements of Net Position

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. Net position is the difference between (a) assets and deferred outflows and (b) liabilities and deferred inflows, and is divided into three major categories. Net investment in capital assets provides the District's equity in property, plant, and equipment. Restricted net positions are assets, which have external limitations in the way they may be used, and are not accessible for general use. Assets categorized as unrestricted net positions are available to be used for any lawful purpose of the District at the direction of the District's management.

Changes in net position that occur over time can indicate the improvement or weakening of the District's financial condition when considered with non-financial facts, such as enrollment levels and the condition of the facilities. From the data presented, readers of the financial statements can determine the assets available to continue operations of the District, and the amount the District owes vendors, investors, and lending institutions. Current liabilities are generally liabilities, due within one year, and current assets are those available in the short-term, considered one year or

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

less. Deferred inflows and outflows are transactions occurring in the current or prior periods, although they are related to future periods and are not assets or liabilities. The District's deferred outflows of resources include deferred charges on debt refunding and deferred outflows related to pensions and other post-employment benefits (OPEB). The District's deferred inflows of resources are related to pensions, OPEB, and leases. The focus is to report the total net resources available to finance future services. Assets and liabilities are presented in the order of liquidity.

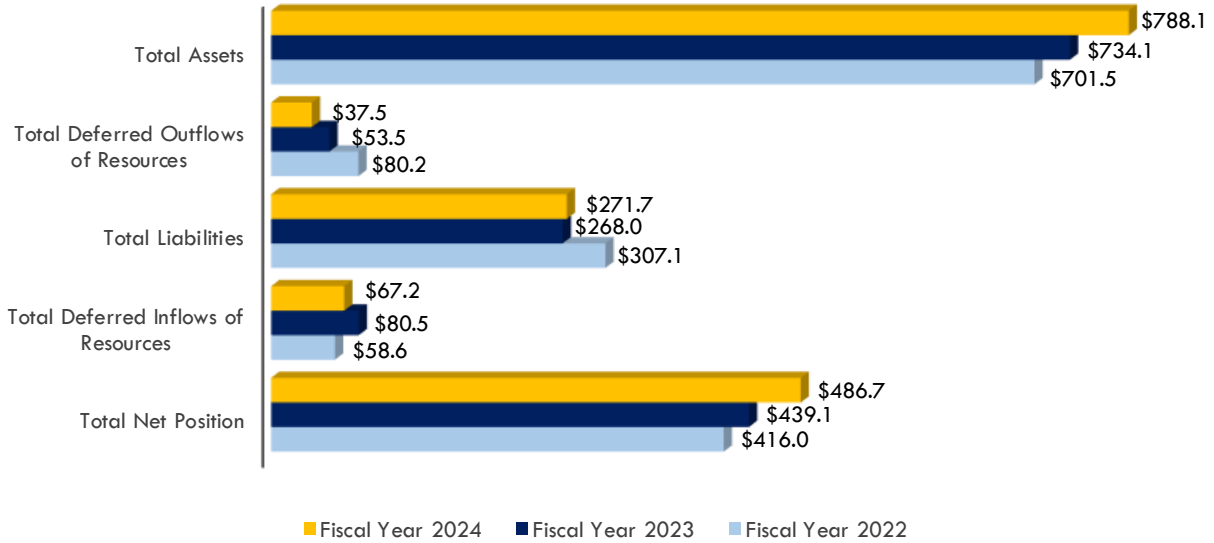
The Condensed Statements of Net Position provide a summary of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the change in net position for the years ended August 31:

Condensed Statements of Net Position
(in millions)

	2024	Restated 2023	Restated 2022	2023-2024 Change	Restated 2022-2023 Change
Assets					
Current assets	\$ 162.9	\$ 147.0	\$ 105.8	\$ 15.9	\$ 41.2
Capital assets, net	347.7	328.1	325.2	19.6	2.9
Noncurrent assets	277.5	259.0	270.5	18.5	(11.5)
Total Assets	788.1	734.1	701.5	54.0	32.6
Deferred Outflows of Resources					
Deferred outflows of resources	37.5	53.5	80.2	(16.0)	(26.7)
Total Deferred Outflows of Resources	37.5	53.5	80.2	(16.0)	(26.7)
Liabilities					
Current liabilities	38.2	38.3	34.7	(0.1)	3.6
Noncurrent liabilities	233.5	229.7	272.4	3.8	(42.7)
Total Liabilities	271.7	268.0	307.1	3.7	(39.1)
Deferred Inflows of Resources					
Deferred inflows of resources	67.2	80.5	58.6	(13.3)	21.9
Total Deferred Inflows of Resources	67.2	80.5	58.6	(13.3)	21.9
Net investment in capital assets	244.2	218.5	206.6	25.7	11.9
Restricted expendable	14.1	20.9	22.5	(6.8)	(1.6)
Restricted non-expendable	0.3	0.3	0.3	-	-
Unrestricted	228.1	199.4	186.6	28.7	12.8
Total Net Position	\$ 486.7	\$ 439.1	\$ 416.0	\$ 47.6	\$ 23.1

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

**Condensed Statement of Net Position
Comparison - August 31, 2024, 2023, and 2022**
(in millions)



In fiscal year 2024, total assets increased by \$54.0 million or 7.4% from \$734.1 million at August 31, 2023 to \$788.1 million at August 31, 2024. The primary source of the increase was an increase of \$29.6 million in net cash, cash equivalents and investments, which was attributed to the District receiving an increase in state appropriation revenue caused by the change in the formula funding model, additional funding from the new Financial Aid for Swift Transfer (FAST) program, an increase in property tax revenue because of a rise in property value assessments, and an increase in unrestricted investment income due to the interest rate increases available throughout the year for invested funds. Furthermore, there was an increase in capital assets, net of accumulated depreciation at August 31, 2024, of \$19.6 million attributed to building construction projects and renovations, and the subscription of a new Enterprise Resource Planning (ERP) system from Workday through Precision Tax Group (PTG) which falls under the category of Subscription-Based Information Technology Arrangements.

In fiscal year 2023, total assets increased by \$32.6 million or 4.7% from \$701.5 million at August 31, 2022 to \$734.1 million as restated at August 31, 2023. The primary source of the increase was an increase of \$28.6 million in net cash, cash equivalents and investments, due to the District receiving additional funds for reimbursement from the Higher Education Emergency Relief Fund (HEERF), an increase in property tax revenue, and unrestricted investment income. Short-term cash, cash equivalents & short-term investments increased by \$40.1 million, which was offset by a decrease of \$11.5 million in long-term investments. The rise in short-term assets is attributed to the College's desire to ensure funds were readily accessible in the event of the Board of Trustees approving the acquisition of a new ERP system, a decision that was finalized on September 12, 2023. Furthermore, there was an increase in capital assets, net of accumulated depreciation at August 31, 2023, of \$2.9 million. Net subscription asset of \$2.3 million due to the implementation

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

of Statement No. GASB 96 Subscription-Based Information Technology Arrangements decreased by \$0.1 million compared to the restated subscription asset recorded in fiscal year 2022.

In the fiscal year of 2024, there was a reduction of \$16.0 million in deferred outflows of resources. This decrease was primarily attributed to a decline in deferred outflows linked to OPEB amounting to \$17.7 million decrease. This was partially offset by an increase of \$2.3 million in deferred outflows related to pensions. The decrease related to OPEB is attributed to an increase due to the 2024 effect of change in proportion and contribution difference of \$3.7 million to be amortized over 5.5 years, a reduction due to amortization of 2019-2024 layers of specific employee adjustments of \$19.4 million, and a decrease in changes in actuarial assumption of \$2.0 million. The upswing in deferred outflow related to pension is due to an increase related the difference between projected and actual investment of \$3.5 million and an increase of difference between expected and actual experience of \$1.3 million, offset by a decrease to changes in assumptions of \$3.3 million.

In the fiscal year of 2023, there was a reduction of \$26.7 million in deferred outflows of resources. This decrease was primarily attributed to a decline in deferred outflows linked to OPEB amounting to \$31.4 million, and a \$1.1 million decrease in charges associated with debt refunding. These were partially offset by an increase of \$5.7 million in deferred outflows related to pensions. The decrease related to OPEB is primarily due to amortization of 2019-2021 layers of specific employee adjustments of \$26.7 million and a decrease in changes in actuarial assumption of \$4.8 million. The increase in deferred outflow related to pension is due to an increase related the difference between projected and actual investment.

During fiscal year 2024, current liabilities decreased \$0.06 million or 0.2%. The primary reason is a decrease in the current portion of bond payable of \$3.8 million, an increase in accounts payable of \$0.8 million due to timing of vendor payments, and an increase in accrued liabilities of \$1.5 million which includes an increase in accrued salaries and benefits, and a rise in accrued interest. Additionally, there was an increase in subscription liability of \$1.2 million.

Noncurrent liabilities experienced an increase of \$3.8 million or 1.7% during fiscal year 2024. The increase is primarily attributed to a \$9.5 million increase in net pension liability primarily due to the difference between projected and actual investment earnings of \$3.8 million and pension expenses of \$6.7 million. Additionally, there was an increase in subscription liability of \$9.9 million primarily due to the new ERP system. This was offset by a decrease in bonds payable of \$15.1 million due to debt service payments.

During fiscal year 2023, current liabilities increased \$3.6 million or 10.4%. The primary reason for the increase is a rise in unearned revenue of \$2.8 million. Despite a decline in enrollment headcount from Fall 2022 to Fall 2023, the rise in the number of semester credit hours per student led to the upswing in unearned revenue. Accounts payable increased by \$1.4 million primarily due to increase in construction activity, and the timing of corresponding payments. These increases were partially offset by a reduction in the current portion of the OPEB liability associated with the decrease in the District's proportionate share of the ERS liability.

Noncurrent liabilities experienced a reduction of \$42.7 million or 15.7% during fiscal year 2023. This decline is primarily attributed to a decrease in the net OPEB liability of \$58.0 million, which resulted from the District's proportionate share decrease. Additionally, there was a \$10.2 million

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

decrease in bonds payable due to debt service payments. These decreases were offset by an increase in net pension liability of \$25.1 million primarily due to differences between projected and actual investment earnings. Further, the increase in accrued compensable absences by \$1.1 million is attributed to the Board of Trustees approval of a revised Sick Leave Policy on August 22, 2023. This revised policy now permits employees to receive payment of fifty percent of their accumulated sick leave between 480 – 720 hours. Prior to August 22, 2023, sick leave did not vest, therefore no liability was recorded.

Deferred inflows of resources decreased \$13.3 million in fiscal year 2024. This decline was primarily driven by a \$10.3 million decrease in deferred inflows related to OPEB, and a \$2.9 million decrease in pension activities. The reduction in OPEB can be primarily attributed to the amortization of the 2023-2022 layers of employer specific adjustments, totaling \$9.9 million. The reduction in deferred inflow associated with pension activities is mainly a result of a decrease of \$1.7 million of difference in proportion and difference between the employer's contributions and the proportionate share of contributions, and an additional decrease of \$0.8 million due to changes in actuarial assumptions.

In the fiscal year 2023, there was a \$21.9 million increase in deferred inflows of resources. This rise was primarily driven by a \$40.7 million increase in deferred inflows related to OPEB, partially offset by an \$18.8 million decrease in pension activities. The upswing in OPEB can be attributed to a reduction in the proportionate share during fiscal year 2023 compared to 2022, resulting in a deferred inflow related to changes in proportion and differences in the employer's contribution and proportionate share of contribution, totaling \$42.5 million to be amortized over 5.5 years. The \$18.8 million reduction in deferred inflow associated with pension activities is mainly a consequence of the variance between projected and actual investments, which led to a deferred outflow in fiscal year 2023. In 2022, the District reported a deferred inflow of \$17.2 million related to the difference between projected and actual investments, whereas in 2023, the deferred inflow was \$0.

The District's net position at August 31, 2024 was \$486.7 million compared to \$439.1 million at August 31, 2023. The increase of \$47.6 million is primarily due to an increase in tuition and fees revenue, an increase in state appropriation revenue that resulted from a change in the formula funding model, additional funding from the new Financial Aid for Swift Transfer (FAST) program, an increase in investment income resulting from higher interest rates, and a rise in property tax revenue.

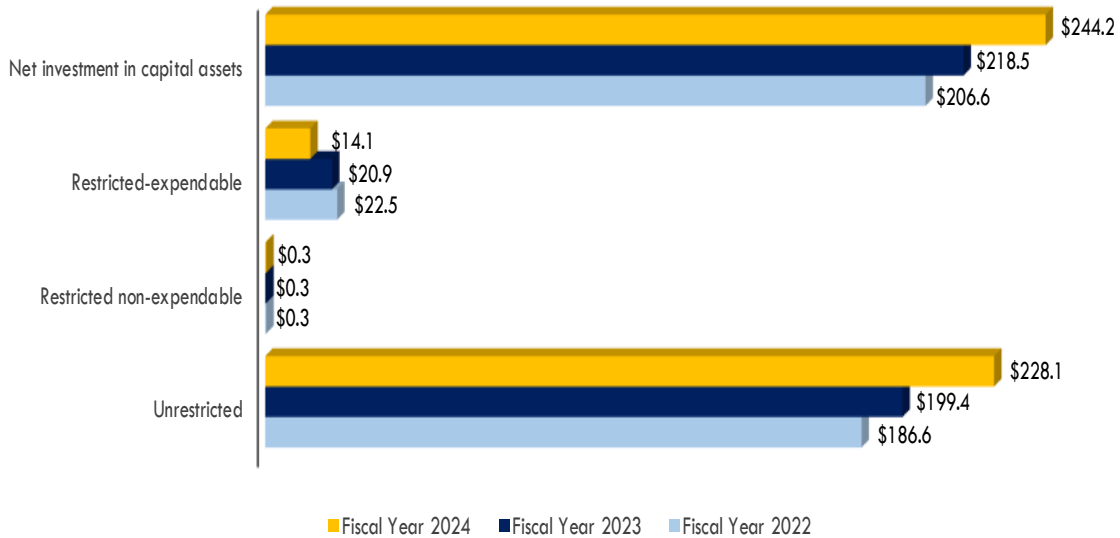
The District's net position at August 31, 2023 was \$439.1 million compared to \$416.0 million at August 31, 2022. The increase of \$23.1 million is primarily due to reimbursements from HEERF funding from the Department of Education for lost revenue, a boost in investment income resulting from higher interest rates, a rise in property tax revenue and a decrease in operating expenses.

Almost half of the net position, \$244.2 million in fiscal year 2024 and \$218.5 million in fiscal year 2023, reflects the District's substantial net investment in capital assets, net of outstanding debt obligations and accumulated depreciation related to those capital assets. Restricted net position such as endowment gifts with specific restrictions, grants from third-party agencies with expenditure restrictions, student loan funds, and assets designated for debt service represent an additional 2.9% of the net position in fiscal year 2024 and 4.8% in fiscal year 2023. The remaining unrestricted

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

net position may be used for educational or general operations of the District, which were \$228.1 million and \$199.4 million as of August 31, 2024 and 2023.

**Net Position
Comparison - August 31, 2024, 2023, and 2022**
(in millions)



Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the District's results of operations for the fiscal year. Activities are reported as either operating or non-operating. Operating revenues are received for providing goods and services to the various customers and constituencies of the District. Operating revenues are primarily those that result from instruction, the operation of the District's auxiliary services, and federal and state grants. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the District. Depreciation and amortization on capital assets is included in operating expenses. Non-operating revenues are revenues received for which goods and services are not provided. Since state appropriations and ad valorem taxes are a significant portion of general operations and maintenance funding, classification of these revenues as non-operating will usually result in an operating deficit, as it does for fiscal years 2024 and 2023.

Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present revenues earned and expenses incurred by the District, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the District during the year.

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

The following summary is prepared from the District's Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended August 31:

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

(in millions)

	2024	Restated 2023	Restated 2022	2023-2024 Change	Restated 2022-2023 Change
Operating revenues	\$ 46.4	\$ 32.4	\$ 36.7	\$ 14.0	\$ (4.3)
Operating expenses	236.2	227.2	268.4	9.0	(41.2)
Operating loss	(189.8)	(194.8)	(231.7)	5.0	36.9
Non-operating revenues and expenses	237.4	217.9	256.1	19.5	(38.2)
Income before contributions	47.6	23.1	24.4	24.5	(1.3)
Capital contributions	-	-	-	-	-
Increase in net position	47.6	23.1	24.4	24.5	(1.3)
Net position - beginning of year	439.1	416.0	391.6	23.1	24.4
Net position - end of year	\$ 486.7	\$ 439.1	\$ 416.0	\$ 47.6	\$ 23.1

The District's operating revenue increased by 43.1% during fiscal year 2024 from \$32.4 million at August 31, 2023 to \$46.4 million at August 31, 2024. The increase in operating revenue amounted to \$14.0 million and was primarily driven by tuition and fees revenue, which increased by \$8.2 million mostly due to a change in the methodology of the tuition discounting and a slight tuition rate increase that occurred when the simplified tuition rate was implemented in Fiscal Year 2024, and an increase in federal grants of \$2.5 million and other grants to students of \$3.2 million.

After a restatement of tuition and fees, the District's operating revenue decreased by 11.7% during fiscal year 2023 from \$36.7 million at August 31, 2022 to \$32.4 million at August 31, 2023. The decrease in operating revenue amounted to \$4.3 million and was primarily driven by the restated tuition and fees. Prior to the restatement, the net tuition and fees revenue during fiscal year 2023 was \$16.1 million and \$11.5 million after. The restatement was due to the change in methodology of the tuition discounting.

Grants and contracts include restricted revenues made available by government agencies as well as private agencies. Grant funding is recognized as revenue at the point when all eligibility requirements imposed by the provider have been met. This source of revenue was 55.2% of operating revenues in fiscal year 2024 and 61.4% in 2023.

Operating expenses increased by \$9.0 million during fiscal year 2024. The primary factors contributing to this change were increases in institutional expenditures of \$3.9 million, operation and maintenance of plant of \$2.2 million, and academic support of \$3.7 million. In fiscal year 2024, the Board of Trustees approved increases in salaries and related benefits for all faculty and staff, which resulted in the increase in operating expenses. Depreciation and amortization expense increased by \$2.7 million due to an increase in capital assets. This was offset by a decrease in

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

scholarships and fellowships of \$5.7 million primarily due to the conclusion of COVID-19 Emergency Funding- Education Stabilization Fund in fiscal year 2023.

Operating expenses decreased by \$41.2 million during fiscal year 2023 to \$227.2 million, and increased \$37.7 million during fiscal year 2022 to \$268.4 million from \$230.7 million at August 31, 2021. The primary factors contributing to the decline in operating expenses during fiscal year 2023 is a decrease in scholarships and fellowships of \$44.5 million due to less assistance from HEERF funds in fiscal year 2023. Additionally, institutional support decreased by \$8.4 million attributed to extra funds for faculty and staff payments from restricted funds to ensure safety and retention during 2022, which were not allocated during 2023. This decrease was partially offset by an increase in instruction expenditures of \$4.5 million, operation and maintenance of plant of \$3.4 million and academic support of \$3.5 million. These increases were driven by the approval of a salary increase for all faculty and staff by the Board of Trustees for fiscal year 2023 and additional payments to retain talent with the District and minimize disruptions. These changes reflect the restatement of operating expenses for fiscal year 2023.

Operating revenues, used to fund operating expenses, consisted of the following percentages of the total for the fiscal years ended August 31:

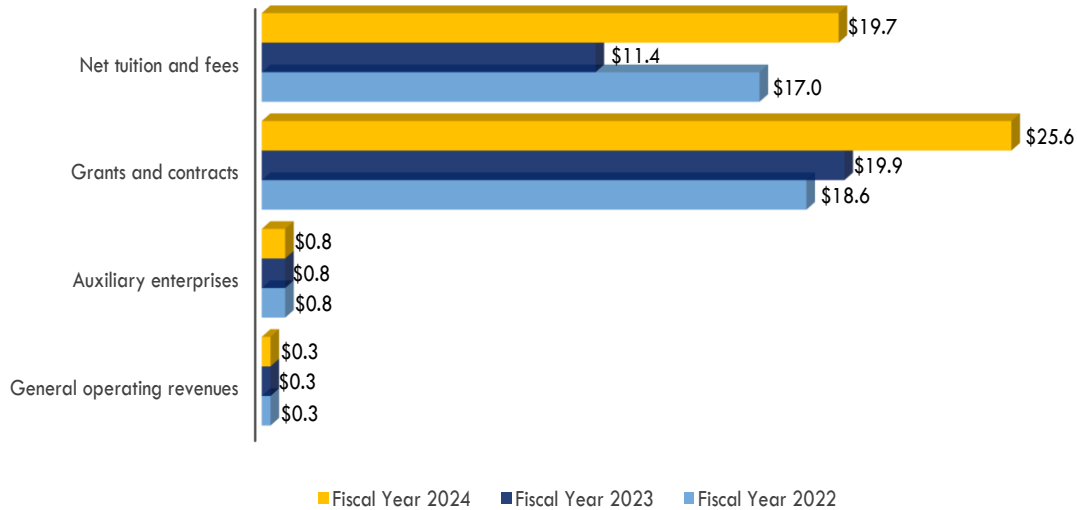
Condensed Operating Revenues

(in millions)

	2024		Restated 2023		Restated 2022	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Net tuition and fees	\$ 19.7	42.5%	\$ 11.4	35.2%	\$ 17.0	46.3%
Grants and contracts	25.6	55.2%	19.9	61.4%	18.6	50.7%
Auxiliary enterprises	0.8	1.7%	0.8	2.5%	0.8	2.2%
General operating revenues	0.3	0.6%	0.3	0.9%	0.3	0.8%
Total	\$ 46.4	100.0%	\$ 32.4	100.0%	\$ 36.7	100.0%

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

**Condensed Operating Revenue
Comparison - August 31, 2024, 2023, and 2022
(in millions)**



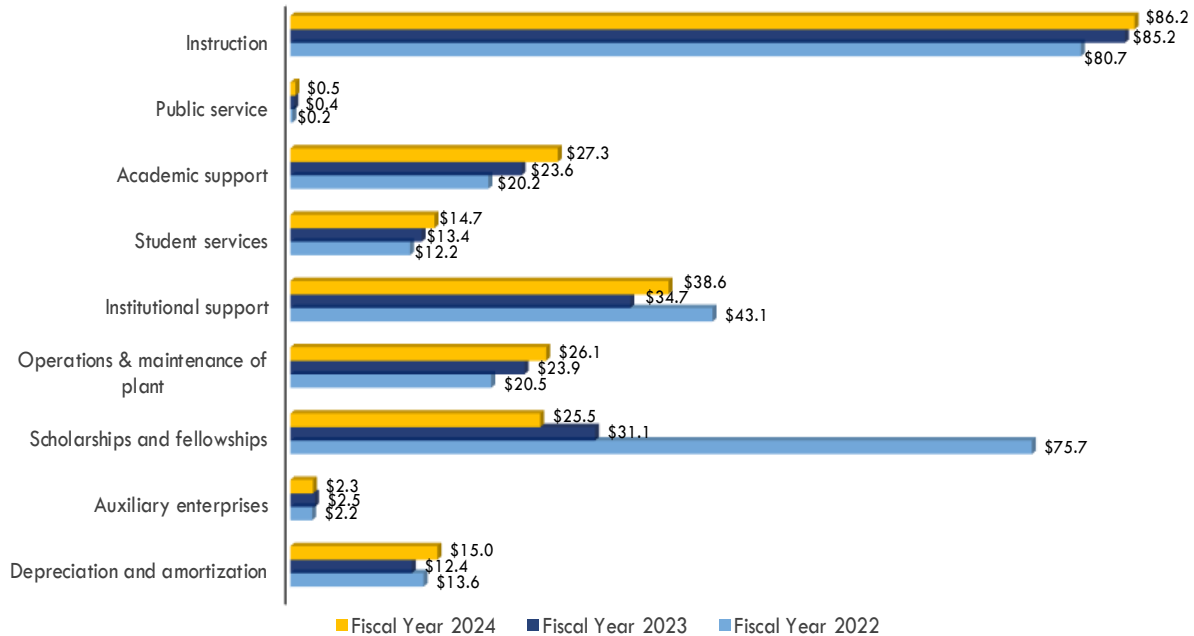
Operating expenses, including depreciation and amortization, may be viewed by their function or by natural (object) classification for the fiscal years ended August 31, as illustrated below:

**Operating Expenses by Function
(in millions)**

	2024		Restated 2023		Restated 2022	
	Percentage		Percentage		Percentage	
	Amount	of Total	Amount	of Total	Amount	of Total
Instruction	\$ 86.2	36.5%	\$ 85.2	37.4%	\$ 80.7	30.1%
Public service	0.5	0.2%	0.4	0.2%	0.2	0.1%
Academic support	27.3	11.6%	23.6	10.4%	20.2	7.5%
Student services	14.7	6.2%	13.4	5.9%	12.2	4.5%
Institutional support	38.6	16.3%	34.7	15.3%	43.1	16.1%
Operations and maintenance of plant	26.1	11.0%	23.9	10.5%	20.5	7.6%
Scholarships and fellowships	25.5	10.8%	31.1	13.7%	75.7	28.2%
Auxiliary enterprises	2.3	1.0%	2.5	1.1%	2.2	0.8%
Depreciation and amortization	15.0	6.4%	12.4	5.5%	13.6	5.1%
Total	\$ 236.2	100.0%	\$ 227.2	100.0%	\$ 268.4	100.0%

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

**Operating Expenses by Function
Comparison - August 31, 2024, 2023, and 2022
(in millions)**



**Operating Expenses by Classification
(in millions)**

	2024		Restated 2023		Restated 2022	
	Percentage		Percentage		Percentage	
	Amount	of Total	Amount	of Total	Amount	of Total
Salaries and wages	\$ 115.3	48.9%	\$ 106.3	46.8%	\$ 101.3	37.7%
State benefits	10.5	4.4%	7.3	3.2%	5.8	2.2%
Local benefits	35.9	15.2%	37.7	16.6%	39.9	14.9%
Other (travel, operating and depreciation & amortization)	49.0	20.7%	44.8	19.7%	45.7	17.0%
Scholarships and fellowships	25.5	10.8%	31.1	13.7%	75.7	28.2%
Total	\$ 236.2	100.0%	\$ 227.2	100.0%	\$ 268.4	100.0%

Net non-operating revenues and expenses increased by \$19.5 million to \$237.4 million in fiscal year 2024. This increase is mostly attributed to a boost of \$11 million of unrestricted investment income caused by the interest rate increases available throughout the year for invested funds. In addition, there was increases in ad-valorem property tax revenue associated with maintenance and operation of \$6.7 million and debt service of \$1.5 million due to a rise in taxable value assessments for the District's counties. There was also a net \$16.0 million increase in state appropriations mainly

**South Texas College District
Management's Discussion and Analysis
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due to the change in the formula funding model. Furthermore, the college received \$8.8 million of additional funding from the new Financial Aid for Swift Transfer (FAST) program. This was offset by a decrease in federal revenue of \$25.2 million primarily due to the conclusion of COVID-19 Emergency Funding- Education Stabilization Fund in fiscal year 2023.

Net non-operating revenues and expenses decreased by \$38.2 million to \$217.9 million in fiscal year 2023. This decline can primarily be attributed to a \$55.6 million decrease in federal revenue, resulting from the HEERF funding provided to the District for emergency student assistance and pandemic-related institutional expenses in 2022, but was not offered during 2023. The District experienced a boost of \$10.6 million in investment earnings attributable to the increase in interest rates, as well as a \$6.5 million boost in ad-valorem maintenance and operation tax revenue due to an increase in taxable value for Hidalgo County. It is important to note that the I&S tax rate was reduced from 3.15% in fiscal year 2022 to 2.27% in fiscal year 2023, leading to a \$3.0 million decrease in ad-valorem tax revenue associated with debt service. There was a net \$1.4 million increase in state appropriations primarily due to non-employer contribution related to pension activities allocated by TRS to the District of \$2.9 million. This increase was partially offset by a reduction in state group insurance of \$1.5 million, which can be attributed to a decrease in non-employer contribution related to OPEB activities resulting from the reduced proportionate share allocated to the District.

Non-operating revenues consisted of the following for the fiscal years ended August 31:

Non-Operating Revenues							
(in millions)							
	2024		Restated 2023		Restated 2022		
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total	
	State allocations	\$ 63.6	26.0%	\$ 47.4	21.2%	\$ 46.0	
Ad-valorem taxes - maintenance and operations	77.5	31.8%	70.8	31.6%	64.3	24.3%	
Ad-valorem taxes - debt service	13.3	5.4%	11.8	5.3%	14.8	5.6%	
Federal revenue, non-operating	57.6	23.6%	82.8	36.9%	138.4	52.4%	
Financial Aid for Swift Transfer Program	8.8	3.6%	-	0.0%	-	0.0%	
Gifts	0.5	0.2%	0.3	0.1%	0.2	0.1%	
Investment income (net of investment expenses)	21.9	9.0%	10.9	4.9%	0.3	0.1%	
Gain on bond defeasance	0.9	0.4%	-	0.0%	-	0.0%	
Other non-operating revenue	0.1	0.0%	0.1	0.0%	0.2	0.1%	
Total	\$ 244.2	100.0%	\$ 224.1	100.0%	\$ 264.2	100.0%	

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Non-operating expenses consisted of the following for the fiscal years ended August 31:

	Non-Operating Expenses					
	(in millions)					
	2024		Restated 2023		Restated 2022	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Interest on capital related debt	\$ 3.3	48.5%	\$ 3.0	48.6%	\$ 3.9	48.1%
Loss on sale/disposal/return of capital assets	0.1	1.5%	0.3	4.8%	-	0.0%
Non-capital construction costs	2.1	30.9%	1.5	24.3%	2.3	28.4%
Bond costs and fees	0.6	8.8%	1.1	17.7%	1.7	21.0%
Other non-operating expenses	0.7	10.3%	0.3	4.6%	0.2	2.5%
Total	\$ 6.8	100.0%	\$ 6.2	100.0%	\$ 8.1	100.0%
Net non-operating revenues (expenses)	\$ 237.4		\$ 217.9		\$ 256.1	

The financial statements in this MD&A include the impact of GASB Statement 68 and GASB Statement 75, although they are required entries by GASB, the District does not deem that the results with these entries appropriately reflect the District's operations throughout the years. Excluding the impact of GASB Statement 68 and GASB Statement 75, the District had an increase in net position of \$58.5 million during fiscal year 2024.

**Statements of Revenues, Expenses and Changes in Net Position
Excluding impact of GASB 68 (Pension) and GASB 75 (OPEB)**

	2024	Restated 2023	Restated 2022	2023-2024 Change	Restated 2022-2023 Change
	Operating revenues	\$ 46.4	\$ 32.4	\$ 36.7	\$ 14.0
Operating expenses	224.6	215.3	252.3	9.3	(37.0)
Operating loss	(178.2)	(182.9)	(215.6)	4.7	32.7
Non-operating revenues and expenses	236.7	219.9	259.0	16.8	(39.1)
Income before contributions	58.5	37.0	43.4	21.5	(6.4)
Capital contributions	-	-	-	-	-
Increase in net position	58.5	37.0	43.4	21.5	(6.4)
Net position - beginning of year	590.2	553.2	509.8	37.0	43.4
Net position - end of year	\$ 648.7	\$ 590.2	\$ 553.2	\$ 58.5	\$ 37.0

**South Texas College District
Management's Discussion and Analysis
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Statements of Cash Flows

Another important factor to consider when evaluating financial viability is the District's ability to meet financial obligations as they mature and the impact of external financing. The Statements of Cash Flows present information related to cash inflows and outflows summarized by operating, non-capital financing, capital and related financing, and investing activities.

The following summary is prepared from the District's Statements of Cash Flows for the fiscal year ended August 31:

Condensed Statement of Cash Flows
(in millions)

	Restated 2024	Restated 2023	Restated 2022	2023-2024 Change	Restated 2022-2023 Change
Cash provided (used) by:					
Operating activities	\$ (155.3)	\$ (160.0)	\$ (181.9)	\$ 4.7	\$ 21.9
Non-capital financing activities	200.2	197.0	225.6	3.2	(28.6)
Capital and related financing activities	(36.2)	(18.5)	(6.1)	(17.7)	(12.4)
Investing activities	(33.6)	7.3	(44.1)	(40.9)	51.4
Net change in cash and cash equivalents	(24.9)	25.8	(6.5)	(50.7)	32.3
Cash and cash equivalents-Sept 1,	118.6	92.8	99.3	25.8	(6.5)
Cash and cash equivalents-August 31,	\$ 93.7	\$ 118.6	\$ 92.8	\$ (24.9)	\$ 25.8

The Statements of Cash Flows indicate an overall decrease in cash and cash equivalents of \$24.9 million at August 31, 2024 and an increase of \$25.8 million at August 31, 2023.

Net cash used for operating activities decreased by \$4.7 million during fiscal year 2024. During the fiscal year 2024, receipts from students and other customers increased by \$1.4 million resulting to \$19.5 million. This increase is mostly due to a change in the methodology of the tuition discounting and a slight tuition rate increase that occurred when the simplified tuition rate was implemented in Fiscal Year 2024. Receipts from grants and contracts also saw an increase of \$3.9 million due to a rise in federal and other grants designated for students. Disbursements for salaries and benefits, experienced a \$11.5 million increase, reaching \$143.2 million, due to the Board of Trustees' approval of increases in salaries and related benefits for all faculty and staff. Additionally, cash outflows for scholarships and fellowships decreased by \$10.0 million, amounting to \$26.1 million, which can be attributed to the conclusion of COVID-19 Emergency Funding- Education Stabilization Fund in fiscal year 2023.

Net cash used for operating activities decreased by \$21.9 million during fiscal year 2023. During the fiscal year 2023, the primary utilization of cash in operational activities involved disbursements for salaries and benefits, which experienced a \$6.6 million increase, reaching \$131.7 million. Additionally, cash outflows for scholarships and fellowships decreased by \$24.9 million, amounting to \$36.1 million, attributed to a decline in Higher Education Emergency Relief Fund (HEERF) financial aid assistance in comparison to fiscal year 2022.

**South Texas College District
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Net cash provided by non-capital financing activities increased by \$3.2 million during fiscal year 2024. Sources of cash from non-capital financing activities are primarily from non-operating federal revenue, state appropriations, and ad valorem taxes for maintenance and operation. The primary reasons for the increase in fiscal year 2024 is attributed to the District receiving an increase in receipts from state appropriation revenue of \$13.4 million caused by the change in the formula funding model, additional receipts from the new Financial Aid for Swift Transfer (FAST) program of \$8.8 million, and an increase in receipts from ad valorem taxes-maintenance and operation of \$6.2 million attributed to an increase in property valuation in the District. This was offset by a decrease in receipts from non-operating federal revenue of \$25.6 million primarily due to the conclusion of COVID-19 Emergency Funding- Education Stabilization Fund in fiscal year 2023.

The previous fiscal year 2023, net cash provided by non-capital financing activities saw a decrease of \$28.6 million. The primary reasons for the decrease is due to a decline in receipts from non-operating federal revenue of \$34.5 million due to the HEERF financial aid assistance that was offered during 2022, offset by an increase in receipts from ad valorem taxes-maintenance and operation of \$5.5 million attributed to an increase in property valuation in the District.

Net cash used by capital and related financing activities increased by \$17.7 million in fiscal year 2024. The increase in 2024 is primarily driven by a \$5.7 million rise in capital asset acquisitions, encompassing construction expenses, and \$13.3 million rise in payments on capital debt and leases-principal primarily attributed to the subscription of a new Enterprise Resource Planning (ERP) system.

The preceding fiscal year 2023, net cash used by capital and related financing activities witnessed an increase of \$12.4 million primarily driven by a \$10.3 million rise in capital asset acquisitions, encompassing construction expenses, and a \$3.0 million decline in ad-valorem tax debt service receipts, stemming from a reduced tax rate.

Net cash used for investing activities increased by \$40.9 million in fiscal year 2024. The increase in activity during fiscal year 2024 can be attributed to an \$80.1 increase in purchases of investments, which can be attributed to the District receiving an increase in state appropriation revenue caused by the change in the formula funding model, additional funding from the new Financial Aid for Swift Transfer (FAST) program, and an increase in property tax revenue because of a rise in property value assessments. This was offset by a \$31.8 million rise in proceeds from the sale and maturity of investments. Additionally, there was a \$7.4 million increase in receipts from interest on investments, driven by higher interest rates.

Net cash provided for investing activities increased by \$51.4 million during the preceding fiscal year 2023. The increase in activity during fiscal year 2023 can be attributed to a \$39.8 million rise in proceeds from the sale and maturity of investments, resulting from the District receiving extra funds for reimbursement from HEERF, and an uptick in property tax revenue. Additionally, there was a \$7.2 million increase in receipts from interest on investments, driven by higher interest rates.

**South Texas College District
Management's Discussion and Analysis
August 31, 2024 and 2023**

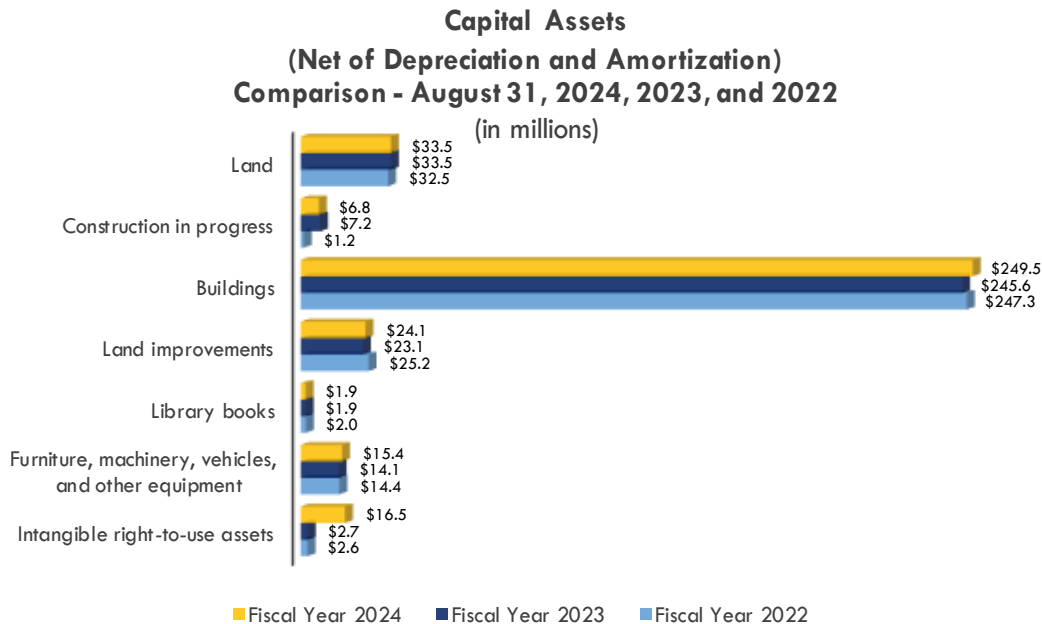
Capital Assets and Long-Term Debt Administration

The District had \$506.4 million in capital assets and \$158.7 million in accumulated depreciation and amortization at August 31, 2024. A summary of net capital assets for fiscal years ended August 31 is presented below:

**Capital Assets
(Net of Depreciation and Amortization)
(in millions)**

	2024	Restated 2023	Restated 2022	2023-2024 Change	Restated 2022-2023 Change
Land	\$ 33.5	\$ 33.5	\$ 32.5	\$ -	\$ 1.0
Construction in progress	6.8	7.2	1.2	(0.4)	6.0
Buildings	249.5	245.6	247.3	3.9	(1.7)
Land improvements	24.1	23.1	25.2	1.0	(2.1)
Library books	1.9	1.9	2.0	-	(0.1)
Furniture, machinery, vehicles, and other equipment	15.4	14.1	14.4	1.3	(0.3)
Intangible right-to-use assets	16.5	2.7	2.6	13.8	0.1
Total	\$ 347.7	\$ 328.1	\$ 325.2	\$ 19.6	\$ 2.9

Below is a graphic illustration of capital assets, net of depreciation and amortization for the fiscal years ended August 31.



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In fiscal year 2024, the increase in net capital assets totaling \$19.7 million primarily resulted from the ongoing new construction projects, and the subscription of a new Enterprise Resource Planning (ERP) system.

In fiscal year 2023, the increase in net capital assets totaling \$2.9 million primarily resulted from the acquisition of land and ongoing new construction projects.

The bonds payable liability balances for the fiscal years ended August 31 are as follows:

Outstanding Debt - Bonds			
(in millions)			
	2024	2023	2022
South Texas College District Limited Tax Bond, Series 2014	\$ -	\$ -	\$ 2.8
South Texas College District Limited Tax Bond, Series 2015	-	5.6	11.1
South Texas College District Limited Tax Refunding Bonds, Series 2020	28.3	40.2	40.6
South Texas College District Limited Tax Refunding Bonds, Series 2021	57.1	57.4	57.6
Total Bonds Payable	\$ 85.4	\$ 103.2	\$ 112.1

The District is authorized to issue negotiable coupon bonds for the construction and equipment of school buildings and purchase of necessary site, per Education Code Section 130.122, provided that the annual bond tax should never exceed \$0.50 per \$100 valuation of taxable property. The District's debt tax rate in fiscal year 2024 was \$0.0227 per \$100 valuation of taxable property. The District's bond ratings on the outstanding bonds are AA by Standard & Poor's Ratings Services and Aa2 by Moody's Investors Service.

The bonds were issued to address the facility requirements of the District due to the enrollment increase over the years since the District's inception. For additional information concerning capital assets and long-term debt, see Notes No. 5, No. 6, No. 7, No. 8, No. 9, and No. 10, in the Notes to the Financial Statements.

Economic Outlook

The District's economic position is closely related to that of Hidalgo and Starr Counties and the State of Texas. The taxable assessed value for fiscal year 2025 increased by 7.49%. The Board of Trustees approved an increase of \$0.0058 in the maintenance and operations tax rate for the fiscal year 2025, bringing it to \$0.1393 per \$100 valuation. Additionally, the debt service tax rate was maintained by the Board of Trustees at \$0.0227 per \$100 valuation.

Beginning with fiscal year 2024, HB 8 transitioned state funding from the traditional model largely based on student contact hours and, to a lesser degree, student success points, to a model with a primary focus on student performance. The funding formula focuses on four key areas of student success: obtaining credentials of value, obtaining credentials in high demand areas, transfer to four-

**South Texas College District
Management's Discussion and Analysis
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year universities and completing sequences of courses in high school programs. The District will continue to focus on student outcomes and success, as well as meeting the workforce needs, and is optimistic that it will be well positioned for favorable results under the new model.

Request for Information

This financial report is intended to provide a general overview of the District's finances. Requests for additional financial information may be addressed to South Texas College, Office of the President, 3201 W Pecan Boulevard, McAllen, Texas 78501.

**South Texas College District
Statements of Net Position
August 31, 2024 and 2023**

Exhibit 1

	FY 2024	Restated FY 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 86,791,291	\$ 99,386,737
Restricted cash and cash equivalents	6,909,510	19,201,502
Investments	43,697,572	14,647,174
Restricted short-term investments	7,001,796	-
Accounts receivable (net of allowance for doubtful accounts of \$3,528,628 in 2024 and \$2,588,618 in 2023)	9,964,604	6,795,416
Taxes receivable (net of allowance for doubtful accounts of \$7,762,369 in 2024 and \$7,562,766 in 2023)	7,482,284	6,170,905
Prepaid expenses	1,052,315	802,249
Total Current Assets	162,899,372	147,003,983
Noncurrent Assets:		
Endowment investments	5,590	5,590
Long-term investments	277,487,281	259,001,317
Capital assets, net (Note 5)	347,722,110	328,100,638
Total Noncurrent Assets	625,214,981	587,107,545
Total Assets	788,114,353	734,111,528
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on debt refunding	-	531,927
Deferred outflows related to pensions	22,207,275	19,907,552
Deferred outflows related to OPEB	15,299,549	33,033,448
Total Deferred Outflows of Resources	37,506,824	53,472,927
LIABILITIES		
Current Liabilities:		
Accounts payable	5,180,779	4,331,984
Accrued liabilities	2,618,516	1,389,091
Accrued compensable absences - current portion	1,940,656	1,634,112
Lease liability - current portion	250,270	82,489
Subscription liability - current portion	2,209,081	1,037,094
Funds held for others	213,281	206,241
Unearned revenue	16,783,187	16,915,927
Unearned interest revenue - current portion	39,134	41,077
Bonds payable - current portion	6,849,932	10,640,589
OPEB liability - current portion	2,180,391	2,045,959
Total Current Liabilities	38,265,227	38,324,563
Noncurrent Liabilities:		
Accrued compensable absences	1,223,089	1,146,361
Lease liability	571,575	169,996
Subscription liability	10,334,567	467,844
Unearned interest revenue	290,221	329,355
Bonds payable, net	90,236,361	105,333,250
Net pension liability	55,069,406	45,587,413
Net OPEB liability	75,770,347	76,651,210
Total Noncurrent Liabilities	233,495,566	229,685,429
Total Liabilities	\$ 271,760,793	\$ 268,009,992

The accompanying notes are an integral part of the financial statements.

**South Texas College District
Statements of Net Position
August 31, 2024 and 2023
(Continued)**

Exhibit 1

	FY 2024	Restated FY 2023
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	\$ 635,133	\$ 668,163
Deferred inflows related to pensions	6,987,660	9,869,361
Deferred inflows related to OPEB	59,545,103	69,923,273
Total Deferred Inflows of Resources	67,167,896	80,460,797
 NET POSITION		
Net investment in capital assets	244,166,429	218,478,692
Restricted for:		
Expendable		
Student aid/non-governmental grants and contracts	4,612,656	2,309,266
Loans	538,865	2,620,498
Debt service	8,937,780	15,930,500
Non-expendable		
Endowment	339,639	339,580
Unrestricted	228,097,119	199,435,130
 Total Net Position (Schedule D)	\$ 486,692,488	\$ 439,113,666

The accompanying notes are an integral part of the financial statements.

South Texas College District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2024 and 2023

	FY 2024	Exhibit 2 Restated FY 2023
OPERATING REVENUES		
Tuition and fees (net of discounts of \$79,043,062 in 2024 and \$81,931,275 in 2023 as restated)	\$ 19,666,652	\$ 11,467,897
Federal grants and contracts	8,793,669	6,273,554
State grants and contracts	6,256,727	3,740,668
Local grants and contracts	8,569,356	8,274,752
Non-governmental grants and contracts	1,974,564	1,612,412
Auxiliary enterprises	838,888	767,395
General operating revenues	275,807	282,456
Total Operating Revenues (Schedule A)	46,375,663	32,419,134
OPERATING EXPENSES		
Educational and general		
Instruction	86,235,970	85,189,049
Research	8,885	5,836
Public service	465,588	383,685
Academic support	27,327,104	23,642,008
Student services	14,657,460	13,386,317
Institutional support	38,543,750	34,681,414
Operation and maintenance of plant	26,147,038	23,898,970
Scholarships and fellowships	25,476,837	31,135,626
Auxiliary enterprises	2,292,900	2,511,386
Depreciation and amortization	15,070,826	12,348,313
Total Operating Expenses (Schedule B)	236,226,358	227,182,604
OPERATING LOSS	(189,850,695)	(194,763,470)
NON-OPERATING REVENUES (EXPENSES)		
State appropriation	63,580,283	47,433,191
Ad-valorem taxes		
Taxes for maintenance and operations	77,476,521	70,772,519
Taxes for debt service	13,345,751	11,805,118
Federal revenue, non-operating	57,582,054	82,815,671
Financial Aid for Swift Transfer Program	8,822,990	-
Gifts	459,755	310,482
Investment income (net of investment expenses)	21,866,535	10,862,837
Interest on capital related debt	(3,272,245)	(3,072,238)
Gain (loss) on disposal of capital assets	(79,127)	(264,742)
Non-capital construction costs	(2,099,031)	(1,503,083)
Bond costs and fees	(597,722)	(1,097,328)
Gain on bond defeasance	982,687	-
Other non-operating revenues	73,733	68,572
Other non-operating expenses	(748,144)	(275,852)
Non-Operating Revenues, Net (Schedule C)	237,394,040	217,855,147
Income Before Contributions	47,543,345	23,091,677
Capital contributions	35,477	15,600
Increase In Net Position	47,578,822	23,107,277
NET POSITION		
Net Position-Beginning of Year	439,113,666	416,006,389
Net Position-End of Year	\$ 486,692,488	\$ 439,113,666

The accompanying notes are an integral part of the financial statements.

South Texas College District
Statements of Cash Flows
For the Years Ended August 31, 2024 and 2023

Exhibit 3

	FY 2024	Restated FY 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 19,532,717	\$ 18,087,727
Receipts from grants and contracts	24,523,189	20,614,825
Payments to suppliers for goods or services	(27,353,506)	(30,309,716)
Payments to or on behalf of employees	(143,173,757)	(131,745,593)
Payments for scholarships and fellowships	(26,102,642)	(36,068,076)
Payments for loans issued to students	(427,189)	(194,158)
Receipts from collection of loans to students	335,322	185,830
Other receipts	198,034	235,700
Payments for non-operating construction costs	(2,080,786)	(570,222)
Payments for non-operating transactions	(750,453)	(273,544)
Net cash used by operating activities	(155,299,071)	(160,037,227)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	56,730,686	43,319,729
Receipts from Financial Aid Skill Transfer	8,822,990	-
Receipts from ad-valorem taxes-maintenance and operation	76,530,832	70,280,612
Receipts from non-operating federal revenue	57,483,968	83,124,419
Payments for collection of taxes for maintenance and operation	(223,657)	(219,034)
Receipts from gifts or grants for other than capital purposes	459,755	300,631
Receipts from student organizations and other agency transactions	2,347,157	2,165,669
Payments to student organizations and other agency transactions	(1,912,155)	(1,948,715)
Receipts from endowment interest	17,372	14,031
Net cash provided by non-capital financing activities	200,256,948	197,037,342
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from ad-valorem taxes-debt services	13,251,300	11,902,058
Payments for collection of taxes for debt service	(50,801)	(50,831)
Contribution received in aid of construction	11,032	-
Proceeds from sale/return of capital assets	3,011	20,890
Purchases of capital assets including payments for construction costs	(21,244,941)	(15,482,821)
Payments on capital debt, leases and SBITAs-principal	(23,325,375)	(10,043,041)
Payments on capital debt, leases and SBITAs-interest and fees	(4,775,220)	(4,874,848)
Payments from bond issue costs on capital debt issue	(65,795)	-
Net cash used by capital and related financing activities	(36,196,789)	(18,528,593)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	202,374,978	170,584,961
Receipts from interest on investments	18,060,428	10,666,408
Purchase of investments	(254,083,932)	(173,957,104)
Net cash (used) provided by investing activities	(33,648,526)	7,294,265
Increase (Decrease) in cash and cash equivalents	(24,887,438)	25,765,787
Cash and cash equivalents-September 1,	118,588,239	92,822,452
Cash and cash equivalents - August 31	\$ 93,700,801	\$ 118,588,239

The accompanying notes are an integral part of the financial statements.

South Texas College District
Statements of Cash Flows
For the Years Ended August 31, 2024 and 2023
(Continued)

Exhibit 3

	FY 2024	Restated FY 2023
Reconciliation of net operating loss to net cash used		
by operating activities:		
Operating loss	\$ (189,850,695)	\$ (194,763,470)
Adjustments to reconcile net operating loss to net cash used		
by operating activities:		
Depreciation and amortization expense	15,070,826	12,348,313
Payments made directly by state for benefits	6,849,598	4,113,462
Payments for non-operating construction costs	(2,080,786)	(589,606)
Payments for non-operating transactions	4,944,323	1,688,643
Changes in assets and liabilities:		
Receivables, net	(2,185,896)	(615,090)
Prepaid expenses	(250,066)	403,118
Deferred outflow related to pension	(2,299,723)	(5,690,129)
Deferred outflow related to OPEB	17,733,899	31,375,589
Accounts payable	998,628	(507,412)
Accrued liabilities	465,111	61,977
Compensable absences	383,272	1,410,525
Unearned revenues	(553,253)	2,509,269
Net pension liability	9,481,993	25,096,956
Net OPEB liability	(746,431)	(58,780,990)
Deferred inflow related to pensions	(2,881,701)	(18,791,752)
Deferred inflow related to OPEB	(10,378,170)	40,693,370
Net cash used by operating activities	\$ (155,299,071)	\$ (160,037,227)

Non-cash investing, capital, and financing activities for fiscal year 2024:

The Automotive Technology Department received a 2022 Chevrolet Silverado valued at \$14,727.

The Department of Institutional Advancement & External Affairs received a Stained Glass Artwork valued at \$16,000.

The Library Art Gallery Department received several work of art donations amounting to a net value of \$4,750. The art work were individually valued at \$2,500, \$1,333, \$667, and \$250 and entitled respectively as follows: "Geography Destiny", "Untitled", "by Luis Corpus", and "Ratibida Columnifera Mexican Hats".

Bond discount and premiums are amortized over the debt repayment period for the following bond series.

Premium - LT Bond Series 2020	\$ 4,454,362
Premium - LT Bond Series 2021	\$ 6,047,834

Payments made directly by the state for benefits as of August 31, 2024, totaled to \$4,489,721.

Leases and Subscription Based-Information Technology Arrangements initiated as of August 31, 2024.

Leases - Equipment	\$ 333,044
Leases - Facilities	\$ 464,971
Subscription Based-Information Technology Arrangements	\$ 16,320,429

The accompanying notes are an integral part of the financial statements.

South Texas College District
Statements of Cash Flows
For the Years Ended August 31, 2024 and 2023
(Continued)

Exhibit 3

Non-cash investing, capital, and financing activities for fiscal year 2023:

The Automotive Technology Department received two LT 6 Partial Engine Assembly valued at \$7,800 each. In-kind contributions provided by vendors for the Valley Scholars Program during the fiscal year amounted to \$34,851.

Bond discount and premiums are amortized over the debt repayment period for the following bond series.

Premium - LT Bond Series 2015	\$	475,350
Premium - LT Bond Series 2020	\$	4,899,798
Premium - LT Bond Series 2021	\$	6,597,636

The deferred loss ending balance as of August 31, 2023 is \$531,927 for Limited Tax Refunding Bond Taxable Series 2021 which will be amortized over the debt repayment period.

Payments made directly by the state for benefits as of August 31, 2023, consisted of \$3,949,413.

Leases and Subscription Based-Information Technology Arrangements initiated as of August 31, 2023.

Leases - Equipment	\$	169,254
Leases - Facilities	\$	3,563
Subscription Based-Information Technology Arrangements	\$	535,605

The accompanying notes are an integral part of the financial statements.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 1 – Reporting Entity

South Texas College District was established on June 1, 1993, in accordance with the laws of the State of Texas, to serve the educational needs of Hidalgo and Starr Counties and the surrounding communities. South Texas College District is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement 14. While the District receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

South Texas College District is a political subdivision of the State of Texas located in Hidalgo and Starr Counties, Texas. The District offers academic, general occupational, developmental and continuing adult education programs through a network of locations. The District is governed by a seven-member Board of Trustees who serve staggered six-year terms with elections held in May of each even-numbered year.

Component Unit

The South Texas College Foundation (The Foundation) is a non-profit organization, and its sole purpose is to provide benefits such as scholarships and grants to the students, faculty and staff of the District. The Foundation is a legally separate entity and solicits donations and acts as coordinator of gifts made by other parties. The District does not appoint any of the Foundation's board members. Under Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units, The Foundation is considered a component unit as the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. The financial statements of the Foundation are not material to the financial statements of the District and have not been included in the basic financial statements. Financial Information can be requested from the Office of Institutional Advancement and Economic Development, Attention: Ms. Nadia Ochoa, 3201 W Pecan Blvd. McAllen, TX 78501.

Note 2 – Summary of Significant Accounting Policies

Reporting Guidelines

The significant accounting policies followed by the District in preparing these financial statements are in accordance with the *Annual Financial Reporting Requirements for Texas Public Community Colleges established by the Texas Higher Education Coordinating Board (THECB)*. The accompanying financial statements of the District are presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board (GASB). The District applies all applicable GASB pronouncements. For financial reporting purposes, the District is considered a special-purpose, primary government engaged in business-type activities (BTA).

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Tuition Discounting

Texas Public Education Grants (TPEG)

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called TPEG, is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code Section 56.033). When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act Program (HEA) Funds

Certain Title IV HEA Program funds are received by the District to pass through to the student. These funds are initially received by the District and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

The District awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Basis of Accounting

The District's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. All revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The District's Board of Trustees adopts the budget, for internal management use at the individual fund and account group level on which the books of the District are maintained, and it is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, the Legislative Budget Board, the Legislative Reference Library, and the Governor's Office of Budget and Planning by December 1.

Elimination of Internal Activity

The internal activity and balances reflected in the internal use only fund financial statements are eliminated in the preparation of the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, to avoid the inappropriate "grossing-up" effects that internal activity would otherwise have on aggregated amounts.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents and investments reserved for payment of restricted current liabilities are included as current assets. Cash and cash equivalents and investments that are externally restricted as to their use are classified as noncurrent assets in the Statements of Net Position. This category includes cash and investment balances restricted to make debt service payments, maintain sinking or reserve funds, or purchase or construct capital or other noncurrent assets, or that are restricted by donors.

Investments

The District reports investments in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, and GASB 72, *Fair Value Measurement and Application*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. For more information, see Note 4.

Inventories

Inventories consist of consumable office supplies, physical plant supplies, and food service supplies. Inventories are valued at cost under the "first-in, first-out" method and are charged to expenses as consumed.

Leases Receivable

The District is a lessor for noncancelable property leases and recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position.

The District initially measures the lease receivable at the present value of payments at the commencement date; however, the District acquired FinQuery (LeaseQuery) software services, a program that specializes in calculating and managing leases, software subscriptions, and other contracts in a cloud-based platform to assist with calculations and lease maintenance.

The lease receivable is reduced by the principal portion of the payments received (refer to Note 11 – Lessor Accounting for details). The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, if any. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Leases Receivable (Continued)

Critical estimates and judgments related to leases include how the District determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and lease receipts.

- The District uses the Depository Bank rate with the maturity that most closely matches the length of the lease term, as of the date of the beginning of the lease term, as the discount rate for leases unless the rate is stated in the agreement.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Leases

The District is a lessee for a noncancelable lease of equipment and facilities. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present values, (2) lease term, and (3) lease payments.

- The District uses the interest rate the lessor charges as the discount rate. When the interest rate charged by the lessor is not provided, the District used the borrowing interest rates offered by its Depository Bank at 6.3% for leases less than 3 years, 6.7% for leases less than 5 years, and 7.0% for leases greater than 5 years. Unless the agreement/contract states that no interest rate will be charged.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably sure to exercise.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The District monitors changes in circumstances that would require measuring its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets, and lease liabilities are reported as long-term debt on the statement of net position.

Subscription-Based Information Technology Arrangements (SBITA)

The District is under contracts for Subscription-Based Information Technology Arrangements (SBITA) for various educational, IT management, facilities management, and financial software agreements. The agreements/contracts are noncancellable, and the District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statement. The District recognizes SBITA liabilities with an initial individual value of \$5,000 or more over the contract term.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of the SBITA payment made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized straight-line over the useful life. Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected SBITA payment to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the SBITA vendor's interest rate as the discount rate. When the interest rate charged by the lessor is not provided, the District used the borrowing interest rates provided by its Depository Bank at 6.30% for leases less than 3 years, 6.7% for leases less than 5 years, and 7% for leases greater than 5 years. Unless the agreement/contract states that no interest rate will be charged.
- The SBITA term includes the noncancellable period of the SBITA, and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise. The District does not intend to purchase any of the software at the end of the SBITA terms.

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to affect the amount of the SBITA liability significantly.

SBITA assets are reported with other capital assets, and SBITA liabilities are reported with long-term debt on the statement of net position.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are recorded at cost (except for intangible right-to-use subscription assets and intangible right-to-use lease assets, the measuring of which is discussed in Note 2, Leases, below) at the date of acquisition. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at their acquisition value at the date of donation. South Texas College District capitalization policy includes real and personal property with a unit cost equal to or greater than \$5,000 and an estimated useful life more than one year. Renovations of \$100,000 or more to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following useful lives are used:

Buildings	50 years
Facilities and land improvements	20 years
Library books and materials	15 years
Furniture, machinery, vehicles, and other equipment	10 years
Telecommunications and peripheral equipment	5 years
Right-to-use lease assets	2-5 years
Right-to-use subscription assets	2-10 years
Land and work of art/collections	Not Depreciated

Residual values of 10% are maintained for buildings, facilities and land improvements.

Deferred Outflows of Resources

In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources, which represents a consumption of net assets that applies to future periods and thus, will not be recognized as an outflow of resources (expensed) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. The District recorded deferred outflow of resources for deferred charges on refunding of debt, and deferred outflows of resources for its proportionate share of collective deferred outflows of the Teacher Retirement System of Texas (TRS) pension plan required by the implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions* and for contributions made to the TRS plan subsequent to the measurement date of the respective net pension liability. In addition, the District recorded deferred outflow of resources for its proportionate share of collective deferred outflows of the Employees Retirement System of Texas (ERS) other post-employment benefits (OPEB) plan required by the implementation of GASB Statement 75, *Accounting and Financial Reporting for OPEB* and for contributions made to the ERS plan subsequent to the measurement date of the respective net OPEB liability. For additional information, see Notes 14 and 17.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Pensions

The District participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost-sharing defined benefit pension plan with a special funding situation. The fiduciary net position of the TRS has been determined by using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to or deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities, and additions to or deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

Compensable Absences

It is the District's policy to accrue annual vacation leave as earned. Sick leave, which can be accumulated up to 720 hours, is earned at the rate of 8 hours per month. It is paid to an employee who misses work under the criteria of board-approved guidelines for sick leave. On August 22, 2023 the Board of Trustees approved a revision to the Sick Leave Policy allowing employees to receive payment of fifty percent of their accumulated sick leave between 480 - 720 hours. See Note 6 and Note 16 for additional information.

Deferred Inflows of Resources

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources, which represents an acquisition of net assets that applies to future periods and thus, will not be recognized as an inflow of resources (revenue) until then. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. The District records deferred inflows of resources related to leases and for its proportionate share of collective deferred inflows of the TRS pension plan and the ERS OPEB plan. For additional information, see Notes 14 and 17.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Net Position

The District's net position is classified as follows:

Net investment in capital assets: This represents the District's total investment in capital assets, net of outstanding debt obligations and accumulated depreciation related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net position—expendable: This includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net position—non-expendable: This consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments, and auxiliary enterprises which are substantially self-supporting activities that provide services for students, faculty, and staff.

These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources.

Unearned Revenues

Tuition and fees of \$15,304,152 and \$14,588,875 and federal, state, local, and private grants of \$1,479,035 and \$2,327,052 have been reported as unearned revenues at August 31, 2024, and 2023, respectively. Total unearned revenues were \$16,783,187 and \$16,915,927 at August 31, 2024, and 2023, respectively.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amount of bonds payable, notes payable and capital lease obligations with contractual maturities greater than one year, (2) other liabilities that will not be paid within the next fiscal year and (3) other liabilities that, although payable within a year, are to be paid from funds that are classified as noncurrent assets.

Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Operating and Non-Operating Revenue and Expense Policy

The District distinguishes operating revenues and expenses from non-operating items. The District reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are tuition and related fees, net of discounts. The District also recognizes operating revenue as federal, state, and local grants, non-governmental grants and contracts, auxiliary enterprises, and other operating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Non-operating revenues include activities that have the characteristic of non-exchange transactions, such as property tax, state appropriations, gifts, and contributions and other revenue sources that are defined as non-operating revenues by GASB 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and investment income. Non-exchange transactions are recognized in accordance with the standards in GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* and GASB 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. The major non-operating revenues are allocations from the state, including restricted revenues such as state insurance and benefit allocations, property tax collections, and Title IV funds. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are reported as non-operating revenues or non-operating expenses. The operation of the bookstore is not performed by the District.

Capitalization of Interest

Interest cost during the construction period is capitalized in accordance with GASB Statement No. 62. The District's policy is to capitalize interest cost as a component of construction in progress upon completion of capital assets. As of August 31, 2024, the District incurred \$3,740,513 in interest cost expense and \$243,816 was capitalized. As of August 31, 2023, the District incurred \$4,349,068 in interest cost expense and none was capitalized.

Bond Discounts and Premiums

Bond discounts and premiums are deferred and amortized over the term of the bond. Bond discounts and premiums are presented as a reduction or addition of the face amount of bonds payable. Issuance costs are expensed in the year they are incurred.

Gain or Loss on Retirement of Debt

The gain or loss on the early retirement of debt is deferred and amortized over the shorter of (1) the remaining amortization period that was used in the original refunding or (2) the life of the newly issued debt. This deferred amount is reported as a deduction from the new debt liability on the statement of net position.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

New Pronouncements effective fiscal year 2024

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The statement addresses a variety of topics and includes the following: Statement Nos. 34, 53, 63, 87, 96, and other topics. The application of this statement is expected to provide more comparable reporting and improve the consistency of authoritative literature. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective immediately. The requirements related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 30, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting related to accounting changes and error corrections. This statement: (1) defines accounting changes and describes the transactions or other events that constitute those changes, (2) addresses corrections of errors in previously issued financial statements, (3) prescribes the accounting and financial reporting for each type of accounting change and error corrections, (4) requires note disclosures, and (5) addresses how accounting changes and error corrections should be presented in required supplementary information (RSI) and supplementary information (SI). The application of this statement is intended to result in greater consistency and understandable, reliable, and relevant information. The requirements of this Statement are effective for financial statements starting with the fiscal year that ends June 30, 2024.

Pending Pronouncements

The following GASB pronouncements have been issued but not yet implemented by the District.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Pending Pronouncements (Continued)

external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this Statement will take effect for financial statements starting with the fiscal year that begins after June 30, 2024.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement will take effect for financial statements starting with the fiscal year that begins after December 31, 2025.

Prior-Year Restatement – Due to Error

The District determined that during fiscal year 2023, it did not properly account for capital assets, net and subscription assets, net including leases for a printer, a parking lot and two software subscriptions. This resulted in a \$24,612 restatement of capital assets, net and a \$141,550 restatement of subscription assets, net. The associated subscription and lease liabilities were restated by \$134,156. This caused an additional restatement of institutional support under operating expenses. The total impact to prior-year beginning net position related to the restatement was \$32,006 as of August 31, 2023. There was no impact to prior year net position as of August 31, 2022 related to the restatement.

Prior-Year Restatement – Due to Change in Estimate

The District transitioned into using a new accounting software FinQuery for tracking lease and subscription assets. The differences in calculations resulted in a \$(31,511) restatement of capital assets, net and a \$150,098 restatement of subscription assets, net. The associated subscription and lease liabilities were restated by \$237,310. This caused additional restatements to operating expenses for instruction, public service, academic support, student services, institutional support, operation and maintenance of plant, and depreciation and amortization. The total impact to prior-year beginning net position related to the restatement was \$355,897 as of August 31, 2023. There was no impact to prior year net position as of August 31, 2022 related to the restatement.

Additionally, as a result of the transition to FinQuery, there was also a restatement related to lessors' contracts in deferred inflows related to leases of \$(7,563) and unearned interest revenue

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Prior-Year Restatement – Due to Change in Estimate (Continued)

of \$8,080. As a result, the net effect to liabilities was \$517 and the offset was to accounts receivable for the same amount. There was no impact to the previous year's beginning net position as of August 31, 2023 or August 31, 2022 related to the restatement.

A change in methodology of the tuition discounting based on an advisory issued by NACUBO for Accounting for and Reporting Financial Aid as a Discount resulted in a restatement in the amount of \$4,647,078 in tuition and fees (net of discounts) for the prior year balance. Prior to the restatement, the net tuition and fee revenue for fiscal year 2023 was \$16,114,975. After the restatement, net tuition and fees decreased to \$11,467,897. The offset was to scholarships and fellowships under operating expenses for the same amount. There was no impact to the previous year's beginning net position as of August 31, 2023 or August 31, 2022 related to the restatement.

See table below for the results of the restatements:

	2023			
	As Previously Reported	Restatement Due To Error	Restatement Due To Change in Estimate	As Restated
ASSETS				
Current Assets:				
Accounts receivable (net of allowance for doubtful	\$ 6,794,899	\$ -	\$ 517	\$ 6,795,416
Total Current Assets	6,794,899	-	517	6,795,416
Noncurrent Assets:				
Subscription assets,	2,052,401	141,550	150,098	2,344,049
Capital assets, net	325,763,488	24,612	(31,511)	325,756,589
Total Noncurrent Assets	327,815,889	166,162	118,587	328,100,638
LIABILITIES				
Current Liabilities:				
Lease liabilities - current portion	145,165	25,220	(87,896)	82,489
Subscription liabilities - current portion	1,040,594	108,936	(112,436)	1,037,094
Unearned interest revenue - current portion	39,933	-	1,144	41,077
Total Current Liabilities	1,225,692	134,156	(199,188)	1,160,660

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Prior-Year Restatement – Due to Change in Estimate (Continued)

	2023			
	As Previously Reported	Restatement Due To Error	Restatement Due To Change in Estimate	As Restated
Noncurrent Liabilities:				
Lease liabilities	149,867	-	20,129	169,996
Subscription liabilities	524,951	-	(57,107)	467,844
Unearned interest	322,419	-	6,936	329,355
Total Noncurrent Liabilities	997,237	-	(30,042)	967,195
 DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	675,726	-	(7,563)	668,163
Total Deferred Inflows	675,726	-	(7,563)	668,163
 NET POSITION				
Net Investment in Capital Assets	218,090,789	32,006	355,897	218,478,692
Total Net Position	218,090,789	32,006	355,897	218,478,692
 OPERATING REVENUES				
Tuition and fees (net of discounts)	16,114,975	-	(4,647,078)	11,467,897
Total Operating Revenues	16,114,975	-	(4,647,078)	11,467,897
 OPERATING EXPENSES				
Instruction	85,352,863	-	(163,814)	85,189,049
Public service	375,321	-	8,364	383,685
Academic support	23,519,401	-	122,607	23,642,008
Student services	13,388,919	-	(2,602)	13,386,317
Institutional support	34,539,118	(32,006)	174,302	34,681,414
Operation and maintenance of plant	23,918,250	-	(19,280)	23,898,970
Scholarships and fellowships	35,782,704	-	(4,647,078)	31,135,626
Depreciation and amortization	12,823,787	-	(475,474)	12,348,313
Total Operating Expenses	229,700,363	(32,006)	(5,002,975)	224,665,382
 Increase In Net Position	\$ 22,719,374	\$ 32,006	\$ 355,897	\$ 23,107,277

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 3 – Prior-Year Reclassification

To align with GASB Statement No. 96 on Subscription-Based Information Technology Arrangements (SBITA) presentation requirements, subscription assets of \$2,052,401 were reclassified from Subscription assets, net to be included within Capital assets, net.

In net position, student aid of \$2,042,333 and institutional activities of \$266,933 were reclassified to be combined into one line item under student aid/non-governmental grants and contracts which totaled to \$2,309,266.

In addition, interest lease revenue in the amount of \$41,596 was reclassified to other non-operating revenues.

There was no impact to previous year's beginning net position as of August 31, 2023 or August 31, 2022 related to the reclassification. See table as follows:

	2023		
	As Previously Reported	Difference Due To Reclassification	As Restated
ASSETS			
Noncurrent Assets:			
Subscription assets, net	\$ 2,052,401	\$ (2,052,401)	\$ -
Capital assets, net	325,763,488	2,052,401	327,815,889
Total Noncurrent Assets	327,815,889	-	327,815,889
NET POSITION			
Student aid	2,042,333	(2,042,333)	-
Institutional activities	266,933	(266,933)	-
Student aid/non-governmental grants and contracts	-	2,309,266	2,309,266
Total Net Position	2,309,266	-	2,309,266
NON-OPERATING REVENUES (EXPENSES)			
Interest lease revenue	41,596	(41,596)	-
Other non-operating revenues	26,976	41,596	68,572
Total Non-Operating Revenues	68,572	-	68,572
Total Reclassification	\$ 330,193,727	\$ -	\$ 330,193,727

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 4 – Authorized Investments

The District is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001, Texas Government Code). Such investments include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas, or its agencies and instrumentalities, (3) obligations of political subdivisions rated not less than A or its equivalent by a nationally recognized investment rating firm, (4) financial institution deposits issued by a depository institution, (5) no-load government money market mutual funds registered with and regulated by the Securities and Exchange Commission, (6) eligible investment pools organized and operating in compliance with the Public Funds Investment Act and continuously rated no lower than AAA or AAAm or at an equivalent rating by at least one nationally recognized rating service, and (7) other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the FDIC or by the explicit full faith and credit of the United States.

Cash, Cash Equivalents and Investments

At August 31, 2024, and 2023, the carrying amount of South Texas College District’s bank deposits were \$91,900,811 and \$116,881,401 respectively, and total bank balances equaled \$95,915,989 and \$120,596,729 respectively. Federal Deposit Insurance Corporation (FDIC) deposit insurance of \$250,000 served as collateral for demand deposit accounts, money market accounts, money market insured cash sweep accounts, and time deposit accounts, respectively, at each financial institution. Deposits in excess of FDIC deposit insurance are collateralized at a minimum level of 102%, or 100% for Letters of Credit issued by a Federal Home Loan Bank, of the principal amount plus accrued interest of the deposit. Monthly collateral reports reporting the pledged securities and their fair values are required from each financial institution. The District is subject to collateral credit risk in the event of the bank’s nonperformance of collateral requirements under the collateral agreement.

Cash and cash equivalents and restricted cash and cash equivalents reported on Exhibit 1, Statements of Net Position, consist of the items reported below:

	August 31, 2024	August 31, 2023
Bank Deposits		
Demand deposits	\$ 28,492,149	\$ 56,891,033
Money market deposits	63,408,662	59,990,368
Total bank deposits	91,900,811	116,881,401
Cash and Cash Equivalents		
Change funds on hand	6,375	6,375
Investment pools (TexPool)	1,793,615	1,700,463
Total Cash and Cash Equivalents	\$ 93,700,801	\$ 118,588,239

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 4 – Authorized Investments (Continued)

Total deposits and investments are as follows:

<u>Type of Security</u>	<u>Fair Value/Cost</u> <u>August 31, 2024</u>	<u>Fair Value/Cost</u> <u>August 31, 2023</u>
U.S. Government Securities-Treasuries	\$ 62,661,191	\$ 22,741,797
U.S. Government Securities-Agency	109,008,229	123,436,049
Certificates of deposit	156,517,229	127,470,645
Endowment investment	5,590	5,590
Total Investments	328,192,239	273,654,081
Total Cash and Cash Equivalents	93,700,801	118,588,239
Total Cash and Cash Equivalents and Investments	\$ 421,893,040	\$ 392,242,320

<u>Exhibit 1</u>	<u>August 31, 2024</u>	<u>August 31, 2023</u>
Cash and cash equivalents	\$ 86,791,291	\$ 99,386,737
Current restricted cash and cash equivalents	6,909,510	19,201,502
Short-term investments-current	43,697,572	14,647,174
Restricted short-term investments-current	7,001,796	-
Endowment investment*	5,590	5,590
Long-term investments	277,487,281	259,001,317
Total Reconciliation to Exhibit 1	\$ 421,893,040	\$ 392,242,320

*Endowment investment consists of a donated coin collection.

As of August 31, 2024, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value/Cost</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Exposure</u>	<u>Exposure Permitted by Investment Policy</u>
U.S. Government Securities-Treasuries	\$ 62,661,191	0.16	15.83%	100.00%
U.S. Government Securities-Agency Investments pools (TexPool)	109,008,229	0.28	27.59%	100.00%
Certificates of deposit	1,793,615	-	0.46%	50.00%
	156,517,229	0.54	39.79%	100.00%
Total Fair Value	\$ 329,980,264			

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 4 – Authorized Investments (Continued)

As of August 31, 2023, the District had the following investments and maturities:

Investment Type	Fair Value/Cost	Weighted Average Maturity (Years)	Credit Exposure	Exposure Permitted by Investment Policy
U.S. Government Securities-Treasuries	\$ 22,741,797	0.39	6.82%	100.0%
U.S. Government Securities-Agency	123,436,050	0.70	37.11%	100.0%
Investments pools (TexPool)	1,700,463	-	0.50%	50.0%
Certificates of deposit	127,470,645	0.53	37.78%	100.0%
Total Fair Value	\$ 275,348,955			

Interest Rate Risk - In accordance with its Investment Policy, the District limits its exposure to interest rate risk by investing in securities whose maturities will not exceed the anticipated cash flow requirements for the funds and limits the weighted average maturity of its investment portfolio to 270 days or less with a maximum allowable maturity of two years for any one investment. The investment maturities of Unexpended Plant Funds and of Funds for Retirement of Indebtedness are generally limited to the anticipated cash flow requirements of the funds.

Custodial Credit Risk – To control custody risk, State law and the Policy require collateral for all time and demand deposits and repurchase agreements with securities transferred only on a delivery versus payment basis and held by an independent party approved by the College and held in the College’s name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions and position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102%, and transactions are required to be executed under a written agreement. The counterparty of each type of transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

As of August 31, 2024 and 2023, the Portfolio did not contain any repurchase agreements. All bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank’s holding company.

Credit Risk - In accordance with State law and the District’s Investment Policy, investments in eligible investment pools must be continuously rated no lower than AAA or AAAM or at an equivalent rating by at least one nationally recognized rating service and obligations of states, agencies, counties, cities, and other political subdivisions of any State rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent. Financial institution deposits must be guaranteed or insured by the FDIC or its successors or the National Credit Union Share Insurance Fund or its successor, secured by obligations described by the Public Funds Collateral Act, or secured in any other manner and amount provided by law and governed by a depository agreement. At August 31, 2024, the District’s certificates of deposit were collateralized by letters of credit or pledged securities and were FDIC insured. The District’s investments pools had a Standard and Poor’s rating of AAAM. At August 31, 2023, the District’s certificates of deposit were collateralized by a letter of credit and were FDIC insured. The District’s investments pools had a Standard and Poor’s rating of AAAM.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 4 – Authorized Investments (Continued)

Concentration of Credit Risk - The District's Investment Policy seeks to minimize its concentration of credit risk by establishing the following maximum percentages of investment types for the total District investment portfolio: U.S. Treasury Bills/Notes/Bonds 100%; U.S. Agencies and Instrumentalities 100%; States, Counties, Cities, and Other 25%; Financial Institution Deposits 100%; Money Market Mutual Funds 25%; and Eligible Investment Pools 50%. At August 31, 2024, the District's cash and investments were in U.S. Government Securities-Treasuries (15.83%), U.S. Government Securities – Agency (27.59%), TexPool (0.46%), Certificates of Deposit (39.79%), and Money Markets (16.11%). At August 31, 2023, the District's cash and investments were in U.S. Government Securities-Treasuries (6.82%), U.S. Government Securities – Agency (37.11%), TexPool (0.50%), Certificates of Deposit (37.78%), and Money Markets (17.78%).

The Texas Local Government Investment Pools ("TexPool Portfolios") have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight responsibility is demonstrated by financial interdependency, ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in the TexPool portfolios and other persons who do not have a business relationship with TexPool. The Advisory Board members review the TexPool's investments policy and management fee structure.

TexPool investments meet the requirements of GASB 79 to be stated at amortized cost, which in most cases approximates the market value of the securities. TexPool seeks to maintain a \$1.00 net asset value per share as required by the Texas Public Funds Investment Act; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. The District reports investments in TexPool as cash and cash equivalents. In addition, the pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

Fair Value Measurement – Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application (GASB 72), establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy give the highest priority to unadjusted quoted prices in active market for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described hereafter:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access of the measurement date.

Level 2 Inputs are inputs, other than quoted prices included within Level 1, which are observable for an asset or liability, either directly or indirectly. Level 2 valuation methodologies include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in an active market

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 4 – Authorized Investments (Continued)

- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

PNC Bank, as the safekeeping agent of the District's securities, obtains market quotes on a daily basis from Intercontinental Exchange (ICE), and then reports them to the District via PNC Bank's web site. ICE evaluates U.S. Treasury securities by obtaining feeds from a number of live data sources including active market makers and inter-dealer brokers. Sources are reviewed on the basis of historical accuracy for individual issues and maturity ranges. Evaluations are marked at 15:00 and 16:00 (ET).

U.S. Government Agency securities are valued using a multi-dimensional relational model that considers relevant trade data, benchmark quotes and spreads obtained from publicly available trade execution platforms, electronic trading platforms and the dealer community.

As required by GASB Statement No. 72, Fair Value Measurement and Application, the following table presents the financial instruments carried on the statement of financial position by caption and by level of inputs within the valuation hierarchy as of August 31, 2024:

Type of Security	Level 1	Level 2	Level 3	Total
U.S. Government Securities-Treasuries	\$62,661,191	\$ -	\$ -	\$62,661,191
U.S. Government Securities-Agency	24,385,938	84,622,291	-	109,008,229
Total	<u>\$87,047,129</u>	<u>\$84,622,291</u>	<u>\$ -</u>	<u>\$171,669,420</u>

The following table presents the financial instruments carried on the statement of financial position by caption and by level of inputs within the valuation hierarchy as of August 31, 2023:

Type of Security	Level 1	Level 2	Level 3	Total
U.S. Government Securities-Treasuries	\$22,741,797	\$ -	\$ -	\$22,741,797
U.S. Government Securities-Agency	49,898,509	73,537,540	-	123,436,050
Total	<u>\$72,640,306</u>	<u>\$73,537,540</u>	<u>\$ -</u>	<u>\$146,177,847</u>

Certificates of Deposit (CDs) were valued at cost.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 5 – Capital Assets

Capital assets activity for the year ended August 31, 2024, was as follows:

	Restated Balance September 1, 2023	Increases	Decreases	Balance August 31, 2024
<u>Not Depreciated:</u>				
Land	\$ 33,532,535	\$ -	\$ -	\$ 33,532,535
Collections	59,188	20,750	-	79,938
Construction in progress	7,236,420	12,555,121	13,042,886	6,748,655
Subtotal	<u>40,828,143</u>	<u>12,575,871</u>	<u>13,042,886</u>	<u>40,361,128</u>
<u>Depreciated Assets:</u>				
Buildings	318,541,976	9,904,692	-	328,446,668
Land improvements	47,088,165	3,138,193	47,632	50,178,726
Total Buildings and Other Land Improvements	365,630,141	13,042,885	47,632	378,625,394
Library books	6,305,381	245,123	-	6,550,504
Furniture, machinery, vehicles, and other equipment	52,041,624	4,915,671	741,955	56,215,340
Telecommunications and peripheral equipment	2,747,649	-	375,162	2,372,487
Intangible Right-to-Use Asset_Equipment	628,604	333,044	-	961,648
Intangible Right-to-Use Asset_Facilities	45,701	464,971	-	510,672
Intangible Right-to-Use Asset_Subscriptions	4,450,616	16,320,429	-	20,771,045
Total Depreciated Assets	<u>431,849,716</u>	<u>35,322,123</u>	<u>1,164,749</u>	<u>466,007,090</u>
<u>Accumulated Depreciation / Amortization:</u>				
Buildings	72,977,481	5,944,340	-	78,921,821
Land improvements	23,956,039	2,215,661	36,745	26,134,955
Library books	4,446,971	204,209	-	4,651,180
Furniture, machinery, vehicles, and other equipment	37,954,166	3,646,546	741,955	40,858,757
Telecommunications and peripheral equipment	2,746,675	974	375,162	2,372,487
Intangible Right-to-Use Asset_Equipment	357,007	180,158	-	537,165
Intangible Right-to-Use Asset_Facilities	32,315	82,969	-	115,284
Intangible Right-to-Use Asset_Subscriptions	2,106,567	2,947,892	-	5,054,459
Total Accumulated Depreciation/ Amortization	<u>144,577,221</u>	<u>15,222,749</u>	<u>1,153,862</u>	<u>158,646,108</u>
Net Depreciated Assets	<u>287,272,495</u>	<u>20,099,374</u>	<u>10,887</u>	<u>307,360,982</u>
Net Capital Assets	<u>\$ 328,100,638</u>	<u>\$ 32,675,245</u>	<u>\$ 13,053,773</u>	<u>\$ 347,722,110</u>

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 5 – Capital Assets (Continued)

Construction in progress, including capitalized interest of \$273,921 consists of the following:

Project	Balance September 1, 2023	Additions	Completed/ Deductions	Balance August 31, 2024
Pecan Cooling Towers Screen Upgrades	\$ 13,198	\$ (13,198)	\$ -	\$ -
Pecan North Academic Humanities Bldg P Renovation	186,094	557,103	743,197	-
Pecan Kinesiology Bldg Q	109,241	223,048	-	332,289
Pecan Cooper Performing Arts Bldg L	41,895	469,645	-	511,540
Pecan Bldg A Additional Parking Lot	17,627	274,822	292,449	-
Pecan West Continuing Education Bldg A	-	193,148	-	193,148
Pecan West New CE Bldg Park & Site Impr - EDA Grant	19,540	9,090	-	28,630
Pecan West New CE Bldg Park & Site Impr - STC Match	4,885	2,273	-	7,158
Tech Emerging Tech Bldg A Renovation	18,500	-	-	18,500
Tech Exterior Solar Panels Structure	236,257	8,615	244,872	-
Tech Advanced Tech Careers Bldg B Renovation	40,000	-	-	40,000
Tech Welding Lab Bldg Expansion	126,616	3,145,747	-	3,272,363
MV Workforce Bldg D Welding Expansion	309,146	950,925	1,201,610	58,461
MV Workforce Bldg M Automotive Lab Expansion	533,929	1,667,387	2,100,051	101,265
MV Workforce Bldg D HVAC-R Outdoor Covered Area	327,099	710,990	990,776	47,313
MV CDC Portable L2 Relocations & Infrastructure	8,925	(8,925)	-	-
Starr Workforce Bldg D Welding Expansion	1,084,291	17,194	1,101,485	-
Starr Workforce Bldg Q Automotive Expansion	342,717	1,024,427	-	1,367,144
Starr Acad Bldg C HVAC-R & Outdoor Covered Area	84,619	152,893	-	237,512
RCPSE Target Range _ STC	55,360	14,546	-	69,906
RCPSE Target Range _ Grant	11,991	(11,991)	-	-
RCPSE Fire Training Area	460,065	(6,372)	453,693	-
RCPSE Canopy for Safety Training Vehicles	820,816	28,974	849,790	-
RCPSE Canopy for Students / Instructors	590,034	23,304	613,338	-
RCPSE Skills Pad and EVOG Lighting	338,353	15,585	353,938	-
RCPSE Two-Story Residential Fire Training Structure	578,337	2,188,102	2,766,439	-
RCPSE Parking Lot #1 Additional Expenses	-	14,212	-	14,212
Pecan Resurfacing of East Drive	314,692	15,422	330,114	-
Pecan Academic Bldg J Generator Replacement	74,960	283,304	358,264	-
MV Academic Bldg H Repairs & Renov	1,816	(1,816)	-	-
MV Library Bldg E HVAC Replacements	-	30,134	-	30,134
MV Student Union Bldg F HVAC Replacements	-	15,067	-	15,067
MV North Academic Bldg G HVAC Replacements	-	52,733	-	52,733
MV North Academic Bldg G Flooring Replacements	-	340,464	-	340,464
Tech Resurfacing of Parking Lot #2 & Regrading Existing Swales	-	10,816	-	10,816
NAH East Bldg A Generator Replacement	67,650	157,453	225,103	-
DW Flooring Replacement	417,767	-	417,767	-
Total	\$ 7,236,420	\$ 12,555,121	\$ 13,042,886	\$ 6,748,655

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 5 – Capital Assets (Continued)

For comparison purposes, capital assets activity for the year ended August 31, 2023, was as follows:

	Balance September 1, 2022	Increases	Decreases	Restated Balance August 31, 2023
<u>Not Depreciated:</u>				
Land	\$ 32,487,642	\$ 1,044,893	\$ -	\$ 33,532,535
Collections	59,188	-	-	59,188
Construction in progress	1,230,266	8,358,193	2,352,039	7,236,420
Subtotal	<u>33,777,096</u>	<u>9,403,086</u>	<u>2,352,039</u>	<u>40,828,143</u>
<u>Depreciated Assets:</u>				
Buildings	314,475,978	4,209,626	143,628	318,541,976
Land improvements	47,015,885	72,280	-	47,088,165
Total Buildings and Other Land Improvements	361,491,863	4,281,906	143,628	365,630,141
Library books	7,034,067	291,290	1,019,976	6,305,381
Furniture, machinery, vehicles, and other equipment	49,354,009	3,353,942	666,327	52,041,624
Telecommunications and peripheral equipment	3,174,369	-	426,720	2,747,649
Intangible Right-to-Use Asset_Equipment	459,350	169,254	-	628,604
Intangible Right-to-Use Asset_Facilities	53,246	3,563	11,108	45,701
Intangible Right-to-Use Asset_Subscriptions	3,915,011	535,605	-	4,450,616
Total Depreciated Assets	<u>425,481,915</u>	<u>8,635,560</u>	<u>2,267,759</u>	<u>431,849,716</u>
<u>Accumulated Depreciation/Amortization:</u>				
Buildings	67,141,727	5,835,754	-	72,977,481
Land improvements	21,822,829	2,133,210	-	23,956,039
Library books	5,063,764	231,060	847,853	4,446,971
Furniture, machinery, vehicles, and other equipment	35,046,195	3,532,134	624,163	37,954,166
Telecommunications and peripheral equipment	3,172,096	1,299	426,720	2,746,675
Intangible Right-to-Use Asset_Equipment	258,222	98,785	-	357,007
Intangible Right-to-Use Asset_Facilities	14,293	23,072	5,050	32,315
Intangible Right-to-Use Asset_Subscriptions	1,551,730	554,837	-	2,106,567
Total Accumulated Depreciation/ Amortization	<u>134,070,856</u>	<u>12,410,151</u>	<u>1,903,786</u>	<u>144,577,221</u>
Net Depreciated Assets	<u>291,411,059</u>	<u>(3,774,591)</u>	<u>363,973</u>	<u>287,272,495</u>
Net Capital Assets	<u>\$ 325,188,155</u>	<u>\$ 5,628,495</u>	<u>\$ 2,716,012</u>	<u>\$ 328,100,638</u>

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 5 – Capital Assets (Continued)

Construction in progress as of August 31, 2023, including capitalized interest of \$54,838 consists of the following:

Project	Balance September 1, 2022	Additions	Completed/ Deductions	Balance August 31, 2023
Pecan Cooling Towers Screen Upgrades	\$ 13,198	\$ -	\$ -	\$ 13,198
Pecan Ann Richards Admin Bldg A Renovation	34,981	652,736	687,717	-
Pecan North Academic Humanities Bldg P Renovation	-	186,094	-	186,094
Pecan Kinesiology Bldg Q	-	109,241	-	109,241
Pecan Cooper Performing Arts Bldg L Music & Dance Exp	-	41,895	-	41,895
Pecan Ann Richards Admin Bldg A Additional Parking Lot	-	17,627	-	17,627
Pecan West New CE Bldg Park & Site Impr - EDA Grant	-	19,540	-	19,540
Pecan West New CE Bldg Park & Site Impr - STC Match	-	4,885	-	4,885
Tech Emerging Tech Bldg A Renovation	18,500	-	-	18,500
Tech Exterior Solar Panels Structure	5,818	230,439	-	236,257
Tech Advanced Tech Careers Bldg B Renovation	40,000	-	-	40,000
Tech Welding Lab Bldg Expansion	11,329	115,287	-	126,616
NAH Bldg A Occupational Therapy Kitchen Lab Exp	7,719	189,146	196,865	-
MV Workforce Bldg D Welding Expansion	7,497	301,649	-	309,146
MV Workforce Bldg M Automotive Lab Expansion	10,403	523,526	-	533,929
MV Workforce Bldg D HVAC-R Outdoor Covered Area	6,743	320,356	-	327,099
MV CLE Bldg A Renov of Exist Café to Culinary Arts Inst Kitchen	178,609	281,493	460,102	-
MV CDC Portable L2 Relocations & Infrastructure	-	8,925	-	8,925
Starr Workforce Bldg D Welding Expansion	28,939	1,055,352	-	1,084,291
Starr Workforce Bldg Q Automotive Expansion	66,071	276,646	-	342,717
Starr North Acad Bldg C HVAC-R & Outdoor Covered Area	16,645	67,974	-	84,619
RCPSE Target Range _ STC	53,456	1,904	-	55,360
RCPSE Chiller Installation	208,479	10,764	219,243	-
RCPSE Fire Training Area	46,491	413,574	-	460,065
RCPSE Target Range _ Grant	11,811	180	-	11,991
RCPSE Canopy for Safety Training Vehicles	33,271	787,545	-	820,816
RCPSE Canopy for Students / Instructors	22,183	567,851	-	590,034
RCPSE Skills Pad and EVOC Lighting	14,775	323,578	-	338,353
RCPSE Two-Story Residential Fire Training Structure	49,987	528,350	-	578,337
Pecan Resurfacing of East Drive	26,763	287,929	-	314,692
Pecan South Academic Bldg J Generator Replacement	12,240	62,720	-	74,960
Pecan Stucco Repainting Bldg L	-	100,141	100,141	-
MV South Academic Bldg H Repairs & Renov of Damaged Roof & Ir	-	1,816	-	1,816
MV Stucco Repainting Bldg G	-	253,354	253,354	-
Nursing Allied Health East Bldg A Stair Repairs and Replace	286,024	47,609	333,633	-
Nursing Allied Health East Bldg A Generator Replacement	18,334	49,316	-	67,650
Starr Stucco Repainting Bldg E	-	100,984	100,984	-
DW Flooring Replacement	-	417,767	-	417,767
Total	\$ 1,230,266	\$ 8,358,193	\$ 2,352,039	\$ 7,236,420

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 6 – Long Term Liabilities

Long-term liabilities activity for the year ended August 31, 2024, was as follows:

	Restated Balance September 1, 2023	Additions	Reductions	Balance August 31, 2024	Current Portion
Bonds					
South Texas College District Limited Tax Bonds, Series 2015	\$ 5,630,000	\$ -	\$ 5,630,000	\$ -	\$ -
South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020	40,219,693	-	11,940,000	28,279,693	2,759,693
South Texas College District Limited Tax Refunding Bonds, Taxable Series 2021	57,385,000	-	245,000	57,140,000	3,095,000
General Obligation Bonds Subtotal	103,234,693	-	17,815,000	85,419,693	5,854,693
Net Pension Liability	45,587,413	13,602,949	4,120,956	55,069,406	-
Other Post Employment Benefits (OPEB)	78,697,169	10,125,512	10,871,943	77,950,738	2,180,391
Accrued Compensable Absences	2,780,473	3,400,252	3,016,980	3,163,745	1,940,656
Leased Liability	252,485	798,016	228,656	821,845	250,270
Subscription Based Information Technology Arrangements	1,504,938	16,320,429	5,281,719	12,543,648	2,209,081
Unearned Interest	370,432	-	41,077	329,355	39,134
Total Liabilities	\$ 232,427,603	\$ 44,247,158	\$ 41,376,331	\$ 235,298,430	\$ 12,474,225
Bonds Detail					
Total Bonds Payable	\$ 103,234,693	\$ -	\$ 17,815,000	\$ 85,419,693	\$ 5,854,693
Accreted Interest Premium CAB, Taxable Series 2020	159,695	51,376	-	211,071	-
Accreted Interest Premium CAB, Taxable Series 2021	606,667	346,666	-	953,333	-
Premium on Bonds Payable	11,972,784	-	1,470,588	10,502,196	995,239
Total Bonds Payable, Net	\$ 115,973,839	\$ 398,042	\$ 19,285,588	\$ 97,086,293	\$ 6,849,932
Less Bonds Payable - Current Portion				(6,849,932)	
Total Noncurrent Bonds Payable, Net				\$ 90,236,361	

As of August 31, 2024, the District does not have any direct borrowings.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 6 – Long Term Liabilities (Continued)

Unamortized bond discount, premium, bond insurance costs, and deferred loss for the year ended August 31, 2024, on the above bond issues are as follows:

	Bond Premium	Deferred Loss
South Texas College District Limited Tax Bonds, Series 2015	\$ -	\$ -
South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020	4,454,362	-
South Texas College District Limited Tax Bonds, Series 2021	6,047,834	-
Total	\$ 10,502,196	\$ -

Arbitrage

IRS rules governing arbitrage are designed to minimize arbitrage benefits by investing the proceeds of tax-exempt bonds in higher interest rate investments. Any excess earnings resulting from arbitrage must be rebated to the federal government. The District calculates arbitrage at the end of each five-year period that bonds are outstanding and at maturity. At August 31, 2024, the District did not have a liability.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 6 – Long Term Liabilities (Continued)

For comparison purposes, the long-term liabilities activity for the year ended August 31, 2023, was as follows:

	Restated Balance September 1, 2022	Additions	Reductions	Restated Balance August 31, 2023	Current Portion
Bonds					
South Texas College District Limited Tax Bonds, Series 2014	\$ 2,760,000	\$ -	\$ 2,760,000	\$ -	\$ -
South Texas College District Limited Tax Bonds, Series 2015	11,095,000	-	5,465,000	5,630,000	5,630,000
South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020	40,594,693	-	375,000	40,219,693	3,295,000
South Texas College District Limited Tax Refunding Bonds, Taxable Series 2021	57,620,000	-	235,000	57,385,000	245,000
General Obligation Bonds Subtotal	112,069,693	-	8,835,000	103,234,693	9,170,000
Net Pension Liability	20,490,457	28,680,139	3,583,183	45,587,413	-
Other Post Employment Benefits (OPEB)	137,478,159	6,687,691	65,468,681	78,697,169	2,045,959
Accrued Compensable Absences	1,369,948	3,687,521	2,276,996	2,780,473	1,634,112
Leased Liability	237,763	200,788	186,066	252,485	82,489
Subscription Based Information					
Technology Arrangements	2,246,083	888,320	1,629,465	1,504,938	1,037,094
Unearned Interest	403,904	8,742	42,214	370,432	41,077
Total Liabilities	\$ 274,296,007	\$ 40,153,201	\$ 82,021,605	\$ 232,427,603	\$ 14,010,731
Bonds Detail					
Total Bonds Payable	\$ 112,069,693	\$ -	\$ 8,835,000	\$ 103,234,693	\$ 9,170,000
Accreted Interest Premium CAB, Taxable Series 2020	108,319	51,376	-	159,695	-
Accreted Interest Premium CAB, Taxable Series 2021	260,000	346,667	-	606,667	-
Premium on Bonds Payable	13,745,028	-	1,772,244	11,972,784	1,470,589
Total Bonds Payable, Net	\$ 126,183,040	\$ 398,043	\$ 10,607,244	\$ 115,973,839	\$ 10,640,589
Less Bonds Payable - Current Portion				(10,640,589)	
Total Noncurrent Bonds Payable, Net				\$ 105,333,250	

As of August 31, 2023, the District does not have any direct borrowings.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 6 – Long Term Liabilities (Continued)

Unamortized bond discount, premium, bond issue costs and deferred loss for the year ended August 31, 2023, on the above bond issues are as follows:

	Bond Premium	Deferred Loss
South Texas College District Limited Tax Bonds, Series 2015	\$ 475,350	\$ 531,927
South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020	4,899,798	-
South Texas College District Limited Tax Bonds, Series 2021	6,597,636	-
Total	\$ 11,972,784	\$ 531,927

Arbitrage

IRS rules governing arbitrage are designed to minimize arbitrage benefits by investing the proceeds of tax-exempt bonds in higher interest rate investments. Any excess earnings resulting from arbitrage must be rebated to the federal government. The District calculates arbitrage at the end of each five-year period that bonds are outstanding and at maturity. At August 31, 2023, the District did not have a liability.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 7 – Bonds Payable

General Information related to bonds payable and balances are summarized below:

	August 31, 2024	August 31, 2023
<p>\$90,220,000 South Texas College District Limited Tax Bonds, Series 2015 due in varying installments through 2035, interest at 2.0% - 5.0%. Purpose: Construction and equipping of College buildings to accommodate increased student enrollment and to pay for the cost of issuance of the bonds. Issued: July 21, 2015 Authorized Date: November 5, 2013 Authorized: \$159,028,940; \$90,220,000 issued Source of revenue for debt service: Ad valorem taxes</p>	\$ -	\$ 5,630,000
<p>\$41,194,693 South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020 due in varying installments through 2034, interest at 3.0% - 5.0%. Purpose: To advance refund a portion of the District's Bonds, Series 2014 in order to lower the overall annual debt service requirements of the District, and to pay for the cost of issuance of the bonds. Issued: July 23, 2020 Authorized: \$41,194,693.20; \$40,935,000 Current Interest Bonds and \$259,693.20 Premium Capital Appreciation Bonds Source of revenue for debt service: Ad valorem taxes</p>	28,279,693	40,219,693
<p>\$58,160,000 South Texas College District Limited Tax Refunding Bonds, Taxable Series 2021 due in varying installments through 2035, interest at 2.2% - 5.0%. Purpose: To refund certain outstanding debt obligations of the District for debt service savings (Bond Series 2015) and to pay for the cost of issuance of the bonds. Issued: November 16, 2021 Authorized: \$58,160,000; \$55,065,000 Current Interest Bonds and \$3,095,000 Premium Capital Appreciation Bonds Source of revenue for debt service: Ad valorem taxes</p>	57,140,000	57,385,000
Total Bonds Payable	\$ 85,419,693	\$ 103,234,693

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 8 – Advance Refunding of Bonds

On November 16, 2021, South Texas College District issued a Limited Tax Refunding Bonds, Taxable Series 2021 totaling \$58,160,000 and is being issued to refund a portion of the District's outstanding debt South Texas College District Limited Tax Bonds, Series 2015, in order to lower the overall debt service requirements of the District and to pay the cost associated with the issuance of the bonds. A total of \$58,165,000 of Limited Tax Bonds, Taxable Series 2015 was refunded. Outstanding on the Limited Tax Refunding Bonds, Taxable Series 2021 at year-end was \$57,140,000. The average interest rate of bonds refunded were 4.4% for Bonds Series 2015. In order to refund the bonds, the proceeds of the new bonds in the amount of \$65,790,204 after payments of \$674,166 to underwriting fees, insurance, bond counsel fees, rating fees, financial advisor, paying agent or escrow agent fees, printing fees, verification agent fees, and other issuance costs, were deposited and held in an escrow fund by Bank of Texas. The refunding resulted in a reduction of the total debt service payments over the next eleven years by \$5,732,991 and gave the District an economic gain of \$5,807,231. The accounting loss resulting from the advance refunding totaled \$531,927. At August 31, 2024, the Limited Tax Bond Series 2015 are considered fully defeased.

Note 9 – Defeasing Debt with Cash

On October 24, 2023, South Texas College District issued a cash defeasance and redemption of a portion of an outstanding Limited Tax Refunding Bonds, Taxable Series 2020, totaling \$40,594,693. It is in the best interest of the District and its taxpayers to apply legally available funds of the District in a principal amount not to exceed \$8,645,000 towards the redemption of the bonds stated to mature on August 15, 2033, and August 15, 2034. The District disbursed \$7,732,313 to BOKF, NA as escrow agent, which will create in its books a special fund and irrevocable escrow to be known as the "South Texas College District 2023 Cash Defeasance Escrow Fund" as established in the Escrow Agreement for the purpose of defeating the Defeasing Obligations. Also, processed any cost necessary or appropriate in connection with after payments of \$70,000 to bond counsel fees and expenses, cost of issuance, escrow agent fees, bond redemption fees, and disbursement fees were deposited and held in an escrow fund by the Bank of Texas. An accounting gain of \$982,687 and an escrow wired value of \$7,662,313.

Exhibit for South Texas College's Bonds Defeased Bond Outstanding

Bonds	Year Funded	Par Value Outstanding
South Texas College Limited Tax Refunding Bonds, Taxable Series 2020	2020	\$28,279,693
South Texas College Limited Tax Refunding Bonds, Taxable Series 2021	2021	<u>57,140,000</u>
Total		<u>\$ 85,419,693</u>

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 10 – Debt Obligations

As of August 31, 2024, bonds payable are due in annual installments varying from \$245,000 to \$6,165,000 with interest rates from 2.0% to 5.0% and the final installment due in 2035. The principal and interest expense requirement for the next five years and beyond is summarized below for bonds issued:

Fiscal Year	General Obligation Bond		
	Principal	Interest	Total
2025	\$ 5,854,693	\$ 4,873,530	\$ 10,728,223
2026	7,535,000	3,188,223	10,723,223
2027	7,915,000	2,811,473	10,726,473
2028	8,305,000	2,415,723	10,720,723
2029	8,725,000	2,000,473	10,725,473
2030-2034	40,985,000	4,133,375	45,118,375
2035-Thereafter	6,100,000	156,099	6,256,099
Total	\$ 85,419,693	\$ 19,578,896	\$ 104,998,589

For comparison purposes, as of August 31, 2023, bonds payable are due in annual installments varying from \$235,000 to \$6,165,000 with interest rates from 2.0% to 5.0% and the final installment due in 2035. The principal and interest expense requirement for the next five years and beyond is summarized below for bonds issued:

Fiscal Year	General Obligation Bond		
	Principal	Interest	Total
2024	\$ 9,170,000	\$ 4,031,073	\$ 13,201,073
2025	5,854,693	5,132,880	10,987,573
2026	7,535,000	3,447,573	10,982,573
2027	7,915,000	3,070,823	10,985,823
2028	3,465,000	1,050,100	4,515,100
2029-2033	52,645,000	8,747,875	61,392,875
2034-Thereafter	16,650,000	595,346	17,245,346
Total	\$ 103,234,693	\$ 26,075,670	\$ 129,310,363

Note 11 – Lease Obligations and Rental Agreements

The District has entered into agreements to lease certain equipment and facilities. The lease agreements qualify as other than short-term leases under GASB 87 Leases and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 11 – Lease Obligations and Rental Agreements (Continued)

Lease liabilities at August 31, 2024 and August 31, 2023 are as follows:

	FY 2024	Restated FY 2023
Agreements with Xerox Corporation for District-wide copy machines, average monthly payments of \$5,417; lease liability measured using a discount rate of 6.0% - 7.0%, which is the District's depository borrowing interest rate	\$ 254,599	\$ 182,779
Agreements with Cannon Financial Services, Inc. for District-wide copy machines, monthly payments of \$439; lease liability measured using a discount rate of 6.0%, which is the District's depository borrowing interest rate	21,060	32,161
Agreements with UBEO, LLC (Ricoh USA, Inc.) for District-wide copy machines, monthly payments of \$287; lease liability measured using a discount rate of 2.67%, which is the stated rate in the lease agreement	14,614	23,618
Agreement with VirTra for Regional Center for Public Safety Excellence, annual payment of \$2,126, lease liability measured no discount rate, which is stated in the lease financing agreement	127,586	-
Agreement with Lower Rio Grande Valley Community Health Management Corp. Inc. (El Milagro Parking Lot) for facility usage, monthly payment of \$0, lease liability measured using a discount rate of 6.3%, which is the District's depository borrowing interest rate	-	2,368
Agreement with PSJA – Dr. Daniel King College & University Ctr & College Career & Technology Academy Building for facility usage, monthly payment of \$0, lease liability measured using a discount rate of 6.0%, which is the District's depository borrowing interest rate	-	11,559
Agreement with Shah Eye Center for facility usage, monthly payment of \$6,733, lease liability measured using a discount rate of 7.0%, which is the District's depository borrowing interest rate	403,986	-
Total	\$ 821,845	\$ 252,485

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 11 – Lease Obligations and Rental Agreements (Continued)

Lease obligations as of August 31, 2024 were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 250,270	\$ 41,101	\$ 291,371
2026	246,608	28,931	275,539
2027	164,117	17,140	181,257
2028	121,554	7,218	128,772
2029	39,296	644	39,940
Total	\$ 821,845	\$ 95,034	\$ 916,879

Lease obligations as of August 31, 2023 restated were as follows:

Fiscal Year	Restated Principal	Restated Interest	Restated Total
2024	\$ 82,489	\$ 12,958	\$ 95,447
2025	71,818	8,286	80,104
2026	59,956	4,316	64,272
2027	32,992	1,310	34,302
2028	5,230	201	5,431
Total	\$ 252,485	\$ 27,071	\$ 279,556

Note 12 – Lessor Accounting

On January 22, 2016, the Board of Trustees approved the College and Pharr-San Juan-Alamo Independent School District (PSJA) Interlocal Agreement to lease four classrooms, consisting in the aggregate, approximately 5,800 square feet or more located at the Regional Center for Public Safety Excellence (“Regional Center”). The initial term of this Lease shall commence at the earlier of (a) the date of Final Completion of the Project, or (b) delivery of Notice of Right to Possession by College, and shall terminate and expire on the date, immediately preceding the 20th anniversary of the effective date. PSJA lease payment amortization started in the Fall of 2018.

PSJA contributed \$1,370,532, which includes its \$1,000,000 monetary contribution and ten acres of real property that supported the development of the South Texas College Regional Center for Public Safety Excellence in Pharr, Texas. This contribution was redeemed for the term of the lease. Therefore, there is no lease receivable.

A facilities lease agreement between the College and Easter Seals Rio Grande Valley for the use of three offices, consisting in aggregate, approximately 413 square feet located at the Starr County Campus Building J was executed. The premises will serve as an extension of Easter Seals Rio Grande Valley services for their Family Resource Center (FRC). The commence date is August 1, 2023 and termination date is July 31, 2025.

The College will be recognizing lease obligations throughout the term of the term of the agreement over straight line. Lessors remaining lease obligation as of August 31, 2024 was \$635,133 and as of August 31, 2023 was \$668,163.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 13 – Subscription Based Information Technology Arrangements

General Description

The College has several existing and some new subscription-based information technology arrangements (SBITAs) subject to the requirements of GASB 96. These agreements can be described in groups – those related to the provision of assisting students, those related to the training of faculty, staff, students, and those used for administrative support purposes. The College makes advance payments and/or annual payments and the agreements are for varying terms. The SBITA liability is amortized providing the principal and interest components of the payments over the SBITA term.

The SBITA Liabilities and Associated Principal and Interest Requirements as of fiscal year end 2024:

	<u>Interest Rate</u>	<u>Restated Beginning Liability</u>	<u>Term in Months</u>	<u>Ending Balance</u>
Educational assistance for students	5% - 7%	\$ 766,208	24 - 84	\$ 2,537,865
Training programs for faculty/staff/students	6.25% - 6.7%	25,721	24 - 36	870,005
Administrative support software	5% - 7%	713,009	24 - 120	9,135,778
Total		<u>\$ 1,504,938</u>		<u>\$ 12,543,648</u>

The future principal and interest SBITA arrangement payments as of fiscal year end 2024 are as follows:

<u>Year End August 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,209,081	\$ 860,015	\$ 3,069,096
2026	1,817,864	745,007	2,562,871
2027	1,726,721	614,806	2,341,527
2028	1,565,982	490,901	2,056,883
2029	866,267	378,757	1,245,024
2030-2034	4,357,733	822,437	5,180,170
Total	<u>\$ 12,543,648</u>	<u>\$ 3,911,923</u>	<u>\$ 16,455,571</u>

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 13 – Subscription Based Information Technology Arrangements (Continued)

The SBITA liabilities and associated principal and interest requirements as of fiscal year end 2023 restated:

	Interest Rate	Restated Beginning Liability	Term in Months	Restated Ending Balance
Educational assistance for students	5% - 7%	\$ 1,256,907	24 - 84	\$ 766,208
Training programs for faculty/staff/students	6.25%	21,072	36	25,721
Administrative support software	5% - 7%	968,104	24 - 60	713,009
Total		\$ 2,246,083		\$ 1,504,938

The future principal and interest SBITA arrangement payments as of fiscal year end 2023 restated are as follows:

Year End August 31:	Restated Principal	Restated Interest	Restated Total
2024	\$ 1,037,094	\$ 87,111	\$ 1,124,205
2025	347,962	30,126	378,088
2026	119,882	8,666	128,548
Total	\$ 1,504,938	\$ 125,903	\$ 1,630,841

Commitments and Impairments:

There were no impairments or modifications to be reported during this fiscal year.

Note 14 – Employees’ Retirement Plan

The State of Texas has joint contributory retirement plans for almost all its employees. The District requires all full-time employees to participate in either the Teacher Retirement System of Texas (TRS) or in the Optional Retirement Plan (ORP). Employees who are eligible to participate in the ORP have ninety days from the date of their employment to select the optional retirement program. Employees who previously had the opportunity to participate in the ORP but declined must remain with the TRS for the duration of their employment in the Texas education system.

Teacher Retirement System of Texas - Defined Benefit Plan

Plan Description

South Texas College 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

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 14 – Employees’ Retirement Plan (Continued)

System of Texas (TRS). The TRS defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension’s Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [Annual Comprehensive Financial Report](#) or write to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years.

Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description in above.

Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution, which requires the Texas legislature to establish a member contribution rate of not less than 6.0% of the member’s annual compensation and a state contribution rate of not less

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 14 – Employees’ Retirement Plan (Continued)

than 6.0% and not more than 10.0% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

Contribution Rates

	<u>August 31, 2024</u>	<u>August 31, 2023</u>
Member	8.25%	8.0%
District/Non-Employer Contributing Entity (State)	8.25%	8.0%

FY 2023 Member contributions	\$ 6,965,417
FY 2023 District contributions	\$ 4,120,956
FY 2023 State contributions	\$ 2,820,108

The District’s estimated contributions to the TRS pension plan in fiscal year ended 2024 were \$4,771,198 as reported in the Schedule of District Contributions for pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on behalf contributions for fiscal year ended 2024 were \$3,330,357.

- As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

Public junior colleges or junior colleges are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.
- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 14 – Employees’ Retirement Plan (Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2022 and August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

	August 31, 2022 rolled forward to August 31, 2023	August 31, 2021 rolled forward to August 31, 2022
Valuation Date	Individual Entry Age Normal	Individual Entry Age Normal
Actuarial Cost Method	Fair Value	Fair Value
Asset Valuation Method		
Actuarial Assumptions:		
Single Discount Rate	7.0%	7.0%
Long-term expected Rate	7.0%	7.0%
Municipal Bond Rate*	4.13%*	3.91%*
Last year ending August 31		
Projection period (100 years)	2122	2121
Inflation	2.30%	2.30%
Salary increases including inflation	2.95% to 8.95%	2.95% to 8.95%
Ad hoc post-employment benefit changes	None	None

* The source for the Municipal Bond rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-Year Municipal GO AA Index”.

The actuarial methods and assumptions were selected by the TRS Board of Trustees based upon analysis and recommendations by the system’s actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The TRS Board of Trustees have the sole authority to determine the actuarial assumptions used for the plan.

Changes Since the Prior Actuarial Valuation: There were no changes in assumptions since the prior measurement date.

Discount Rate

A single discount rate of 7.0% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.0%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50% of payroll in fiscal year 2024 gradually increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 14 – Employees’ Retirement Plan (Continued)

rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the TRS’ target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation ²	Long Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long Term Portfolio Returns
Global Equity			
USA	18.0%	4.0%	1.0%
Non-U.S. Developed	13.0%	4.5%	0.9%
Emerging Markets	9.0%	4.8%	0.7%
Private Equity ¹	14.0%	7.0%	1.5%
Stable Value			
Government Bonds	16.0%	2.5%	0.5%
Absolute Return ¹	-	3.6%	-
Stable Value Hedge Funds	5.0%	4.1%	0.2%
Real Return			
Real Estate	15.0%	4.9%	1.1%
Energy and Natural Resources and Infrastructure	6.0%	4.8%	0.4%
Commodities	-	4.4%	-
Risk Parity			
Risk Parity	8.0%	4.5%	0.4%
Asset Allocation Leverage			
Cash	2.0%	3.7%	-
Asset Allocation Leverage	(6.0)%	4.4%	(0.1)%
Inflation Expectation	-		2.3%
Volatility Drag ⁴	-		(0.9)%
Total	100.0%		8.0%

¹ Absolute Return includes Credit Sensitive Investment

² Target Allocation based on the FY 2023 policy model.

³ Capital Market Assumptions come from AON Hewitt (as of 06/30/2023)

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 14 – Employees’ Retirement Plan (Continued)

Best estimates of geometric real rates of return for each major asset class included in the TRS’ target asset allocation as of August 31, 2022 are summarized below:

Asset Class	Target Allocation ²	Long Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity ¹	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return ¹	-	3.7%	-
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy and Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	-	3.6%	-
Risk Parity			
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	(6.0)%	3.6%	(0.05)%
Inflation Expectation	-		2.70%
Volatility Drag ⁴	-		(0.91)%
Total	100.0%		8.19%

¹ Absolute Return includes Credit Sensitive Investment

² Target Allocation based on the FY 2022 policy model.

³ Capital Market Assumptions come from AON Hewitt (as of 08/31/2022)

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 14 – Employees’ Retirement Plan (Continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.0%, 7.0%) in measuring the net pension liability which the District reported as follows:

	<u>August 31, 2024</u>		
	<u>1% Decrease in Discount Rate (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase in Discount Rate (8.0%)</u>
District’s proportionate share of the net pension liability:	\$ 82,331,812	\$ 55,069,406	\$ 32,400,701
	<u>August 31, 2023</u>		
	<u>1% Decrease in Discount Rate (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase in Discount Rate (8.0%)</u>
District’s proportionate share of the net pension liability:	\$ 70,916,730	\$ 45,587,413	\$ 25,056,813

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At August 31, 2024, and 2023, the District reported a liability of \$55,069,406 and \$45,587,413, respectively, for its proportionate share of the TRS net pension liability. This liability reflects a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District are as follows:

	<u>August 31, 2024</u>	<u>August 31, 2023</u>
The District’s proportionate share of the collective net pension liability	\$ 55,069,406	\$ 45,587,413
State’s proportionate share that is associated with the District	37,685,834	31,901,974
Total	<u>\$ 92,755,240</u>	<u>\$ 77,489,387</u>

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 14 – Employees’ Retirement Plan (Continued)

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At the measurement date of August 31, 2023, the District’s proportion of the collective net pension liability was 0.0802%, which was an increase of 0.0034% from its proportion measured as of August 31, 2022. At the measurement date of August 31, 2022, the District’s proportion of the collective net pension liability was 0.0768%, which was a decrease of 0.0037% from its proportion measured as of August 31, 2021.

For the year ended August 31, 2024, the District recognized on-behalf revenue and expense of \$5,690,235 for support provided by the State. For the year ended August 31, 2023, the District recognized on-behalf revenue and expense of \$3,049,467 for support provided by the State.

At August 31, 2024 and 2023, the District reported its proportionate share of the TRS’ deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	August 31, 2024		August 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,962,142	\$ 666,830	\$ 661,014	\$ 993,892
Changes in actuarial assumption	5,208,487	1,274,636	8,494,419	2,117,046
Difference between projected and actual investment earnings, net	8,013,936	-	4,503,891	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	2,251,512	5,046,194	2,127,272	6,758,423
Contributions paid to TRS subsequent to the measurement date	4,771,198	-	4,120,956	-
Total	\$ 22,207,275	\$ 6,987,660	\$ 19,907,552	\$ 9,869,361

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 14 – Employees’ Retirement Plan (Continued)

The net amounts of the District’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ended August 31:	Increase (Reduction) of Pension Expense
2025	\$ 2,123,576
2026	\$ 391,330
2027	\$ 5,722,856
2028	\$ 1,824,425
2029	\$ 386,230
Thereafter	\$ -

The District is dependent upon information provided by the TRS Plan for recognizing the pension liability, deferred inflows and deferred outflows of resources, and expenses. Future changes, if any, to the current methodology or actuarial assumptions being utilized, could result in significant changes in accounting and financial reporting in future periods.

Optional Retirement Plan-Defined Contribution Plan

Plan Description

Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state are 6.60% for fiscal years 2024, 2023, and 2022. The percentages of participant salaries currently contributed by each participant are 6.65% for fiscal years 2024, 2023, and 2022. The District contributed 1.9% for fiscal years 2024, 2023, and 2022, for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amount of the state’s contribution of 50.0% of eligible employees in the reporting district.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 14 – Employees’ Retirement Plan (Continued)

Payroll for Retirement Plans

Total payroll for the District and for employees covered by each retirement plan, associated District contributions for ORP, state contributions made on behalf of the District for ORP and member contributions for ORP were as follows:

	August 31, 2024	August 31, 2023	August 31, 2022
Payroll for all district employees	\$ 115,359,413	\$ 106,253,715	\$ 101,320,649
Total payroll for TRS	97,442,203	87,065,266	78,684,222
Total payroll for ORP	9,655,127	9,411,253	9,733,497
State contributions	302,791	296,836	310,206
District contributions	342,969	331,790	339,358
Total Contributions	\$ 645,760	\$ 628,626	\$ 649,564
Member contributions	\$ 642,066	\$ 625,848	\$ 647,278

Note 15 – Deferred Compensation Program

District employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001.

As of August 31, 2024, the District has 72 employees participating in Section 403(b) Tax Sheltered Annuity (TSA) Program and 78 participated in 2023. A total of \$490,845 and \$503,641 in payroll deductions have been invested in approved 403(b) plans during the fiscal years 2024 and 2023, respectively.

As of August 31, 2024, the District has 79 employees participating in Section 457 Deferred Compensation Plan (DCP) and 80 participated in 2023. A total of \$285,384 and \$344,407 in payroll deductions have been invested in Section 457 Deferred Compensation Plan (DCP) during the fiscal years 2024 and 2023, respectively.

The deferred compensation program is not included in the basic financial statements because the program assets are assets of the plan participants and not of the District.

Note 16 – Compensable Absences

The Board of Trustees approved a revision to the Leave Policy allowing employees to accrue leave based on length of employment. Employees are allowed to transfer a maximum of 96 hours of vacation leave to the next fiscal year. Carryover of vacation leave earned in a fiscal year (September 1 through August 31) to the following fiscal year may not exceed 12 days or 96 hours. Any excess of vacation leave is forfeited on August 31st. The Board has made an exception to

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 16 – Compensable Absences (Continued)

these guidelines and the associated cost are included in the long-term portion. Full-time benefit eligible employees are expected to utilize accrued vacation leave prior to their separation from the District. However, the employee will be compensated for accrued vacation leave if the leave is not taken prior to separation.

	August 31, 2024	August 31, 2023
Vacation compensable absences-		
beginning	\$ 1,689,893	\$ 1,369,948
Net additions and reductions	339,181	319,945
Total Vacation Compensable Absences	\$ 2,029,074	\$ 1,689,893
Current portion	\$ 1,897,641	\$ 1,606,988

Sick leave, which can be accumulated up to 720 hours, is earned at the rate of 8 hours per month. It is paid to an employee who misses work under the criteria of board-approved guidelines for sick leave. On August 22, 2023 the Board of Trustees approved a revision to the Sick Leave Policy allowing employees to receive payment of fifty percent of their accumulated sick leave between 480 – 720 hours. For example, a retiring employee with 720 sick leave hours would get paid 120 hours (15 days) at the time retirement. Prior to August 22, 2023, sick leave did not vest, therefore no liability was recorded. Employees retiring under the Texas Retirement System (TRS) after September 1, 2001, may have the option to use accrued sick leave towards years of service credit under TRS rules.

	August 31, 2024	August 31, 2023
Sick compensable absences-		
beginning	\$ 1,090,580	\$ -
Net additions and reductions	44,091	1,090,580
Total Sick Compensable Absences	\$ 1,134,671	\$ 1,090,580
Current portion	\$ 43,015	\$ 27,124

Note 17 – Other Post-Employment Benefits (OPEB)

(In accordance with GASB Statement 75)

Plan Description

South Texas College District participates in a cost-sharing, multiple-employer, defined-benefit other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life, and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 17 – Other Post-Employment Benefits (Continued)

Benefit and contribution provisions of the GBP are authorized by state law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report that includes financial statements, notes to the financial statements, and required supplementary information. That report may be obtained on the internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

Benefits Provided

Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least 10 years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated, and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds. There are no long-term contracts for contributions to the plan.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium, which is based on a blended rate. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 17 – Other Post-Employment Benefits (Continued)

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
For the Measurement Years Ended

	August 31, 2023	August 31, 2022
Retiree Only	\$ 625	\$ 625
Retiree and Spouse	\$ 1,341	\$ 1,340
Retiree and Children	\$ 1,104	\$ 1,104
Retiree and Family	\$ 1,820	\$ 1,819

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table:

Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended

	August 31, 2024	August 31, 2023
Member (Employee) Contributions	\$ 3,341,850	\$ 3,302,728
District Contributions	\$ 8,700,749	\$ 8,145,643
State of Texas (NECE) Contributions	\$ 6,235,044	\$ 6,235,043

Investment Policy

The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees adopted the amendment to the investment policy in August 2022 to require that all funds in the plan be invested in cash and equivalent securities.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 17 – Other Post-Employment Benefits (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of August 31, 2023 and August 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Actuarial Assumptions</u>		
<u>ERS Group Benefits Program Plan</u>		
	August 31, 2023	August 31, 2022
Valuation date	August 31, 2023	August 31, 2022
Actuarial cost method	Entry Age	Entry Age
Last experience study	7-year period from September 1, 2010 to August 31, 2017	7-year period from September 1, 2010 to August 31, 2017
Discount rate	3.81%	3.59%
Projected annual salary increase (includes inflation)	2.30% to 8.95% including inflation	2.30% to 8.95% including inflation
Annual healthcare trend rate	5.60% for FY 2025, 5.30% for FY 2026, 5.00% for FY 2027, 4.75% for FY 2028, 4.60% for FY 2029 decreasing 10 basis points per year to an ultimate rate of 4.30% for 2032 and later years	5.60% for FY 2024, 5.30% for FY 2025, 5.00% for FY 2026, 4.75% for FY 2027, 4.60% for FY 2028 decreasing 10 basis points per year to an ultimate rate of 4.30% for 2031 and later years
Inflation assumption rate	2.30%	2.30%
Ad hoc postemployment benefit changes	None	None
Mortality assumptions:		
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale projected from the year 2021.	Tables based on TRS experience with Ultimate MP-2021 Projection Scale projected from the year 2021.
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active members	Sex Distinct Pub-2010 Amount Weighted Below Median Income Teacher mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010	Sex Distinct Pub-2010 Amount Weighted Below Median Income Teacher mortality with a 2-year set forward for males with Ultimate MP Projection Scale from the year 2010

Source: ERS FY23 & FY22 Annual Comprehensive Financial Report except for mortality assumptions obtained from ERS FY23 and FY22 GASB 74 Actuarial Valuation

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 17 – Other Post-Employment Benefits (Continued)

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS plan actuary as of August 1, 2019 and TRS retirement plan actuary as of August 31, 2021.

Changes Since the Prior Actuarial Valuation

Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The proportion of future retirees assumed to cover dependent children.
- The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under Affordable Care Act.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.

Discount Rate

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.59%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.81%, which amounted to an increase of 0.22%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets, and, therefore, the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 17 – Other Post-Employment Benefits (Continued)

Discount Rate Sensitivity Analysis

The following schedules shows the impact on the District’s proportionate share of the collective net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used 3.81% and 3.59% in measuring net OPEB Liability:

	<u>August 31, 2024</u>		
	1% Decrease in Discount Rate (2.81%)	Discount Rate (3.81%)	1% Increase in Discount Rate (4.81%)
District’s proportionate share of the net OPEB liability:	\$ 90,450,632	\$ 77,950,738	\$ 67,896,752

	<u>August 31, 2023</u>		
	1% Decrease in Discount Rate (2.59%)	Discount Rate (3.59%)	1% Increase in Discount Rate (4.59%)
District’s proportionate share of the net OPEB liability:	\$ 91,784,679	\$ 78,697,169	\$ 68,230,306

Healthcare Trend Rate Sensitivity Analysis

The initial healthcare trend rate is 5.6% and the ultimate rate is 4.3% at the measurement date of August 31, 2023 and the initial healthcare trend rate is 5.25% and the ultimate rate is 4.3% at the measurement date of August 31, 2022. The following schedule shows the impact on the District’s proportionate share of the collective net OPEB liability if the healthcare cost trend rate used was 1% less than and 1% greater than the healthcare cost trend rate that was used (5.6% decreasing to 4.3%) in measuring the net OPEB liability which the District reported at August 31, 2024 and 2023 is as follows:

	<u>August 31, 2024</u>		
	1.0% Decrease in Healthcare Cost Trend Rates (4.6% decreasing to 3.3%)	Current Healthcare Cost Trend Rates (5.6% decreasing to 4.3%)	1.0% Increase in Healthcare Cost Trend Rates (6.6% decreasing to 5.3%)
District’s proportionate share of the net OPEB liability:	\$ 67,048,469	\$ 77,950,738	\$ 91,796,675

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 17 – Other Post-Employment Benefits (Continued)

	<u>August 31, 2023</u>		
	1.0% Decrease in Healthcare Cost Trend Rates (4.6%) decreasing to 3.3%)	Current Healthcare Cost Trend Rates (5.25% decreasing to 4.3%)	1.0% Increase in Healthcare Cost Trend Rates (6.6%) decreasing to 5.3%)
District’s proportionate share of the net OPEB liability:	\$ 67,393,310	\$ 78,697,169	\$ 93,129,145

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

At August 31, 2024, and 2023 the District’s reported a liability of \$77,950,738 and \$78,697,169 for its proportionate share of the ERS’s net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB.

The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability associated with the District were as follows:

	<u>August 31, 2024</u>	<u>August 31, 2023</u>
The District’s proportionate share of the collective OPEB liability	\$ 77,950,738	\$ 78,697,169
State’s proportionate share that is associated with the District	55,860,279	60,238,368
Total	\$ 133,811,017	\$ 138,935,537

The net OPEB liability was measured as of August 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022, through August 31, 2023.

At the measurement date of August 31, 2023, the employer’s proportion of the collective net OPEB liability was 0.291759%, which was an increase of 0.015502% from its proportion measured as of August 31, 2022.

At the measurement date of August 31, 2022, the employer’s proportion of the collective net OPEB liability was 0.276258%, which was a decrease of 0.106952% from its proportion measured as of August 31, 2021.

For the year ended August 31, 2024, and 2023 the District recognized OPEB revenue and expense of \$1,657,760 and \$2,194,175 for support provided by the State.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 17 – Other Post-Employment Benefits (Continued)

At August 31, 2024 and 2023, the District reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	FY 2024		FY 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 2,061,839	\$ -	\$ 2,482,990
Changes in actuarial assumption	2,600,352	24,345,054	4,623,772	24,326,040
Difference between projected and actual investment earnings, net	6,298	-	13,574	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	12,119,326	33,138,210	27,852,499	43,114,243
Contributions paid to ERS subsequent to the measurement date	573,573	-	543,603	-
Total	<u>\$ 15,299,549</u>	<u>\$ 59,545,103</u>	<u>\$ 33,033,448</u>	<u>\$ 69,923,273</u>

The \$573,573 amount reported at August 31, 2024 as deferred outflows of resources related to OPEB resulting from District contributions to the OPEB plan made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2025.

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31:	Increase (Reduction) of OPEB Expense
2025	\$ (9,557,631)
2026	\$ (13,079,636)
2027	\$ (14,327,192)
2028	\$ (7,469,739)
2029	\$ (384,929)
Thereafter	\$ -

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 17 – Other Post-Employment Benefits (Continued)

The District is dependent upon information provided by the ERS Plan for recognizing OPEB liability, deferred inflows and deferred outflows of resources, and expenses. Future changes, if any, to the current methodology or actuarial assumptions being utilized, could result in significant changes in accounting and financial reporting in future periods.

Note 18 – Pending Lawsuits and Claims

A. Litigation

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

B. Federal and State Assisted Grant Programs

The District participates in several federal and state assisted grant programs. Although the District's grant programs have been audited in accordance with the provisions of the Uniform Guidance and the State of Texas Single Audit Circular through August 31, 2024, these programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

Note 19 – Disaggregation of Receivable and Payable Balances

Receivables

Receivables at August 31, 2024 and 2023 were as follows:

	August 31, 2024	Restated August 31, 2023
Student receivables	\$ 4,869,497	\$ 3,611,762
Contracts & grants receivable	4,012,106	3,198,011
Interest receivables	2,098,386	1,202,895
Other receivables	2,513,243	1,371,366
Subtotal	13,493,232	9,384,034
Allowance for doubtful accounts-student	(3,528,628)	(2,588,618)
Total Accounts Receivable, Net	\$ 9,964,604	\$ 6,795,416
	August 31, 2024	August 31, 2023
Taxes receivable	\$ 15,244,653	\$ 13,733,671
Allowance for doubtful accounts-taxes	(7,762,369)	(7,562,766)
Total Taxes Receivable, Net	\$ 7,482,284	\$ 6,170,905

Student and taxes receivables may not all be collected within one year.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 19 – Disaggregation of Receivable and Payable Balances (Continued)

Payables

Payables at August 31, 2024, and 2023 were as follows:

	August 31, 2024		August 31, 2023	
	Accounts Payable	Accrued Liabilities	Accounts Payable	Accrued Liabilities
Vendor payable				
Vendors	\$ 2,904,044	\$ -	\$ 2,344,462	\$ -
Construction	1,537,911	-	1,514,606	-
Construction retainage	449,125	-	263,562	-
Salaries & benefits	-	1,678,938	-	1,213,827
Students payable	163,053	-	93,659	-
Accrued interest	-	939,578	-	175,264
Other Payables	126,646	-	115,695	-
Total Payables and Accrued Liabilities	\$ 5,180,779	\$ 2,618,516	\$ 4,331,984	\$ 1,389,091

Note 20 – Funds Held for Others

At August 31, 2024 and 2023, the District held funds in the amounts of \$213,281 and \$206,241, respectively that pertain primarily to student organizations. These funds are not available to support the District's programs.

Note 21 – Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA) audit and accounting guide, *State and Local Governments*, 8.99. All contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivables on Exhibit 1. Contract and grant awards for which funds have been received but not yet expended are included in unearned revenue in Exhibit 1. Contract and grant awards that are not yet funded, and for which the institution has not yet performed services, are not included in the financial statements. Contract and grant award funds already committed (e.g. multi-year awards) or funds awarded during fiscal years ended 2024 and 2023, for which monies have not been received nor funds expended totaled \$9,167,348 and \$14,484,603, respectively.

These amounts are comprised of the following:

	August 31, 2024	August 31, 2023
Federal contracts and grant awards	\$ 7,643,447	\$ 12,127,271
State contracts and grant awards	463,198	1,471,164
Local contracts and grant awards	14,508	472,819
Private contracts and grant awards	1,046,195	413,349
Total contract and grant awards	\$ 9,167,348	\$ 14,484,603

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 22 – Health Care and Life Insurance Benefits

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was \$624.82 per month for the year ended August 31, 2024 and for the year ended August 31, 2023, for the United Health Select of Texas. The state's contribution totaled \$6,143,049 for fiscal year 2024 and \$6,149,201 for fiscal year 2023.

The cost of providing those benefits for two hundred and eight retirees in the year ended August 31, 2024, was \$756,416 and for one hundred and eighty-eight retirees in the year ended August 31, 2023, was \$714,267. For 1,575 United Health Select of Texas active employees, the cost of providing benefits was \$5,386,633 for the year ended August 31, 2024. For 1,492 United Health Select of Texas active employees, the cost was \$5,434,934 for the year ended August 31, 2023. S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

The number of employees and retirees and associated District contributions and state contributions made on behalf of the District were as follows:

	August 31, 2024	August 31, 2023
Full time employees	1,575	1,492
Number of retirees	208	188
Active employee-state	\$ 5,386,633	\$ 5,434,934
Retiree - state	756,416	714,267
Total State Contributions	6,143,049	6,149,201
District contributions	9,442,869	8,706,346
Total Health Insurance Cost	\$ 15,585,918	\$ 14,855,547

Note 23 – Ad Valorem Tax

The District's ad valorem property taxes are levied each October 1, on the assessed value listed as of the lien date, which is the prior January 1, for all real and business personal property located in the District.

	August 31, 2024	August 31, 2023
Assessed valuation of the District	\$ 76,221,238,668	\$ 66,477,089,900
Less: Exemptions	(17,546,831,356)	(15,020,640,151)
Less: Abatements	(537,145,001)	(592,100,002)
Net Assessed Valuation of the District	\$ 58,137,262,311	\$ 50,864,349,747

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 23 – Ad Valorem Tax (Continued)

	Fiscal Year 2024			Fiscal Year 2023		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized tax rate per \$100 valuation (maximum per enabling legislation)	\$ 0.1400	\$ 0.5000	\$ 0.6400	\$ 0.1400	\$ 0.5000	\$ 0.6400
Assessed tax rate per \$100 valuation	\$ 0.1335	\$ 0.0227	\$ 0.1562	\$ 0.1388	\$ 0.0227	\$ 0.1615

Taxes levied for the year ended August 31, 2024, and 2023 amounted to \$90,417,397 and \$82,239,229, respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

The Hidalgo County Tax Assessor-Collector and the Starr County Tax Assessor-Collector are the collecting agencies for the tax levy and remit the collections to the District, net of a collection fee.

	August 31, 2024			August 31, 2023		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected	\$72,344,895	\$12,424,912	\$84,769,807	\$65,956,787	\$10,921,291	\$76,878,078
Delinquent taxes collected	2,598,939	529,147	3,128,086	2,415,734	594,134	3,009,868
Penalties & interest collected	1,677,431	353,222	2,030,653	1,614,623	373,543	1,988,166
Total gross collections	76,621,265	13,307,281	89,928,546	69,987,144	11,888,968	81,876,112
Tax appraisal & collection fees	(1,185,584)	(50,217)	(1,235,801)	(1,074,499)	(50,509)	(1,125,008)
Bad debt expense	(237,261)	37,658	(199,603)	47,150	102,556	149,706
Total Net Collections	\$75,198,420	\$13,294,722	\$88,493,142	\$68,959,795	\$11,941,015	\$80,900,810

Tax collections for the year ended August 31, 2024, and 2023, were 94.79% and 95.17%, respectively, of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and operations and/or general obligation debt service.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 24 – Property Tax Abatement

The District entered into a property tax abatement agreement with Duke Energy Renewables Wind, LLC, (formerly known as DEGS Wind, LLC) and Longroad Energy under the Property Tax Abatement Act (Chapter 312 of Texas Tax Code). Four wind farm projects were constructed under Duke Energy Renewables Wind, LLC known as: Los Vientos Windpower III, Los Vientos Windpower IV, Los Vientos Windpower V, and Mesteño Windpower and the Rio Bravo Windpower wind farm project constructed under Longroad Energy tax abatement agreements. The abatements were granted for the construction of a wind farm that will provide clean power to customers, with little or no emissions impacting to the environment. Duke Energy Renewables Wind, LLC projects, Mesteño Windpower, and Rio Bravo Windpower, will contribute to the expansion of employment, attract major investment to Starr County, benefit the property on which it is constructed, and contribute to the economic development of Starr County. The projects consist of a renewable energy wind powered electric generating facility with an estimated value of at least \$629,119,490 and \$672,300,00 for fiscal years ended August 31, 2024 and 2023, respectively upon completion of the project. The operation and maintenance of these projects will create four to five new full-time jobs with full benefits. Salaries of Wind turbine technicians will exceed the minimum living wage requirements for Starr County.

For the fiscal years ended August 31, 2024 and 2023, the District abated property tax revenue totaling \$669,395 and \$ 745,557, respectively due to the reduction of the county's taxable assessed value. The property tax abatement was granted for a period of ten years at a rate of eighty-five percent (85%) for Duke Energy Renewables Wind, LLC (Los Vientos Wind Facilities), and at a rate of seventy-five percent (75%) for Mesteño Windpower and Rio Bravo Windpower of the assessed maintenance and operations property tax values. Under this program, the abatements are comprised of a partial exemption from ad valorem taxes of certain added value to real and personal property in a zone designated for economic development purposes pursuant to the Act by the County of Starr.

Per Texas Tax Code 312.205, if Duke Energy Renewables Wind, LLC or Longroad Energy fails to make the improvement as provided for by their agreements, the College is entitled to cancel the agreement and recover the property tax revenue abated under this agreement through the cancellation date. Duke Energy Renewables Wind, LLC has agreed to make annual payments, in lieu of taxes in the amount of \$65,000 for each year of the tax abatement for Los Vientos Wind Facilities and \$25,805 for Mesteño Windpower. Longroad Energy has agreed to make annual payments, in lieu of taxes in the amount of \$30,500 for each year of the tax abatement for Rio Bravo Windpower.

Note 25 – Income Taxes

The District is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The District had no unrelated business income tax liability for the year ended August 31, 2024 and 2023.

**South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023**

Note 26 – Related Parties

One member of the Board of Trustees provided professional services to other entities that conducted business with the District during fiscal year 2024.

Note 27 – Auxiliary Operations

The District currently outsources its auxiliary bookstore operations to Barnes and Noble College Booksellers, LLC. The District currently outsources its auxiliary vending operations to Bottling Group, LLC and STX Snacktime Vending Co., LLC. The Food Service Department remains closed on all campuses. The Pecan Campus cafeteria operations were outsourced to Laredo Comidas, LLC dba Taco Palenque and Zaycor Management Company. The Mid-Valley Campus cafeteria operations were outsourced to All Affairs and Catering; the Nursing and Allied Health Campus cafeteria operations were outsourced to Cornerstone Catering; and Technology Campus cafeteria operations were outsourced to Atencion Selecta, LLC.

Note 28 – Risk Management

The College is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal years 2024 and 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 29 – Construction and Improvement Commitments

Construction and improvement commitments for August 31, 2024 were as follows:

Project	Contracted Amount	Spent to Date	Commitments
Pecan Campus	\$ 1,579,361	\$ 1,579,361	\$ -
Nursing Allied Campus	201,403	201,403	-
Technology Campus	3,886,475	3,138,636	747,839
Mid Valley Campus	4,887,113	4,839,889	47,224
Starr Campus	3,807,729	2,488,816	1,318,913
District Wide	360,800	340,464	20,336
Pharr Site	4,487,887	4,487,887	-
Total	\$ 19,210,768	\$ 17,076,456	\$ 2,134,312

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 29 – Construction and Improvement Commitments (Continued)

Construction and improvement commitments for August 31, 2023, were as follows:

Project	Contracted Amount	Spent to Date	Commitments
Pecan Campus	\$ 2,091,977	\$ 1,271,227	\$ 820,750
Nursing Allied Campus	697,668	543,838	153,830
Technology Campus	210,000	210,000	-
Mid Valley Campus	5,620,430	1,735,776	3,884,654
Starr Campus	4,073,948	1,585,772	2,488,176
District Wide	455,409	455,409	-
Pharr Site	4,697,350	2,614,821	2,082,529
Total	\$ 17,846,782	\$ 8,416,843	\$ 9,429,939

Note 30 – Endowments

The District is the recipient of six endowments. By District policy, the net appreciation is earmarked for student scholarships. The amount of net appreciation on investments that was available for spending was \$13,940 and \$13,936 in fiscal years 2024 and 2023 respectively.

The endowments are presented in Restricted Non-Expendable Net Assets.

The fund balances of the endowments were as follows:

Endowment	August 31, 2024	August 31, 2023
Alfredo De Los Santos Endowment	\$ 15,100	\$ 15,100
Futuro Brillante Endowment	200,100	200,100
Glen & Rita K. Roney Endowment	116,700	116,700
Martin Harvey Endowment	1,155	1,123
Roberto Gutierrez Sr. Endowment	994	967
Edwynne G. Cooper Endowment*	5,590	5,590
Total Endowments	\$ 339,639	\$ 339,580

*Endowment investment includes a donated coin collection.

In fiscal year 2012, the District's Board of Trustees accepted the Mission Economic Development Authority (MEDA) Scholarship Fund Endowment. The MEDA deposited \$3,151,875 into the MEDA Scholarship Fund Trust for the purpose of awarding and distributing scholarships to students of South Texas College District who reside in the City of Mission, Texas, and/or to establish educational facility(ies) within the City of Mission, Texas. Edward Jones Trust Company will serve as the initial sole trustee. South Texas College District, as the Trust's initial sole beneficiary, will receive, each fiscal year of the Trust, distributions not to exceed an amount equal to the greater of the following: 1) the net income of the Trust; and 2) 5.0% of the fair market value of the undistributed income and corpus of the Trust as of the last day of the Trust's previous fiscal year. At August 31, 2024, the market value of the Trust was \$4,058,971. The Trust made a distribution to the District in the amount of \$193,566 in fiscal year 2024. At August 31, 2023, the market value of the Trust was \$5,981,269. The Trust made a distribution to the District in the amount of \$205,924 in fiscal year 2023. The funds are presented in Restricted Expendable Net Assets.

South Texas College District
Notes to the Basic Financial Statements
August 31, 2024 and 2023

Note 31 – Subsequent Events

The District has evaluated subsequent events through the date that the financial statements were available to be issued, December 19, 2024.

Bond Defeasement

On August 27, 2024, the Board of Trustees approved the resolution to authorize the defeasance and redemption of a portion of the South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020 (LTRBT), in a principal amount not to exceed \$4,800,000. The defeasance reduced the payment of interest, the District's aggregate debt service requirements, and the District's legal debt outstanding. The District shall deposit into the Escrow Deposit the Escrow Fund, as soon as practicable after funds of the District become available for such purpose, but no later than February 24, 2025.



SOUTH TEXAS COLLEGE

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**REQUIRED SUPPLEMENTARY
INFORMATION**



SOUTH TEXAS COLLEGE

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South Texas College District
Schedule of District's Proportionate Share of Net Pension Liability

<u>Fiscal Year ending August 31*</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
District's proportionate share of collective net pension liability (%)	0.0801705%	0.0767886%	0.0804606%
District's proportionate share of collective net pension liability (\$)	\$ 55,069,406	\$ 45,587,413	\$ 20,490,457
State's proportionate share of net pension liability associated with District	37,685,834	31,901,974	14,960,114
Total	<u>\$ 92,755,240</u>	<u>\$ 77,489,387</u>	<u>\$ 35,450,571</u>
Covered payroll	\$ 87,065,266	\$ 78,648,222	\$ 78,581,330
District's proportionate share of the collective net pension liability as a percentage of covered payroll	63.25%	57.96%	26.08%
Plan fiduciary net position as percentage of total pension liability	73.15%	75.62%	88.79%

*The amounts presented above are as of the measurement date of the collective net pension liability for the respective fiscal year.

2021	2020	2019	2018	2017	2016	2015
0.0900818%	0.1005049%	0.0922099%	0.0832350%	0.0784417%	0.0768868%	0.0852209%
\$ 48,245,978	\$ 52,245,580	\$ 50,754,514	\$ 26,614,054	\$ 29,641,935	\$ 27,178,460	\$ 22,763,681
35,262,597	31,421,847	35,598,251	19,727,818	22,641,257	20,886,258	17,659,066
\$ 83,508,575	\$ 83,667,427	\$ 86,352,765	\$ 46,341,872	\$ 52,283,192	\$ 48,064,718	\$ 40,422,747
\$ 85,068,749	\$ 83,315,698	\$ 77,726,679	\$ 69,206,093	\$ 63,586,601	\$ 58,805,553	\$ 55,705,206
56.71%	62.71%	65.30%	38.46%	46.62%	46.22%	40.86%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

South Texas College District
Schedule of District's Contributions for Pensions

<u>Fiscal Year ending August 31*</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Legally required contributions	\$ 4,771,198	\$ 4,120,956	\$ 3,583,076
Actual contributions	4,771,198	4,120,956	3,583,076
Contributions deficiency (excess)	\$ -	\$ -	\$ -
District's Covered payroll	\$ 97,442,303	\$ 87,065,266	\$ 78,684,222
Contributions as a percentage of covered payroll	4.90%	4.73%	4.55%

*The amounts presented above are as of the District's respective fiscal year-end.

2021	2020	2019	2018	2017	2016	2015
\$ 3,433,634	\$ 3,716,800	\$ 3,561,522	\$ 3,146,914	\$ 2,744,690	\$ 2,497,718	\$ 2,281,121
3,433,634	3,716,800	3,561,522	3,146,914	2,744,690	2,497,718	2,281,121
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 78,581,330	\$ 85,068,749	\$ 83,315,698	\$ 77,726,679	\$ 69,206,093	\$ 63,586,601	\$ 58,805,553
4.37%	4.37%	4.27%	4.05%	3.97%	3.93%	3.88%

South Texas College District
Notes to Required Supplementary Information for Pensions
For the Year Ended August 31, 2024

Changes of Assumptions: None

South Texas College District
Schedule of District's Proportionate Share of Net OPEB Liability
Employee Retirement System of Texas
State Retiree Health Plan
Last Seven Fiscal Years**

Fiscal Year ending August 31*	2024**	2023**	2022**	2021**	2020**	2019**	2018**
District's proportionate share of collective net OPEB liability (%)	0.2917588%	0.2762568%	0.3832090%	0.4089072%	0.3238971%	0.3057199%	0.3884268%
District's proportionate share of collective net OPEB liability (\$)	\$ 77,950,738	\$ 78,697,169	\$ 137,478,159	\$ 135,121,885	\$ 111,947,484	\$ 90,608,465	\$ 13,234,872
State's proportionate share of net OPEB liability associated with District	55,860,279	60,238,368	39,743,669	36,599,391	66,852,765	56,321,731	11,397,449
Total	\$ 133,811,017	\$ 138,935,537	\$ 177,221,828	\$ 171,721,276	\$ 178,800,249	\$ 146,930,196	\$ 24,632,321
District's covered employee Payroll	\$ 86,910,803	\$ 80,416,792	\$ 80,300,063	\$ 83,419,153	\$ 79,796,858	\$ 73,825,523	\$ 66,981,577
District's proportionate share of the collective net OPEB liability as a percentage of covered employee payroll	89.69%	97.86%	171.21%	161.98%	140.29%	122.73%	19.76%
Plan fiduciary net position as percentage of total OPEB liability	0.63%	0.57%	0.38%	0.32%	0.17%	1.27%	2.04%

* The amounts presented above are as of the measurement date of the collective net pension liability for the respective fiscal year.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

**South Texas College District
Schedule of District's Contributions for OPEB
Employee Retirement System of Texas
State Retiree Health Plan
Last Seven Fiscal Years****

Fiscal Year ending August 31*	<u>2024**</u>	<u>2023**</u>	<u>2022**</u>	<u>2021**</u>	<u>2020**</u>	<u>2019**</u>	<u>2018**</u>
Legally required contributions ***	\$ 573,573	\$ 543,603	\$ 441,372	\$ 419,357	\$ 366,477	\$ 163,189	\$ 419,711
Actual contributions	573,573	543,603	441,372	419,357	366,477	163,189	419,711
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 95,787,658	\$ 86,910,803	\$ 80,416,792	\$ 80,300,063	\$ 83,419,153	\$ 79,796,858	\$ 73,825,253
Contributions as a percentage of covered employee payroll	0.60%	0.63%	0.55%	0.52%	0.44%	0.20%	0.57%

* The amounts presented above are as of the District's respective fiscal year-end.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

***Since the OPEB plan is intended to be a PAYGO plan that does not accumulate funds, ERS altered how they administer and record the employer contributions. IN FY2019 ERS placed the employer contributions into an agency fund and then transferred funds from the agency fund into the OPEB trust fund as benefit claims became due. In 2018, twelve months of retiree contribution was reported.

South Texas College District
Notes to Required Supplementary Information for OPEB
For the Year Ended August 31, 2024

Changes Since Prior Actuarial Valuation:

Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The proportion of future retirees assumed to cover dependent children.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under Affordable Care Act.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- The discount rate was changed from 3.59% as of August 31, 2022 to 3.81% as of August 31, 2023 as result of requirement by GASB no 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement ate.



SOUTH TEXAS COLLEGE

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South Texas College District
Schedule of Operating Revenues
Year Ended August 31, 2024 (With Totals for the Year Ended August 31, 2023)

Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY 2024 Total	Restated FY 2023 Total
Tuition:						
State funded credit courses						
In-district resident tuition	\$ 78,516,002	\$ -	\$ 78,516,002	\$ -	\$ 78,516,002	\$ 41,317,564
Out-of-district resident tuition	3,274,592	-	3,274,592	-	3,274,592	1,751,705
Non-resident tuition	6,296,051	-	6,296,051	-	6,296,051	4,907,203
TPEG state (set aside) *	3,322,187	-	3,322,187	-	3,322,187	1,782,411
State funded continuing education	1,175,681	-	1,175,681	-	1,175,681	1,580,348
TPEG non-credit (set aside) *	75,047	-	75,047	-	75,047	100,662
Non-state funded continuing education	957,683	-	957,683	-	957,683	900,256
TPEG non-credit (set aside) *	61,129	-	61,129	-	61,129	57,445
Total Tuition	93,678,372	-	93,678,372	-	93,678,372	52,397,594
Fees:						
Student registration fee	-	-	-	-	-	9,926,376
Laboratory fees	-	-	-	-	-	1,151,641
Course-based fees	368,491	-	368,491	-	368,491	2,611,529
Testing fees	281,579	-	281,579	-	281,579	307,577
Installment plan fees	521,680	-	521,680	-	521,680	359,895
Incidental fees	1,819,862	-	1,819,862	2,039,730	3,859,592	26,644,560
Total Fees	2,991,612	-	2,991,612	2,039,730	5,031,342	41,001,578
Scholarship Allowances and Discounts:						
Bad debt allowance	(720,923)	-	(720,923)	-	(720,923)	(1,363,403)
Remissions and exemptions - state	(1,614,032)	-	(1,614,032)	-	(1,614,032)	(1,454,458)
Remissions and exemptions - local	(32,449,847)	-	(32,449,847)	(702,738)	(33,152,585)	(29,274,864)
TPEG allowances	(2,760,442)	-	(2,760,442)	-	(2,760,442)	(2,855,885)
Federal grants to students	(35,377,961)	-	(35,377,961)	-	(35,377,961)	(43,821,862)
Other grants to students	(5,417,119)	-	(5,417,119)	-	(5,417,119)	(3,160,803)
Total Scholarship Allowances and Discounts	(78,340,324)	-	(78,340,324)	(702,738)	(79,043,062)	(81,931,275)
Total Net Tuition and Fees	18,329,660	-	18,329,660	1,336,992	19,666,652	11,467,897
Additional Operating Revenues:						
Federal grants and contracts	307,046	8,486,623	8,793,669	-	8,793,669	6,273,554
State grants and contracts	-	6,256,727	6,256,727	-	6,256,727	3,740,668
Local grants and contracts	6,476,646	2,092,710	8,569,356	-	8,569,356	8,274,752
Non-governmental grants and contracts	34,888	1,939,676	1,974,564	-	1,974,564	1,612,412
General operating revenues	270,807	5,000	275,807	-	275,807	282,456
Total Additional Operating Revenues	7,089,387	18,780,736	25,870,123	-	25,870,123	20,183,842
Auxiliary Enterprises:						
Bookstore	-	-	-	300,426	300,426	274,890
Vending commissions	-	-	-	113,963	113,963	101,130
Child care center	-	-	-	289,831	289,831	255,758
General conferences	-	-	-	96,418	96,418	95,042
Other	-	-	-	38,250	38,250	40,575
Total Auxiliary Enterprises	-	-	-	838,888	838,888	767,395
Total Operating Revenues	\$ 25,419,047	\$ 18,780,736	\$ 44,199,783	\$ 2,175,880	\$ 46,375,663	\$ 32,419,134
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$3,458,363 and \$1,940,518 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended 2024 and 2023, respectively.

South Texas College District
Schedule of Operating Expenses by Object
Year Ended August 31, 2024 (With Totals for the Year Ended August 31, 2023)

Schedule B

	Operating Expenses				FY 2024 Total	Restated FY 2023 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted-Educational Activities						
Instruction	\$ 57,884,738	\$ -	\$ 15,982,413	\$ 4,869,710	\$ 78,736,861	\$ 79,500,961
Public service	-	-	-	43,245	43,245	128,946
Academic support	13,945,436	-	4,339,685	3,476,226	21,761,347	19,584,292
Student services	8,748,588	-	2,951,554	1,430,199	13,130,341	12,187,467
Institutional support	17,158,117	-	7,107,454	10,639,348	34,904,919	30,907,095
Operation and maintenance of plant	12,088,605	-	4,182,482	9,875,951	26,147,038	23,898,970
Scholarships and fellowships	-	-	-	5,037	5,037	-
Total Unrestricted Educational Activities	109,825,484	-	34,563,588	30,339,716	174,728,788	166,207,731
Restricted-Educational Activities						
Instruction	986,250	5,656,828	232,417	623,614	7,499,109	5,688,088
Research	7,709	-	1,176	-	8,885	5,836
Public service	92,230	-	20,981	309,132	422,343	254,739
Academic support	2,481,034	1,476,746	526,619	1,081,358	5,565,757	4,057,716
Student services	530,873	996,246	-	-	1,527,119	1,198,850
Institutional support	303,102	2,348,494	81,711	905,524	3,638,831	3,774,319
Scholarships and fellowships	-	-	-	25,471,800	25,471,800	31,135,626
Total Restricted Educational Activities	4,401,198	10,478,314	862,904	28,391,428	44,133,844	46,115,174
Total Educational Activities	114,226,682	10,478,314	35,426,492	58,731,144	218,862,632	212,322,905
Auxiliary Enterprises	1,132,722	-	518,825	641,353	2,292,900	2,511,386
Depreciation expense - buildings and other real estate improvements	-	-	-	8,160,001	8,160,001	7,968,964
Depreciation expense - equipment, software and furniture	-	-	-	3,699,806	3,699,806	3,702,655
Amortization expense - right-to-use assets	-	-	-	3,211,019	3,211,019	676,694
Total Operating Expenses	\$ 115,359,404	\$ 10,478,314	\$ 35,945,317	\$ 74,443,323	\$ 236,226,358	\$ 227,182,604
					(Exhibit 2)	(Exhibit 2)

South Texas College District
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2024 (With Totals for the Year Ended August 31, 2023)

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	FY 2024 Total	Restated FY 2023 Total
NON-OPERATING REVENUES:					
State appropriations:					
Education and general state support	\$ 52,949,625	\$ -	\$ -	\$ 52,949,625	\$ 38,803,949
Education and general state support BAT	-	-	-	-	1,290,084
State group insurance	-	4,489,721	-	4,489,721	3,959,413
State retirement matching	-	5,993,025	-	5,993,025	3,346,303
Hazlewood reimbursement	147,912	-	-	147,912	33,442
Total State Appropriations	53,097,537	10,482,746	-	63,580,283	47,433,191
Ad-valorem taxes-maintenance and operations	77,476,521	-	-	77,476,521	70,772,519
Ad-valorem taxes-debt service	-	13,345,751	-	13,345,751	11,805,118
Federal revenue, non operating	-	57,582,054	-	57,582,054	82,815,671
Financial Aid for Swift Transfer Program	8,822,990	-	-	8,822,990	-
Gifts	459,755	-	-	459,755	310,482
Investment income (net of investment expenses)	20,954,249	791,186	121,100	21,866,535	10,862,837
Gain on disposal of capital assets	3,011	-	-	3,011	20,890
Gain on bond defeasance	982,687	-	-	982,687	-
Other non-operating revenue	73,733	-	-	73,733	68,572
Total Non-Operating Revenues	161,870,483	82,201,737	121,100	244,193,320	224,089,280
NON-OPERATING EXPENSES:					
Interest on capital related debt	3,272,245	-	-	3,272,245	3,072,238
Loss on disposal of capital assets	82,138	-	-	82,138	285,632
Non-capital construction costs	2,099,031	-	-	2,099,031	1,503,083
Bond costs and fees	597,722	-	-	597,722	1,097,328
Other non-operating expenses	35,041	713,103	-	748,144	275,852
Total Non-Operating Expenses	6,086,177	713,103	-	6,799,280	6,234,133
Net Non-Operating Revenues	\$ 155,784,306	\$ 81,488,634	\$ 121,100	\$ 237,394,040	\$ 217,855,147
				(Exhibit 2)	(Exhibit 2)

South Texas College District
Schedule of Net Position by Source and Availability
Year Ended August 31, 2024 (With Totals for the Year Ended August 31, 2023)

	Detail by Source					FY 2024 Total
	Unrestricted	Restricted		Net Investment in Capital Assets		
		Expendable	Non-Expendable			
Current:						
Unrestricted	\$ 106,405,977	\$ -	\$ -	\$ -		\$ 106,405,977
Board designated	52,543,144	-	-	-		52,543,144
Restricted						
Student aid/non-governmental grants and contracts		4,612,656	-	-		4,612,656
Auxiliary enterprises	5,532,034	-	-	-		5,532,034
Loan		538,865	-	-		538,865
Endowment			339,639	-		339,639
Plant:						
Unexpended	44,168,622	-	-	-		44,168,622
Renewals & replacements	19,447,342	-	-	-		19,447,342
Debt service	-	8,937,780	-	-		8,937,780
Investment in plant	-	-	-	244,166,429		244,166,429
Total Net Position, August 31, 2024	228,097,119	14,089,301	339,639	244,166,429		486,692,488
						(Exhibit 1)
Total Net Position, Restated, August 31, 2023	199,435,130	20,860,264	339,580	218,478,692		439,113,666
						(Exhibit 1)
Net Increase (Decrease) in Net Position	\$ 28,661,989	\$ (6,770,963)	\$ 59	\$ 25,687,737		\$ 47,578,822
						(Exhibit 2)

Note: The Unexpended Plant Fund is earmarked in the fiscal year 2024 board approved budget for construction projects.
The Renewals & Replacements Plant Fund is earmarked in the fiscal year 2024 board approved budget for deferred maintenance projects.

Schedule D

Available for Current Operations	
Yes	No
\$ 106,405,977	\$ -
-	52,543,144
-	4,612,656
5,532,034	-
-	538,865
-	339,639
-	44,168,622
-	19,447,342
-	8,937,780
-	244,166,429
111,938,011	374,754,477
101,980,453	336,745,310
\$ 9,957,558	\$ 38,009,167

**South Texas College District
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2024**

Schedule E

Federal Grantor/Cluster/Program Title/Pass-Through Grantor/ Pass-Through Grantor's Award Number	Assistance Listing Number	Expenditures			Subrecipient Expenditures
		Direct Award	Pass Through Awards	Total	
U.S. Department of Education					
Direct Programs:					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007	\$ 697,000	\$ -	\$ 697,000	\$ -
Federal Work-Study Program	84.033	676,976	-	676,976	-
Federal Pell Grant Program	84.063	56,056,390	-	56,056,390	-
Total Student Financial Assistance Cluster		57,430,366	-	57,430,366	-
Higher Education Institutional Aid	84.031S	476,478	-	476,478	-
Migrant Education High School Equivalency Program	84.141A	387,672	-	387,672	-
Childcare Access Means Parents In School	84.335A	245,884	-	245,884	-
Pass-Through From:					
Texas Higher Education Coordinating Board					
COVID-19 Emergency Funding- Education Stabilization Fund	84.425C				
28339		-	29,119	29,119	-
28583		-	122,569	122,569	-
Total COVID-19 Emergency Funding- Education Stabilization Fund		-	151,688	151,688	-
Region One					
Adult Education - Basic Grants to States	84.002A	-	141,593	141,593	-
Texas Workforce Commission					
Adult Education - Basic Grants to States	84.002A				
2924ALA046		-	20,323	20,323	-
Total Adult Education - Basic Grants to States		-	161,916	161,916	-
Texas Higher Education Coordinating Board					
Career and Technical Education - Basic Grants to States	84.048A				
29730		-	2,697,578	2,697,578	-
Total Career and Technical Education-Basic Grants to States		-	2,697,578	2,697,578	-
Texas Workforce Commission					
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126A				
3024VRS230		-	16,491	16,491	-
Total Rehabilitation Services Vocational Rehabilitation Grants to States		-	16,491	16,491	-
Total U.S. Department of Education		58,540,400	3,027,673	61,568,073	-
U.S. Department of Commerce					
Direct Programs:					
STEM Talent Challenge Program					
ED23OIE0G0050	11.023	49,938	-	49,938	-
Total STEM Talen Challenge Program		49,938	-	49,938	-
Connecting Minorities Communities Pilot Program					
48-09-C13025	11.025	1,620,947	-	1,620,947	-
Economic Development Cluster		1,620,947	-	1,620,947	-
Direct Programs:					
Economic Adjustment Assistance					
08-01-05613/118171	11.307	8,352	-	8,352	-
Total Economic Development Cluster		8,352	-	8,352	-
Total U.S. Department of Commerce		1,679,237	-	1,679,237	-
U.S. Department of Defense					
Direct Programs:					
Military Spouse Career Advancement	12.U01	7,610	-	7,610	-
Total U.S. Department of Defense		7,610	-	7,610	-

See accompanying notes to Schedule of Expenditures of Federal Awards

South Texas College District
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2024
(Continued)

Schedule E

Federal Grantor/Cluster/Program Title/Pass-Through Grantor/ Pass-Through Grantor's Award Number	Assistance Listing Number	Expenditures			Subrecipient Expenditures
		Direct Award	Pass Through Awards	Total	
U.S. Department of Labor					
Direct Programs:					
Occupational Safety and Health Susan Harwood Training Grants	17.502				
23F60SH000027		\$ 94,950	\$ -	\$ 94,950	\$ -
SH39142SH2		15,584	-	15,584	-
Total Occupational Safety and Health Susan Harwood Training Grants		110,534	-	110,534	-
Pass-Through From:					
Texas Workforce Commission					
Employment Service Cluster					
Employment Service/Wagner-Peyser Funded Activities	17.207				
2423WPB001		-	7,944	7,944	-
Total Employment Service Cluster		-	7,944	7,944	-
Pass-Through From:					
Texas Workforce Commission					
WIOA Cluster					
WIOA Adult Program	17.258				
2322WOS001		-	3,332	3,332	-
WIOA Dislocated Worker Formula Grants	17.278				
2322ATG004		-	40,183	40,183	-
Total WIOA Cluster		-	43,515	43,515	-
Registered Apprenticeship	17.285				
2322ATG003		-	186,504	186,504	-
2322ATG004		-	40,183	40,183	-
2323ATG001		-	118,990	118,990	-
Total Apprenticeship USA Grants		-	345,677	345,677	-
Total U.S. Department of Labor		110,534	397,136	507,670	-
U.S. Department of the Treasury					
Pass-Through From:					
Hidalgo County					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027				
ARPA-21-110-034		-	1,262,297	1,262,297	-
Pass-Through From:					
Texas Higher Education Coordinating Board					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds					
27287		-	28,448	28,448	-
Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds		-	1,290,745	1,290,745	-
Total U.S. Department of the Treasury		-	1,290,745	1,290,745	-
U.S. Department of Agriculture					
Pass-Through From:					
Texas Department of Agriculture					
Child and Adult Care Food Program	10.558				
T5CCHZHBND6		-	53,137	53,137	-
Total Child and Adult Care Food Program		-	53,137	53,137	-
Research and Development Cluster					
Pass-Through From:					
The University of Texas at San Antonio					
Hispanic Serving Institutions Education Grants	10.223				
1000003572		-	6,095	6,095	-
The University of Texas at Rio Grande Valley					
Hispanic Serving Institutions Education Grants					
2021-77040-34869-01		-	12,545	12,545	-
Total Hispanic Serving Institutions Education Grants		-	18,640	18,640	-

See accompanying notes to Schedule of Expenditures of Federal Awards

**South Texas College District
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2024
(Continued)**

Schedule E

Federal Grantor/Cluster/Program Title/Pass-Through Grantor/ Pass-Through Grantor's Award Number	Assistance Listing Number	Expenditures			Subrecipient Expenditures
		Direct Award	Pass Through Awards	Total	
Pass-Through From:					
The University of Texas at Rio Grande Valley Agriculture and Food Research Initiative 20226801836606(01)	10.310	\$ -	\$ 22,391	\$ 22,391	\$ -
Pass-Through From:					
Texas A&M University - Kingsville Agriculture and Food Research Initiative S24-1108-STC		-	23,364	23,364	-
Total Agriculture and Food Research Initiative		-	45,755	45,755	-
Total U.S. Department of Agriculture		-	117,532	117,532	-
U.S. Department of Transportation					
Pass-Through From:					
The University of Texas at Rio Grande Valley University Transportation Centers Program 69A3552348340	20.701	-	5,199	5,199	-
Total U.S. Department of Transportation		-	5,199	5,199	-
National Science Foundation					
Direct Programs:					
STEM Education DUE-1930525	47.076	83,255	-	83,255	-
Pass-Through From:					
The University of Texas at Rio Grande Valley STEM Education 2318341 (01)		-	3,934	3,934	-
Total STEM Education		83,255	3,934	87,189	-
Total National Science Foundation		83,255	3,934	87,189	-
U.S. Department of Health and Human Services					
Pass-Through From:					
The University of Texas at Rio Grande Valley Biomedical Research and Research Training 1T34GM137854-01 (02)	93.859	-	25,259	25,259	-
Total Research and Development Cluster		83,255	98,787	182,042	-
Pass-Through From:					
Texas Workforce Commission					
Temporary Assistance for Need Families Cluster					
COVID-19 Temporary Assistance for Needy Families (TANF) 2324SMP002	93.558	-	50,935	50,935	-
2324SSF001		-	35,173	35,173	-
2324SSF002		-	13,765	13,765	-
Total Temporary Assistance for Need Families Cluster		-	99,873	99,873	-
Child Care and Development Fund Cluster					
Texas Workforce Commission					
Child Care and Development Block Grant 2022-0867986	93.575	-	93,840	93,840	-
2323CAT001		-	18,189	18,189	-
Civitas Strategies Early Start, LLC					
Child Care and Development Block Grant 2022CCPEI-22090406		-	81,927	81,927	-
Total Child Care and Development Block Grant		-	193,956	193,956	-
Total Child Care and Development Fund Cluster		-	193,956	193,956	-
Total U.S. Department of Health and Human Services		-	319,088	319,088	-
Total Federal Financial Assistance		\$ 60,421,036	\$ 5,161,307	\$ 65,582,343	\$ -

See accompanying notes to Schedule of Expenditures of Federal Awards

South Texas College District
Notes to Schedule of Expenditures of Federal Awards
Year Ended August 31, 2024
(Continued)

Schedule E

Note 1: Federal Assistance Reconciliation

Other Operating Revenues - Federal Grants and Contracts - per Schedule A	\$ 8,486,623
Add: Indirect/Administrative Cost Recoveries - per Schedule A	307,046
Add: Non-Operating Revenues - Federal Revenue, non-operating - per Schedule C	57,582,054
	66,375,723
Reconciling Item:	
Minus Veteran Funds	(793,380)
Total Federal Revenues per Schedule of Expenditures of Federal Awards	\$ 65,582,343

Note 2: Significant accounting policies used in preparing the schedule.

The expenditures included in the schedule are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the District for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule. Since the District has agency-approved indirect recovery rate, it has elected not to use the 10% de minimis cost rate as permitted in UG, section 200.414.

Note 3: Expenditures not subject to federal single audit.

The following federal funds were not subject to federal single audit -	
ALN 64.027 Post 9/11 Veterans Education Assistance	\$ 615,092
ALN 64.125 Vocational and Educational Counseling for Service members and Veterans	\$ 178,288

These funds were not subject to a federal single audit as indicated in the Catalog of Federal Domestic Assistance distributed by the office of Management and

Note 4: Student Loans Processed and Administrative Costs Recovered (if not included in schedule).

There were no student loans processed and administrative costs recovered by the District in fiscal year 2024.

Note 5: Amounts Passed Through by the District.

The District did not pass-through any amounts in fiscal year 2024.

Note 6: Nonmonetary Federal Assistance.

There were no federal noncash awards in fiscal year 2024.

**South Texas College District
Schedule of Expenditures of State Awards
Year Ended August 31, 2024**

Schedule F

State Grantor/ Pass-Through Grantor - Program Title	Contract Number	Expenditures*
Texas Higher Education Coordinating Board		
Nursing Shortage Reduction Program	27021	\$ 385,554
Texas College Work-Study Program		115,688
Texas Educational Opportunity Grant - Initial Year		3,825,600
Texas Educational Opportunity Grant - Renewal Year		1,212,400
State Cert Educational Aide SchP		2,362
The Texas Reskilling and Upskilling through Education 2023 Grant Program	00308	205,052
Work-Study Mentorship Program	28154	55,184
Work-Study Mentorship Program	29271	39,728
Total Texas Higher Education Coordinating Board		5,841,568
Texas Association for Education of Young Children		
T.E.A.C.H. Early Childhood Texas		6,264
Texas Department of Transportation		
TxDot Employee Career Development, Recruitment and Retention	601CT0000024486	196,364
Texas Military Department		
Texas National Guard Tuition Assistance Program		6,324
Texas Workforce Commission		
Jobs and Education For Texans	2322JET001	21,387
Jobs and Education For Texans	2322JET002	154,830
Transitioning Veterans to Apprenticeship	2323AVT001	23,818
Skills Development Funds	2323SDF001	8,647
Total Texas Workforce Commission		208,682
Total State Financial Assistance		\$ 6,259,202

Note 1: State Assistance Reconciliation

State Revenues	\$ 6,256,727
Add: Indirect/Administrative Cost Recoveries	-
Total State Revenues per Schedule A	6,256,727

Reconciling Item:

Plus Reversal of	
TWC Explore STEM	536
Skills for Small Business Program	1,939
Total State Revenues per Schedule of Expenditures of State Awards	\$ 6,259,202

Note 2: Significant accounting policies used in preparing the schedule.

The accompanying schedule is presented using the accrual basis. See notes to the financial statements for South Texas College's significant accounting policies. The expenditures are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the District for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Note 3: Amounts Pass-Through by the District

The District did not pass-through any amounts in fiscal year 2024

* No funds were provided to subrecipients by the District.



STATISTICAL
SECTION
(UNAUDITED)

**South Texas College District
Annual Comprehensive Financial Report
Fiscal Years Ended August 31, 2024 and 2023**

Table of Contents

Statistical Information

This part of South Texas College District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the District’s overall financial health.

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**South Texas College District
Annual Comprehensive Financial Report
Fiscal Years Ended August 31, 2024 and 2023**

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These schedules contain information to help the reader assess the District's most significant local revenue sources, including the property tax.

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These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

**South Texas College District
Annual Comprehensive Financial Report
Fiscal Years Ended August 31, 2024 and 2023**

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These schedules contain service, infrastructure and other data to help the reader understand how the information in the District's financial report relates to the services the government provides and the activities it performs.

Sources:

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Statistical Supplement 1
Net Position by Component
Last Ten Fiscal Years
(unaudited)

	For the Fiscal Year Ended August 31,			
	2024	Restated 2023	Restated 2022	Restated 2021
Net Position				
Net investment in capital assets	\$ 244,166,429	\$ 218,478,692	\$ 206,580,723	\$ 205,203,379
Restricted expendable	14,089,301	20,860,264	22,464,778	21,756,337
Restricted non-expendable	339,639	339,580	339,528	339,524
Unrestricted	228,097,119	199,435,130	186,621,360	164,302,835
Total Net Position	\$ 486,692,488	\$ 439,113,666	\$ 416,006,389	\$ 391,602,075
Net position, beginning of year	439,113,666	416,006,389	391,602,075	377,299,822
Cumulative effect of change in accounting principle (Note 2) ¹	N/A	N/A	N/A	N/A
Net position, beginning of year, as restated (Note 2)	439,113,666	416,006,389	391,602,075	377,299,822
Increase (decrease) in net position	\$ 47,578,822	\$ 23,107,277	\$ 24,404,314	\$ 14,302,253

¹ In fiscal year 2018, net position as of the beginning of the year was restated (reduced) by \$15,448,970 for the cumulative effect of applying GASB Statement No. 75.

² In fiscal year 2015, net position as of the beginning of the year was restated (reduced) by \$25,791,345 for the cumulative effect of applying GASB Statement No. 68.

For the Fiscal Year Ended August 31,

2020	2019	2018 ¹	2017	2016	2015 ²
\$ 205,172,770	\$ 206,861,404	\$ 205,569,611	\$ 213,988,457	\$ 181,421,943	\$ 170,833,415
20,889,610	19,956,978	18,748,658	19,145,139	19,790,038	21,990,627
339,521	339,500	339,472	339,455	339,449	339,446
150,897,921	150,845,250	161,722,905	162,922,837	169,726,346	147,038,865
\$ 377,299,822	\$ 378,003,132	\$ 386,380,647	\$ 396,395,889	\$ 371,277,776	\$ 340,202,353
378,003,132	386,380,647	396,395,889	371,277,776	340,202,353	337,541,511
N/A	N/A	(15,448,970)	N/A	N/A	(25,791,345)
378,003,132	386,380,647	380,946,919	371,277,776	340,202,353	311,750,166
\$ (703,310)	\$ (8,377,515)	\$ 5,433,728	\$ 25,118,113	\$ 31,075,423	\$ 28,452,187

Statistical Supplement 2
Revenues by Source
Last Ten Fiscal Years
(unaudited)

	For the Fiscal Year Ended August 31,			
	2024	Restated 2023	Restated 2022	Restated 2021
Operating Revenues				
Tuition and fees (net of discounts)	\$ 19,666,652	\$ 11,467,897	\$ 16,951,303	\$ 21,098,778
Federal grants and contracts	8,793,669	6,273,554	5,464,987	4,752,189
State grants and contracts	6,256,727	3,740,668	3,997,724	4,109,030
Local grants and contracts	8,569,356	8,274,752	7,914,784	8,939,528
Non-governmental grants and contracts	1,974,564	1,612,412	1,240,607	1,450,472
Auxiliary enterprises	838,888	767,395	779,359	678,506
General operating revenues	275,807	282,456	381,428	572,671
Total Operating Revenues	46,375,663	32,419,134	36,730,192	41,601,174
Non-Operating Revenues				
State appropriations	63,580,283	47,433,191	45,987,869	55,359,735
Ad valorem taxes - maintenance & operations	77,476,521	70,772,519	64,294,497	59,403,574
Ad valorem taxes - debt service	13,345,751	11,805,118	14,773,167	13,783,392
Federal revenue, non-operating	57,582,054	82,815,671	138,419,143	78,372,230
Financial Aid for Swift Transfer Program	8,822,990	-	-	-
Gifts	459,755	310,482	201,541	197,836
Investment income (net of investment expenses)	21,866,535	10,862,837	305,668	2,129,834
Gain on disposal of capital assets	3,011	20,890	33,217	9,251
Insurance proceeds	-	-	88,572	288,021
Interest lease revenue	-	-	-	-
Gain on bond defeasance	982,687	-	-	-
Other non-operating revenues	73,733	68,572	68,526	68,527
Total Non-Operating Revenues	244,193,320	224,089,280	264,172,200	209,612,400
Total Revenues	\$ 290,568,983	\$ 256,508,414	\$ 300,902,392	\$ 251,213,574

	For the Fiscal Year Ended August 31,			
	2024	2023	2022	2021
Operating Revenues				
Tuition and fees (net of discounts)	6.77%	4.47%	5.63%	8.40%
Federal grants and contracts	3.03%	2.45%	1.82%	1.89%
State grants and contracts	2.15%	1.46%	1.33%	1.64%
Local grants and contracts	2.95%	3.23%	2.63%	3.56%
Non-governmental grants and contracts	0.68%	0.63%	0.41%	0.58%
Auxiliary enterprises	0.29%	0.30%	0.26%	0.27%
General operating revenues	0.09%	0.11%	0.13%	0.22%
Total Operating Revenues	15.96%	12.65%	12.22%	16.56%
Non-Operating Revenues				
State appropriations	21.88%	18.49%	15.28%	22.03%
Ad-valorem taxes - maintenance & operations	26.65%	27.59%	21.37%	23.65%
Ad-valorem taxes - debt service	4.59%	4.60%	4.91%	5.49%
Federal revenue, non-operating	19.82%	32.28%	46.00%	31.20%
Financial Aid for Swift Transfer Program	3.04%	0.00%	0.00%	0.00%
Gifts	0.16%	0.12%	0.07%	0.08%
Investment income (net of investment expenses)	7.53%	4.23%	0.10%	0.85%
Gain on disposal of capital assets	0.00%	0.01%	0.01%	0.00%
Insurance proceeds	0.00%	0.00%	0.03%	0.11%
Interest lease revenue	0.00%	0.00%	0.00%	0.00%
Gain on bond defeasance	0.34%	0.00%	0.00%	0.00%
Other non-operating revenues	0.03%	0.03%	0.02%	0.03%
Total Non-Operating Revenues	84.04%	87.35%	87.78%	83.44%
Total Revenues	100.00%	100.00%	100.00%	100.00%

Note:
Change in Net position reflected on Statistical Supplement 1 and Statistical Supplement 19.

For the Fiscal Year Ended August 31,

	2020	2019	2018	2017	2016	2015
\$	23,652,462	\$ 22,589,007	\$ 21,657,866	\$ 23,129,705	\$ 21,452,743	\$ 21,373,162
	4,890,928	4,660,747	4,304,540	4,490,675	3,889,497	4,368,574
	4,081,215	4,701,165	4,108,972	4,076,652	3,266,315	4,068,944
	8,710,679	8,160,205	6,660,734	6,102,604	5,063,983	1,099,573
	1,344,736	2,022,875	2,538,696	2,061,438	2,487,482	5,235,358
	1,355,127	1,766,603	1,890,180	1,833,407	1,893,838	1,773,325
	612,825	665,435	704,996	603,343	729,855	1,308,903
	44,647,972	44,566,037	41,865,984	42,297,824	38,783,713	39,227,839
	50,949,811	49,608,274	47,940,649	45,315,830	46,077,235	42,858,200
	56,146,535	53,934,103	48,931,234	48,822,561	46,781,602	43,951,580
	13,571,701	14,694,007	15,656,580	15,652,143	15,016,847	14,105,277
	67,836,841	59,341,569	60,276,808	55,666,373	54,858,852	54,881,496
	-	-	-	-	-	-
	275,475	320,507	353,250	252,614	251,022	305,146
	4,872,160	5,572,742	3,698,483	2,612,017	1,034,010	144,206
	-	3,790	6,547	5,575	12,350	-
	2,600	425,000	14,959	149,634	-	24,282
	-	-	-	-	-	-
	-	-	-	-	-	-
	68,527	68,526	19,732	352,500	-	-
	193,723,650	183,968,518	176,898,242	168,829,247	164,031,918	156,270,186
\$	238,371,622	\$ 228,534,555	\$ 218,764,226	\$ 211,127,071	\$ 202,815,631	\$ 195,498,025

For the Fiscal Year Ended August 31,

	2020	2019	2018	2017	2016	2015
	9.92%	9.88%	9.91%	10.95%	10.58%	10.93%
	2.05%	2.04%	1.97%	2.13%	1.92%	2.24%
	1.71%	2.06%	1.88%	1.93%	1.61%	2.08%
	3.65%	3.57%	3.04%	2.89%	2.50%	0.56%
	0.56%	0.89%	1.16%	0.98%	1.22%	2.68%
	0.57%	0.77%	0.86%	0.87%	0.93%	0.91%
	0.26%	0.29%	0.32%	0.29%	0.36%	0.67%
	18.73%	19.50%	19.14%	20.04%	19.12%	20.07%
	21.37%	21.71%	21.91%	21.46%	22.72%	21.92%
	23.55%	23.60%	22.37%	23.12%	23.07%	22.48%
	5.69%	6.43%	7.16%	7.41%	7.40%	7.22%
	28.46%	25.97%	27.55%	26.37%	27.05%	28.07%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.12%	0.14%	0.16%	0.12%	0.12%	0.16%
	2.04%	2.44%	1.69%	1.24%	0.51%	0.07%
	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%
	0.00%	0.19%	0.01%	0.07%	0.00%	0.01%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.03%	0.03%	0.01%	0.17%	0.00%	0.00%
	81.27%	80.50%	80.86%	79.96%	80.88%	79.93%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Statistical Supplement 3
Program Expenses by Function
Last Ten Fiscal Years
(unaudited)

	For the Fiscal Year Ended August 31,			
	2024	Restated 2023	Restated 2022	Restated 2021
Operating Expenses				
Instruction	\$ 86,235,970	\$ 85,189,049	\$ 80,659,869	\$ 87,620,251
Research	8,885	5,836	7,214	13,930
Public service	465,588	383,685	232,426	1,611,221
Academic support	27,327,104	23,642,008	20,182,671	22,358,202
Student services	14,657,460	13,386,317	12,210,400	13,693,983
Institutional support	38,543,750	34,681,414	43,078,959	33,034,943
Operations and maintenance of plant	26,147,038	23,898,970	20,503,476	20,821,673
Scholarships and fellowships	25,476,837	31,135,626	75,671,920	37,788,198
Auxiliary enterprises	2,292,900	2,511,386	2,219,495	1,693,536
Depreciation	15,070,826	12,348,313	13,623,741	12,020,225
Total Operating Expenses	236,226,358	227,182,604	268,390,171	230,656,162
Non-Operating Expenses				
Interest on capital related debt	3,272,245	3,072,238	3,946,606	4,623,748
Loss on sale/disposal/return on capital assets	82,138	285,632	3,110	242,960
Non-capital construction costs	2,099,031	1,503,083	2,300,251	685,243
Bond costs amortization	597,722	1,097,328	1,652,444	559,358
Other non-operating expenses	748,144	275,852	205,601	249,823
Total Non-Operating Expenses	6,799,280	6,234,133	8,108,012	6,361,132
Total Expenses	\$ 243,025,638	\$ 233,416,737	\$ 276,498,183	\$ 237,017,294

	For the Fiscal Year Ended August 31,			
	2024	2023	Restated 2022	Restated 2021
Operating Expenses				
Instruction	35.49%	36.50%	29.17%	36.97%
Research	0.00%	0.00%	0.00%	0.01%
Public service	0.19%	0.16%	0.08%	0.68%
Academic support	11.24%	10.13%	7.30%	9.43%
Student services	6.03%	5.73%	4.42%	5.78%
Institutional support	15.87%	14.86%	15.58%	13.94%
Operations and maintenance of plant	10.76%	10.24%	7.42%	8.78%
Scholarships and fellowships	10.48%	13.34%	27.37%	15.94%
Auxiliary enterprises	0.94%	1.08%	0.80%	0.71%
Depreciation and amortization	6.20%	5.29%	4.93%	5.08%
Total Operating Expenses	97.20%	97.33%	97.07%	97.32%
Non-Operating Expenses				
Interest on capital related debt	1.35%	1.32%	1.43%	1.95%
Loss on sale/disposal/return on capital assets	0.03%	0.12%	0.00%	0.10%
Non-capital construction costs	0.86%	0.64%	0.83%	0.29%
Bond costs and fees	0.25%	0.47%	0.60%	0.24%
Other non-operating expenses	0.31%	0.12%	0.07%	0.10%
Total Non-Operating Expenses	2.80%	2.67%	2.93%	2.68%
Total Expenses	100.00%	100.00%	100.00%	100.00%

Notes:
Change in Net position reflected on Statistical Supplement 1 and Statistical Supplement 19.
Other non-operating expenses were segregated into separate categories for FY 2015 - FY 2018.
The segregation is not reflected in the previous years.

For the Fiscal Year Ended August 31,

	2020	2019	2018	2017	2016	2015
\$	94,767,643	\$ 92,144,487	\$ 77,741,287	\$ 70,879,518	\$ 66,249,496	\$ 60,820,171
	-	-	-	-	-	-
	1,295,671	1,860,996	2,276,663	709,252	912,507	1,205,480
	21,510,411	23,030,399	18,306,332	17,101,883	16,333,241	15,281,478
	14,394,224	14,602,287	11,722,551	11,228,508	11,477,740	10,969,940
	34,970,309	32,251,981	26,803,724	26,074,788	23,138,061	21,790,954
	20,419,241	21,534,803	20,048,333	15,977,257	14,064,638	13,675,484
	29,136,804	27,797,829	27,412,188	26,028,594	26,432,169	27,815,696
	2,627,299	3,451,000	3,355,013	2,529,295	1,562,463	1,403,408
	12,162,030	12,009,110	9,917,643	7,262,313	6,966,274	6,759,801
	231,283,632	228,682,892	197,583,734	177,791,408	167,136,589	159,722,412
	5,841,189	5,690,864	3,513,058	4,150,374	6,602,765	5,964,767
	42	114,727	838,031	5,886	-	240,389
	1,163,367	2,025,830	11,107,175	3,548,465	1,911,123	1,731,576
	532,856	166,273	268,803	295,436	284,829	1,166,614
	262,755	246,594	84,956	265,017	320,767	274,655
	7,800,209	8,244,288	15,812,023	8,265,178	9,119,484	9,378,001
\$	239,083,841	\$ 236,927,180	\$ 213,395,757	\$ 186,056,587	\$ 176,256,073	\$ 169,100,413

For the Fiscal Year Ended August 31,

	2020	2019	2018	2017	2016	2015
	39.64%	38.89%	36.43%	38.10%	37.59%	35.97%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.54%	0.79%	1.07%	0.38%	0.52%	0.71%
	9.00%	9.72%	8.58%	9.19%	9.27%	9.03%
	6.02%	6.16%	5.49%	6.04%	6.51%	6.49%
	14.63%	13.61%	12.56%	14.01%	13.13%	12.88%
	8.54%	9.09%	9.39%	8.59%	7.98%	8.09%
	12.19%	11.73%	12.85%	13.99%	15.00%	16.45%
	1.10%	1.46%	1.57%	1.36%	0.88%	0.83%
	5.09%	5.07%	4.65%	3.90%	3.95%	4.00%
	96.74%	96.52%	92.59%	95.56%	94.83%	94.45%
	2.44%	2.40%	1.65%	2.23%	3.75%	3.53%
	0.00%	0.05%	0.39%	0.00%	0.00%	0.14%
	0.49%	0.86%	5.20%	1.91%	1.08%	1.03%
	0.22%	0.07%	0.13%	0.16%	0.16%	0.69%
	0.11%	0.10%	0.04%	0.14%	0.18%	0.16%
	3.26%	3.48%	7.41%	4.44%	5.17%	5.55%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Statistical Supplement 4
Tuition and Fees
Last Ten Academic Years
(unaudited)

Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition (a)	Out-of-District Tuition (a)	Technology Fee	Learning Support Fee	Student Activity Fee
2023	\$ -	\$160	\$170	\$ -	\$ -	\$4
2022	150	77	87	31	14	4
2021	150	77	87	31	14	4
2020	150	77	87	31	14	4
2019	150	77	87	30	12	4
2018	100/160	70	80	30	12	4
2017	100/160	70	80	24	16	4
2016	100/160	67	76	24	16	2
2015	90/150	67	76	22	15	2
2014	90/150	67	76	20	13	-

Non - Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fee	Learning Support Fee	Student Activity Fee
2023	\$ -	\$250	\$250	\$ -	\$ -	\$ -
2022	-	250	250	-	-	-
2021	-	250	250	-	-	-
2020	150	200	200	31	14	4
2019	150	200	200	30	12	4
2018	100/160	200	200	30	12	4
2017	100/160	200	200	24	16	4
2016	100/160	192	192	24	16	2
2015	90/150	100	100	22	15	2
2014	90/150	105	105	20	13	-

Notes:
Includes basic enrollment tuition and fees, but excludes course based fees such as laboratory fees, testing fees and certification fees.
(a) Tuition rate at 12 credit hours.

Source:
South Texas College District Student Guide

Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase From Prior Year In-District	Increase From Prior Year Out-of-District
\$1,968	\$2,088	18.41%	17.17%
1,662	1,782	0.00%	0.00%
1,662	1,782	0.00%	0.00%
1,662	1,782	2.21%	2.06%
1,626	1,746	8.98%	8.31%
1,492/1,552	1,612/1,672	1.63%	1.51%
1,468/1,528	1,588/1,648	4.26%	4.68%
1,408/1,468	1,517/1,577	3.38%	3.13%
1,362/1,422	1,471/1,531	5.58%	5.22%
1,290/1,350	1,398/1,458	1.90%	1.67%

Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase (Decrease) From Prior Year Out-of-State	Increase (Decrease) From Prior Year International
\$3,000	\$3,000	0.00%	0.00%
3,000	3,000	0.00%	0.00%
3,000	3,000	(4.40%)	(4.40%)
3,138	3,138	1.16%	1.16%
3,102	3,102	1.64%	1.64%
3,052/3,112	3,052/3,112	0.79%	0.79%
3,028/3,088	3,028/3,088	4.13%	4.13%
2,908/2,968	2,908/2,968	65.42%	65.42%
1,758/1,818	1,758/1,818	0.69%	0.69%
1,746/1,806	1,746/1,806	(39.50%)	(39.50%)

Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Assessed Valuation of Property	Less: Exempt Property	Less: Exemptions	Taxable Assessed Value (TAV)
2023-24	\$ 76,221,238,668	\$ 16,148,834,611	\$ 1,935,141,746	\$ 58,137,262,311
2022-23	66,477,089,900	13,908,302,221	1,704,437,932	50,864,349,747
2021-22	59,272,156,863	12,484,852,354	1,572,896,793	45,214,407,716
2020-21	55,493,969,962	11,735,671,129	1,642,378,280	42,115,920,553
2019-20	53,052,419,455	11,310,116,498	1,485,547,551	40,256,755,406
2018-19	50,847,373,837	10,915,450,453	1,550,090,537	38,381,832,847
2017-18	48,331,824,331	10,258,297,206	1,477,379,306	36,596,147,819
2016-17	46,095,416,000	10,006,121,217	1,187,077,443	34,902,217,340
2015-16	43,541,107,619	9,442,963,099	793,651,829	33,304,492,691
2014-15	40,017,479,312	8,339,328,628	712,991,259	30,965,159,425

Notes:
Property is assessed at fair market value.
Property in each county is reassessed annually.
Exempt property includes exclusions.
(a) Tax rates are per \$100 of Taxable Assessed Value.

Sources:
Hidalgo County Tax Assessor & Collector
Starr County Tax Assessor & Collector

Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Maintenance & Operations (a)	Debt Service (a)	Total (a)
76.27%	0.1335	0.0227	0.1562
76.51%	0.1388	0.0227	0.1615
76.28%	0.1400	0.0315	0.1715
75.89%	0.1400	0.0318	0.1718
75.88%	0.1400	0.0333	0.1733
75.48%	0.1400	0.0380	0.1780
75.72%	0.1400	0.0450	0.1850
75.72%	0.1400	0.0450	0.1850
76.49%	0.1400	0.0450	0.1850
77.38%	0.1400	0.0450	0.1850

Statistical Supplement 6a
General Appropriations Act
Last Ten Fiscal Years
(unaudited)

Appropriation Funding Elements	For the Fiscal Year Ended August 31,			
	2024	2023	2022	2021
State Appropriation Non-Formula Items	\$ -	\$ -	\$ -	\$ -
State Appropriation - Base Tier	-	-	-	-
State Appropriations - Performance Tier ²	52,949,625	-	-	-
State Appropriation Contact Hour Funding*	-	30,785,853	30,785,854	34,847,891
State Appropriation Student Success Points*	-	7,337,690	7,337,691	5,346,393
State Appropriation Core Operations*	-	680,406	680,406	680,406
State Appropriation Bachelor of Applied Technology*	-	1,290,084	1,290,084	1,307,616
Total	\$ 52,949,625	\$ 40,094,033	\$ 40,094,035	\$ 42,182,306

Note:
The requirements for Schedule 6 were changed by THECB in fiscal year 2018.

¹ General Appropriations Act, SB 1, 88th Texas Legislature, Section 1 (page III-239) - Informational Listing of Appropriated Funds

² Total amount received in fiscal year.

*Only applies to FY 2023 and prior fiscal years while this funding structure was in effect.

Source:
THECB - Ten and Three Pay Schedule

For the Fiscal Year Ended August 31,

2020	2019	2018	2017	2016	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
34,850,456	34,396,461	34,397,316	32,558,148	33,471,584	31,439,245
5,346,394	4,089,966	4,089,967	3,670,735	3,670,736	3,394,950
680,406	680,406	680,406	500,000	500,000	500,000
1,307,616	1,071,990	1,071,990	805,107	805,106	562,474
\$ 42,184,872	\$ 40,238,823	\$ 40,239,679	\$ 37,533,990	\$ 38,447,426	\$ 35,896,669

Statistical Supplement 6b
State Appropriation per FTSE
Last Ten Fiscal Years
(unaudited)

Fiscal Year	State Appropriation (Unrestricted) From Sch C	FTSE ¹	State Appropriation per FTSE
2024	\$ 52,949,625	18,014	\$ 2,939
2023	40,094,033	18,102	2,215
2022	40,094,035	18,642	2,151
2021	42,182,306	18,313	2,303
2020	42,184,872	21,902	1,926
2019	40,238,823	20,835	1,931
2018	40,239,679	21,619	1,861
2017	37,533,990	21,474	1,748
2016	38,447,426	21,665	1,775
2015	35,896,669	20,585	1,744

Note:

The requirements for Schedule 6 were changed by THECB in fiscal year 2018. State funding is the sum received in a fiscal year.

¹ 1 Fiscal Year (FY) FTSE is equal to the sum of state-funded SCH divided by 30 and FY state-funded Continuing Education contact hours divided by 900.

Source:

CBM004/CBM001 and CBM00C/CBM00A.

Statistical Supplement 6c
State Funding per Funded Contact Hour
Contact Hour (CH) portion only of State Appropriation
Last Ten Fiscal Years
(unaudited)

Fiscal Year	CH - State Appropriation (Unrestricted) ¹	Academic Contact Hours	Technical Contact Hours	Continuing Education Contact Hours	Total Funded Contact Hours ²	CH- State Appropriation per Funded Contact Hour
2024	\$ -	7,398,816	3,004,440	194,754	10,598,010	\$ -
2023	30,785,853	7,310,032	3,072,944	224,321	10,607,297	2.90
2022	30,785,854	7,433,552	3,131,840	195,076	10,760,468	2.86
2021	34,847,891	7,603,456	2,824,848	177,169	10,605,473	3.29
2020	34,850,456	9,319,520	3,199,200	177,187	12,695,907	2.75
2019	34,396,461	8,873,696	3,016,304	220,585	12,110,585	2.84
2018	34,397,316	9,331,808	3,140,496	202,707	12,675,011	2.71
2017	32,558,148	9,118,640	3,341,936	210,795	12,671,371	2.57
2016	33,471,584	9,037,632	3,682,592	218,567	12,938,791	2.59
2015	31,439,245	8,283,144	3,469,008	730,548	12,482,700	2.52

Note:

The requirements for Schedule 6 were changed by THECB in fiscal year 2018. State funding is the sum received in a fiscal year.

¹State Funded Contact Hour Appropriations as it appears in schedule 6a.

²Contact hours (CH) for state funded Academic, Technical and Continuing Education contact hours for Fall, Spring and Summer semesters of the current fiscal year.

Source:

CBM004/CBM001 and CBM00C/CBM00A.



SOUTH TEXAS COLLEGE

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Statistical Supplement 6d
State Appropriation per Student Success Point - Annualized
Last Ten Fiscal Years
(unaudited)

Fiscal Year	SSP - State Appropriation (Unrestricted) ¹	3-Year Average Student Success Points	SSP - State Appropriation per Success Point
2024	\$ -	-	\$ -
2023	7,337,690	59,197	123.95
2022	7,337,691	59,197	123.95
2021	5,346,393	52,795	101.27
2020	5,346,394	52,795	101.27
2019	4,089,966	47,680	85.78
2018	4,089,967	47,680	85.78
2017	3,670,735	42,538	86.29
2016	3,670,736	42,538	86.29
2015	3,394,950	36,678	92.56

Note:

The requirements for Statistical Supplement 6 were changed by THECB in fiscal year 2018.

The funding model changed in fiscal year 2024. State funding is no longer based on Student Success Points.

¹State Funded Success Point Appropriations as it appears in Statistical Supplement 6a.

Source:

THECB - Ten and Three Pay Schedule.

Statistical Supplement 6e
Student Success Points (SSP)
Last Ten Fiscal Years
(Unaudited)

Success Point Elements ¹	For the Fiscal Year Ended August 31,			
	2024**	2023*	2022*	2021*
Math Readiness	-	1,592	1,592	893
Read Readiness	-	712	712	342
Write Readiness	-	363	363	130
Students Who Pass FCL Math Course	-	6,852	6,852	5,382
Students Who Pass FCL Read Course	-	4,277	4,277	2,647
Students Who Pass FCL Write Course	-	3,638	3,638	2,553
Students Who Complete 15 SCH	-	10,099	10,099	7,226
Students Who Complete 30 SCH	-	10,485	10,485	8,483
Student Transfers to a 4-Yr Inst	-	9,521	9,521	10,401
Degrees, CCCs, or Certs (Unduplicated)	-	6,214	6,214	5,177
Degrees or Certs in Critical Fields	-	5,445	5,445	4,716
Total Annual Success Points	-	59,197	59,197	47,949

Note:

The requirements for Statistical Supplement 6 were changed by THECB in fiscal year 2018.

¹These are annual weighted SSP, not 3-year rolling averages.

*2023 and 2022 SSP are the 3-year rolling average used for biennium funding. 2021 SSP are estimated.

**Student Success Points discontinued in 2024.

Source: THECB - Accountability System

For the Fiscal Year Ended August 31,

2020	2019	2018	2017	2016	2015
1,441	1,467	1,867	1,939	1,857	1,289
676	633	828	829	735	615
256	304	529	809	758	611
7,212	6,758	6,586	6,370	6,251	5,654
4,125	4,447	4,260	4,024	4,008	3,683
3,586	3,753	3,576	3,388	3,401	3,131
10,187	10,192	9,919	9,861	10,364	8,574
10,748	10,496	10,211	6,423	6,083	5,011
10,215	9,237	9,111	6,058	5,184	6,404
5,861	6,281	6,499	8,618	7,520	6,856
5,584	4,878	5,873	4,178	4,385	4,399
59,889	58,445	59,258	52,497	50,546	46,226

Statistical Supplement 6f
Performance Outcomes
Last Ten Fiscal Years
(Unaudited)

Performance Tier Outcomes	For the Fiscal Year Ended August 31,			
	² 2024	2023	2022	2021
15 SCHs Dual Credit	-	3,583	3,160	3,453
GAI Transfer or Co-Enrollment	-	2,580	3,506	3,600
Institutional Credential leading to Licensure or Certification (ICLC)	-	23	131	168
Occupational Skills Award (OSA)	-	615	437	190
Certificate Level One or Two	-	633	569	426
Advanced Technical Certification (ATC)	-	-	-	-
Certificate Credential of Value Premium	-	21	-	-
Associate Degree	-	2,932	2,535	2,822
Associate Degree Credential of Value Premium	-	72	-	-
Bachelor's Degree	-	364	284	282
Bachelor's Degree Credential of Value Premium	-	19	-	-
Annual Outcomes - Total¹	-	10,842	10,622	10,941

Note:
These are actual (not forecasted) outcomes reported for each year, not three-year averages (even if the three-average was funded in that year). This table reports outcomes no earlier than fiscal year 2020, as that was the earliest year used as a direct funding input in FY 2024, which was the first year in which the performance tier was implemented.

¹This represents the total funded outcomes; "credential of value premium" categories are not mutually exclusive from the general credential category. For example, Certificate Credential of Value Premium is a subset of Certificate Level One or Two, so summing them double-counts the certificates that qualified as credentials of value premium.

²2024 actual outcome from the Texas Higher Education Coordinating Board are not available at this time.

Source: THECB - Accountability System; Community College Formula Funding Model.

For the Fiscal Year Ended August 31,

2020	2019	2018	2017	2016	2015
4,777	-	-	-	-	-
3,429	-	-	-	-	-
105	-	-	-	-	-
414	-	-	-	-	-
549	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,147	-	-	-	-	-
-	-	-	-	-	-
278	-	-	-	-	-
-	-	-	-	-	-
12,699	-	-	-	-	-

Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)

Taxpayer ¹	Type of Business	Taxable Assessed Value (TAV) by Tax Year			
		2024*	2023	2022	2021
AEP Texas Inc. - 27th	Electric Utility/Power Plant	\$ 607,195,740	\$ 585,649,500	\$ 545,493,040	\$ 455,458,070
Anemoi Energy Storage LLC	Electric Utility/Power Plant	175,876,090	-	-	-
Simon Property Group - McAllen	Shopping Center/Development	158,158,612	156,416,994	155,336,606	170,341,039
Electric Transmission of Texas - 27th	Electric Utility/Power Plant	126,383,050	111,454,950	107,674,690	101,036,810
Day Surgery at Renaissance LLC	Healthcare	125,988,729	55,447,346	53,482,155	104,428,470
H. E. Butt Grocery Company	Grocery	116,710,613	104,705,721	105,923,290	104,365,283
CPG Mercedes LP	Real Estate	112,000,000	107,000,000	110,000,000	115,000,000
EDP Renewables NA-Los Mirasole	Electric Utility/Power Plant	102,324,610	130,547,070	174,497,580	190,972,650
AEP Electric Transmission	Electric Utility/Power Plant	95,508,810	77,946,940	85,802,670	75,673,940
NET Mexico Pipeline Partners	Pipeline	84,739,520	74,286,060	67,096,650	73,597,660
AEP Texas Inc	Electric Utility/Power Plant	82,482,370	-	-	-
Trenton Street Corporation	Healthcare	74,925,700	-	-	-
Magic Valley Electric Co-op - 27th	Electric Utility/Power Plant	73,094,780	69,315,670	65,430,420	62,577,260
Big Sky Commercial Property	Commercial	69,109,702	63,828,610	63,326,929	60,605,570
Ignacio Grid LLC	Electric Utility/Power Plant	66,012,830	-	-	-
Merit Energy Company	Electric Utility/Power Plant	-	193,093,387	166,780,232	179,152,256
South Texas Elec Coop-Red Gate	Electric Utility/Power Plant	-	58,223,550	61,372,430	61,372,430
La Plaza Mall LLC	Retail	-	52,000,000	-	-
Rio Grande Regional Hospital	Hospital	-	50,752,851	-	-
Rio Bravo Windpower	Wind Farm/Turbines	-	-	55,575,000	60,000,000
Walmart Stores Texas LLC	Retail Store	-	-	53,241,254	-
Mestino WindPower	Wind Farm/Turbines	-	-	-	57,504,435
Merit Energy LTD	Electric Utility	-	-	-	-
McAllen Levcal LLC	Development	-	-	-	-
Frontera Generation LTD Ptnshp	Land & Improvements	-	-	-	-
Los Vientos Windpower IV, LLC	Electric Utility	-	-	-	-
Los Vientos Windpower III, LLC	Electric Utility	-	-	-	-
Los Vientos Windpower V, LLC	Electric Utility	-	-	-	-
AEP Texas Central Co.	Electric Utility	-	-	-	-
OXY USA Inc.	Oil & Gas	-	-	-	-
Calpine Const Fin (Magic VY GN)	Electric Utility	-	-	-	-
Southwestern Bell Telephone	Utility	-	-	-	-
Sharyland Utilities LP	Electric Utility	-	-	-	-
Cantera Operating LLC	Real Estate	-	-	-	-
Universal Health Services	Healthcare	-	-	-	-
Palm Crossing Town Center LLC	Real Estate	-	-	-	-
Total		2,070,511,156	1,890,668,649	1,871,032,946	1,872,085,873
Total Taxable Assessed Value		\$58,137,262,311	\$50,864,349,747	\$45,214,407,716	\$42,115,920,553

¹ Includes both Starr and Hidalgo Counties

Sources:

*Hidalgo County Appraisal District Certified Reports

*Starr County Appraisal District Public Information

Estrada & Hinojosa Investment Bankers, Table 5 - Fifteen Largest Taxpayers, p.7

South Texas College District ACFR (Fiscal Year Ended August 31, 2024): Note 21 - Ad Valorem Tax

Taxable Assessed Value (TAV) by Tax Year

	2020	2019	2018	2017	2016	2015
\$	504,873,150	\$ 404,804,330	\$ 352,495,470	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	170,193,064	135,839,131	154,055,359	121,013,266	115,303,024	85,303,024
	97,727,750	103,752,010	100,423,530	-	-	-
	-	-	-	49,580,969	94,283,759	96,644,921
	104,625,471	104,522,304	114,446,193	106,142,740	105,032,930	104,974,764
	115,000,000	89,891,425	79,979,184	71,900,000	71,900,000	71,900,000
	258,825,660	283,318,230	234,782,400	-	-	-
	77,366,680	75,178,960	84,059,570	-	-	-
	75,256,980	79,214,920	68,130,000	61,062,170	50,433,870	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	57,138,160	56,017,320	-	-	-	-
	61,006,197	61,421,881	-	-	-	-
	-	-	-	-	-	-
	172,941,689	159,177,822	230,641,575	-	-	-
	70,814,340	153,130,490	153,130,490	71,187,500	-	-
	-	-	-	-	-	-
	55,249,830	-	-	54,728,656	54,415,269	54,415,269
	-	-	-	-	-	-
	-	-	-	58,267,204	83,501,468	111,616,706
	-	-	-	-	-	-
	135,619,580	132,743,560	-	-	-	-
	63,301,789	60,056,707	58,275,372	-	-	-
	-	56,052,250	57,631,060	61,378,270	60,508,140	67,964,220
	-	-	308,100,000	-	-	-
	-	-	287,000,000	325,864,600	227,904,960	-
	-	-	146,599,970	86,150,000	-	-
	-	-	-	294,465,210	294,682,640	261,746,510
	-	-	-	120,816,900	379,446,207	480,051,211
	-	-	-	54,720,720	61,014,790	65,093,830
	-	-	-	48,706,030	-	51,319,700
	-	-	-	-	64,409,510	67,452,860
	-	-	-	-	63,232,029	64,113,853
	-	-	-	-	46,786,593	46,786,593
	-	-	-	-	-	41,915,932
	2,019,940,340	1,955,121,340	2,429,750,173	1,585,984,235	1,772,855,189	1,671,299,393
	\$ 40,256,755,406	\$ 38,381,832,847	\$ 36,596,147,819	\$ 34,902,217,340	\$ 33,304,492,691	\$ 30,965,159,425

Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)

Taxpayer ¹	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year			
		2024	2023	2022	2021
AEP Texas Inc. - 27th	Electric Utility/Power Plant	1.04%	1.15%	1.21%	1.08%
Anemoi Energy Storage LLC	Electric Utility/Power Plant	0.30%	-	-	-
Simon Property Group - McAllen	Shopping Center/Development	0.27%	0.31%	0.34%	0.40%
Electric Transmission of Texas - 27th	Electric Utility/Power Plant	0.22%	0.22%	0.24%	0.24%
Day Surgery at Renaissance LLC	Healthcare	0.22%	0.11%	0.12%	0.25%
H. E. Butt Grocery Company	Grocery	0.20%	0.21%	0.23%	0.25%
CPG Mercedes LP	Real Estate	0.19%	0.21%	0.24%	0.27%
EDP Renewables NA-Los Mirasole	Electric Utility/Power Plant	0.18%	0.26%	0.39%	0.45%
AEP Electric Transmission	Electric Utility/Power Plant	0.16%	0.15%	0.19%	0.18%
NET Mexico Pipeline Partners	Pipeline	0.15%	0.15%	0.15%	0.17%
AEP Texas Inc	Electric Utility/Power Plant	0.14%	-	-	-
Trenton Street Corporation	Healthcare	0.13%	-	-	-
Magic Valley Electric Co-op - 27th	Electric Utility/Power Plant	0.13%	0.14%	0.14%	0.15%
Big Sky Commercial Property	Commercial	0.12%	0.13%	0.14%	0.14%
Ignacio Grid LLC	Electric Utility/Power Plant	0.11%	-	-	-
Merit Energy Company	Electric Utility/Power Plant	-	0.38%	0.37%	0.43%
South Texas Elec Coop-Red Gate	Electric Utility/Power Plant	-	0.11%	0.14%	0.15%
La Plaza Mall LLC	Retail	-	0.10%	-	-
Rio Grande Regional Hospital	Hospital	-	0.10%	-	-
Rio Bravo Windpower	Wind Farm/Turbines	-	-	0.12%	0.14%
Walmart Stores Texas LLC	Retail Store	-	-	0.12%	-
Mestino WindPower	Wind Farm/Turbines	-	-	-	0.14%
Merit Energy LTD	Electric Utility	-	-	-	-
McAllen Levcal LLC	Development	-	-	-	-
Frontera Generation LTD Ptnshp	Land & Improvements	-	-	-	-
Los Vientos Windpower IV, LLC	Electric Utility	-	-	-	-
Los Vientos Windpower III, LLC	Electric Utility	-	-	-	-
Los Vientos Windpower V, LLC	Electric Utility	-	-	-	-
AEP Texas Central Co.	Electric Utility	-	-	-	-
OXY USA Inc.	Oil & Gas	-	-	-	-
Calpine Const Fin (Magic VY GN)	Electric Utility	-	-	-	-
Southwestern Bell Telephone	Utility	-	-	-	-
Sharyland Utilities LP	Electric Utility	-	-	-	-
Cantera Operating LLC	Real Estate	-	-	-	-
Universal Health Services	Healthcare	-	-	-	-
Palm Crossing Town Center LLC	Real Estate	-	-	-	-
Total		3.57%	3.73%	4.14%	4.44%

¹ Includes both Starr and Hidalgo Counties

Sources:
Hidalgo County Appraisal District Certified Reports
Starr County Appraisal District Public Information
Estrada & Hinojosa Investment Bankers, Table 5 - Fifteen Largest Taxpayers, p.7
South Texas College District ACFR (Fiscal Year Ended August 31, 2024): Note 21 - Ad Valorem Tax

% of Taxable Assessed Value (TAV) by Tax Year

2020	2019	2018	2017	2016	2015
1.25%	1.05%	0.96%	-	-	-
-	-	-	-	-	-
0.42%	0.35%	0.42%	0.35%	0.35%	0.28%
0.24%	0.27%	0.27%	-	-	-
-	-	-	0.14%	0.28%	0.31%
0.26%	0.27%	0.31%	0.30%	0.32%	0.34%
0.29%	0.23%	0.22%	0.21%	0.22%	0.23%
0.64%	0.74%	0.64%	-	-	-
0.19%	0.20%	0.23%	-	-	-
0.19%	0.21%	0.19%	0.17%	0.15%	-
-	-	-	-	-	-
-	-	-	-	-	-
0.14%	0.15%	-	-	-	-
0.15%	0.16%	-	-	-	-
-	-	-	-	-	-
0.43%	0.41%	0.63%	-	-	-
0.18%	0.40%	0.42%	0.20%	-	-
-	-	-	-	-	-
0.14%	-	-	0.16%	0.16%	0.18%
-	-	-	-	-	-
-	-	-	0.17%	0.25%	0.36%
-	-	-	-	-	-
0.34%	0.35%	-	-	-	-
0.16%	0.16%	0.16%	-	-	-
-	0.15%	0.16%	0.18%	0.18%	0.22%
-	-	0.84%	-	-	-
-	-	0.78%	0.93%	0.68%	-
-	-	0.40%	0.25%	-	-
-	-	-	0.84%	0.88%	0.85%
-	-	-	0.35%	1.14%	1.55%
-	-	-	0.16%	0.18%	0.21%
-	-	-	0.14%	-	0.17%
-	-	-	-	0.19%	0.22%
-	-	-	-	0.19%	0.21%
-	-	-	-	0.14%	0.15%
-	-	-	-	-	0.14%
5.02%	5.10%	6.63%	4.55%	5.31%	5.42%

Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)

Fiscal Year Ended August 31,	Original Levy (a)	Cumulative Levy Adjustment**	Adjusted Tax Levy (b)	Collections Year of Levy (c)	Percentage
2024	\$ 88,386,744	\$ 1,042,221	\$ 89,428,965	\$ 84,769,807	94.79%
2023	80,251,063	548,023	80,799,086	76,878,078	95.15%
2022	75,733,437	1,760,195	77,493,632	73,966,818	95.45%
2021	71,090,739	684,515	71,775,253	68,560,022	95.52%
2020	68,722,111	3,625	68,725,737	65,210,474	94.89%
2019	67,294,780	(102,634)	67,192,146	63,995,664	95.24%
2018	66,558,586	396,108	66,954,694	63,658,716	95.08%
2017	63,195,313	(115,044)	63,080,269	59,624,975	94.52%
2016	60,279,269	65,431	60,344,700	57,139,510	94.69%
2015	56,134,038	575,557	56,709,596	53,732,185	94.75%

Notes:

- (a) As reported in notes to the financial statements for the year of the levy.
- (b) As of August 31st of the current reporting year.
- (c) Property tax only - does not include Penalty & Interest.
- (d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy.
- (e) Represents current year collections of prior years levies.
- (f) Represents penalty and interest collection.

*Includes rollback total collections

**Modifications to Levy provided by Hidalgo County and Starr County, and Beginning Balance Adjustments

Source:

Hidalgo County and Starr County Tax Assessor & Collector and College's records

Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Penalty & Interest Collections (f)	Total Collections (c+d+e+f)	Cumulative Collections of Adjusted Levy
\$ -	\$ -	\$ 909,376	\$ 85,679,181	94.79%
-	1,798,267 *	386,721 *	79,063,066	97.37%
1,711,774 *	534,214	154,512	76,367,318	98.35%
2,046,319	292,577	91,944	70,990,862	98.78%
2,679,340	109,624	66,903	68,066,341	98.94%
2,550,652	80,017	51,404	66,677,737	99.16%
2,679,620	61,078	45,155	66,444,569	99.17%
2,890,700	47,666	39,924	62,603,265	99.18%
2,733,000	38,514	35,621	59,946,644	99.28%
2,547,106	29,944	30,784	56,340,019	99.29%

Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31,			
	2024	Restated 2023	Restated 2022	Restated 2021
General Bonded Debt				
General obligation bonds	\$97,086,293	\$115,973,839	\$126,183,040	\$134,111,260
Less: Funds restricted for debt service	(8,937,780)	(15,930,500)	(16,920,857)	(16,071,340)
Net General Bonded Debt	\$ 88,148,513	\$ 100,043,339	\$ 109,262,183	\$ 118,039,920
Other Debt				
Lease liability	\$821,845	\$252,485	\$237,763	\$234,917
Subscription Based Information Tech Arrangements	12,543,648	1,504,938	2,246,083	-
Total Outstanding Debt	\$ 110,451,786	\$ 117,731,262	\$ 128,666,886	\$ 134,346,177
General Bonded Debt Ratios				
Per Capita (a)	\$74.37	\$86.41	\$96.65	\$106.95
Per FTSE (b)	4,893	5,527	5,861	6,446
As a percentage of taxable assessed value (c)	0.15%	0.20%	0.24%	0.28%
As a percentage of personal income (d)	0.23%	0.25%	0.31%	0.39%
Total Outstanding Debt Ratios				
Per Capita (a)	\$93.18	\$101.68	\$113.82	\$121.72
Per FTSE (b)	6,131	6,504	6,902	7,336
As a percentage of taxable assessed value (c)	0.19%	0.23%	0.28%	0.32%
As a percentage of personal income (d)	0.29%	0.29%	0.36%	0.44%

Notes:

- (a) Ratios calculated using current year district population from Statistical Supplement 12
- (b) Ratios calculated using the FTSE from Statistical Supplement 6b
- (c) Ratios calculated using the current Taxable Assessed Value Statistical Supplement 5
- (d) Ratios calculated using District Personal Income from Statistical Supplement 12

For the Year Ended August 31,

2020	2019	2018	2017	2016	2015
\$143,183,241	\$148,812,889	\$156,832,917	\$167,532,403	\$178,297,054	\$188,761,705
(16,002,125)	(15,817,687)	(14,017,689)	(14,329,738)	(15,223,843)	(17,161,084)
\$ 127,181,116	\$ 132,995,202	\$ 142,815,228	\$ 153,202,665	\$ 163,073,211	\$ 171,600,621
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ 143,183,241	\$ 148,812,889	\$ 156,832,917	\$ 167,532,403	\$ 178,297,054	\$ 188,761,705

\$118.12	\$126.59	\$139.35	\$153.34	\$179.27	\$191.20
5,807	6,383	6,606	7,134	7,527	8,336
0.32%	0.35%	0.39%	0.44%	0.49%	0.55%
0.45%	0.50%	0.57%	0.62%	0.76%	0.87%

\$132.98	\$141.64	\$153.02	\$167.69	\$196.01	\$210.33
6,537	7,142	7,254	7,802	8,230	9,170
0.36%	0.39%	0.43%	0.48%	0.54%	0.61%
0.50%	0.56%	0.63%	0.68%	0.83%	0.96%

Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

General Obligation Bonds

For the Year Ended August 31,	Taxable Assessed Value	Statutory Tax Levy Limit for Debt Service	Less: Funds Restricted for Repayment	Total Net Debt	Current Year Debt Service Requirements	Excess of Statutory Limit for Debt Service over Current Requirements	Net Current Requirements as a % of Statutory Limit
2024	\$ 58,137,262,311	\$ 290,686,312	\$ (8,937,780)	\$ 281,748,532	\$ (10,728,223)	\$ 271,020,309	0.62%
2023	50,864,349,747	254,321,749	(15,930,500)	238,391,249	(13,201,073)	225,190,176	(1.07%)
2022	45,214,407,716	226,072,037	(16,920,857)	209,151,180	(13,198,523)	195,952,657	(1.65%)
2021	42,115,920,553	210,579,603	(16,071,340)	194,508,262	(13,727,806)	180,780,456	(1.11%)
2020	40,256,755,406	201,283,777	(16,002,125)	185,281,652	(13,724,258)	171,557,394	(1.13%)
2019	38,381,832,847	191,909,164	(15,856,323)	176,052,841	(13,728,356)	162,324,485	(1.11%)
2018	36,596,147,819	182,980,739	(14,017,689)	168,963,050	(13,726,756)	155,236,294	(0.16%)
2017	34,902,217,340	174,511,087	(14,329,738)	160,181,349	(16,669,606)	143,511,743	1.34%
2016	33,304,492,691	166,522,463	(15,223,843)	151,298,620	(17,068,156)	134,230,464	1.11%
2015	30,965,159,425	154,825,797	(17,161,084)	137,664,713	(17,430,990)	120,233,723	0.17%

Note:
Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable assessed valuation.

Sources:
Texas Education Code Section 130.122
Hidalgo County Tax Assessor & Collector
Starr County Tax Assessor & Collector

Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Statistical Supplement 11 required by THECB is not applicable to South Texas College District.

Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years
(unaudited)

Calendar Year	District Population (a)	Hidalgo County Median Household Money Income (b)	Starr County Median Household Money Income (c)	District Median Household Money Income (d = (b+c) / 2)	Hidalgo County Personal Income Per Capita (e)	Starr County Personal Income Per Capita (f)
2024	1,185,325 (7)	\$ 49,371 (8)	\$ 35,979 (8)	\$ 42,675	\$ 33,525 (6)	\$ 31,643 (6)
2023	1,157,814 (7)	44,666 (4)	33,334 (8)	39,000	34,503 (6)	34,933 (6)
2022	1,130,466 (7)	41,846 (4)	30,931 (8)	36,389	31,153 (6)	32,146 (6)
2021	1,103,743 (7)	41,800 (4)	32,991 (5)	37,396	27,415 (6)	27,713 (6)
2020	1,076,737 (7)	39,165 (4)	31,000 (3)	35,083	26,410 (6)	26,316 (6)
2019	1,050,627 (7)	41,309 (5)	31,103 (5)	36,206	25,617 (6)	24,981 (6)
2018	1,024,901 (7)	38,653 (5)	29,063 (5)	33,858	24,805 (6)	24,140 (6)
2017	999,080 (7)	38,795 (5)	29,456 (5)	34,126	24,579 (6)	24,540 (6)
2016	909,653 (7)	36,620 (5)	27,007 (5)	31,814	23,753 (6)	23,215 (6)
2015	897,472 (2)	35,036 (5)	25,696 (5)	30,366	23,073 (6)	20,811 (6)

Sources:
(1) Texas Labor Market Information (TWC)
(2) Office of the State Demographer
(3) Starr County Data
(4) Datausa.Hidalgo County
(5) Zoom Prospector
(6) FRED Economic Data & Research - Federal Reserve Bank of St. Louis
(7) Hilltop Securities
(8) Datausa.Starr County

District Personal Income Per Capita (g = (e+f) / 2)	District Wide Personal Income (Thousands of Dollars) (h = (a*g) / 1000)	Hidalgo County Unemployment Rate (i)	Starr County Unemployment Rate (j)	District Unemployment Rate (k)	State Unemployment Rate (l)	National Unemployment Rate (m)
\$ 32,584	\$ 38,622,630	6.40% (1)	9.60%	8.00% (1)	4.40% (1)	4.40% (1)
34,718	40,196,986	6.80% (1)	9.40% (1)	8.10% (1)	4.50% (1)	3.90% (1)
31,650	35,778,684	7.70% (1)	13.00% (1)	10.35% (1)	4.20% (1)	3.80% (1)
27,564	30,423,572	8.90% (1)	15.30% (1)	12.10% (1)	5.30% (1)	5.30% (1)
26,363	28,386,018	10.90% (1)	15.70% (1)	13.30% (1)	7.00% (1)	8.50% (1)
25,299	26,579,812	6.40% (1)	10.00% (1)	8.20% (1)	3.60% (1)	3.80% (1)
24,473	25,082,402	6.60% (1)	9.10% (1)	7.85% (1)	3.90% (1)	3.90% (1)
24,560	24,537,405	8.00% (1)	11.10% (1)	9.55% (1)	4.50% (1)	4.50% (1)
23,484	21,362,291	8.40% (1)	14.10% (1)	11.25% (1)	5.00% (1)	5.00% (1)
21,942	19,692,331	8.00% (1)	13.20% (1)	10.60% (1)	4.50% (1)	5.20% (1)

Statistical Supplement 13
Principal Employers
(unaudited)

Employer	2024		Employer	2015	
	Number of Employees	Percentage of Total Employment		Number of Employees	Percentage of Total Employment
Doctor's Hospital at Renaissance	6,423	1.67%	Wal Mart ¹	5,329	1.64%
University of Texas Rio Grande Valley ¹	5,257	1.37%	H-E-B ²	4,656	1.44%
Pharr-San Juan-Alamo I.S.D.	5,000	1.30%	Edinburg Consolidated ISD	4,207	1.30%
Edinburg Consolidated I.S.D.	4,993	1.30%	Pharr-San Juan-Alamo ISD	4,100	1.26%
U.S. Customs and Border Patrol	4,840	1.26%	McAllen Consolidated ISD	3,900	1.20%
South Texas Health Systems	4,506	1.17%	Hidalgo County	3,821	1.18%
Hidalgo County	3,579	0.93%	Edinburg Regional Medical Center	3,000	0.93%
HEB	3,510	0.91%	University of Texas-Pan American	2,850	0.88%
McAllen Independent School District	3,370	0.88%	Weslaco ISD	2,821	0.87%
City of McAllen	2,614	0.68%	Doctor's Hospital at Renaissance	2,700	0.83%
Total	44,092	11.48%	Total	37,384	11.53%

Note:

Total employment as of August 2024 for the district was 384,207. Based on latest economic indicators, provided by the Texas Workforce Commission for Texas Labor Market Information for August 2024.

(1) Includes Hidalgo County and Starr County.

(2) Total number of employees includes Hidalgo County stores and 1 H-E-B store located in Starr County (Rio Grande City, TX).

Sources:

- Hidalgo County 2023 ACFR
- Texas Workforce Commission
- South Texas College 2015 ACFR

Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Faculty										
Full-time	545	570	541	603	657	642	623	590	593	538
Part-time	469	435	377	449	525	540	536	583	536	522
Total	1,014	1,005	918	1,052	1,182	1,182	1,159	1,173	1,129	1,060
Percent										
Full-time	53.7%	56.7%	58.9%	57.3%	55.6%	54.3%	53.8%	50.3%	52.5%	50.8%
Part-time	46.3%	43.3%	41.1%	42.7%	44.4%	45.7%	46.2%	49.7%	47.5%	49.2%
Staff and Administrators										
Full-time	1,238	1,086	981	1,120	1,142	1,147	1,078	918	877	852
Part-time	528	531	263	492	806	909	827	855	857	933
Total	1,766	1,617	1,244	1,612	1,948	2,056	1,905	1,773	1,734	1,785
Percent										
Full-time	70.1%	67.2%	78.9%	69.5%	58.6%	55.8%	56.6%	51.8%	50.6%	47.7%
Part-time	29.9%	32.8%	21.1%	30.5%	41.4%	44.2%	43.4%	48.2%	49.4%	52.3%
Total										
Full-time	1,783	1,656	1,522	1,723	1,799	1,789	1,701	1,508	1,470	1,390
Part-time	997	966	640	941	1,331	1,449	1,363	1,438	1,393	1,455
Total	2,780	2,622	2,162	2,664	3,130	3,238	3,064	2,946	2,863	2,845
Percent										
Full-time	64.1%	63.2%	70.4%	64.7%	57.5%	55.3%	55.5%	51.2%	51.3%	48.9%
Part-time	35.9%	36.8%	29.6%	35.3%	42.5%	44.7%	44.5%	48.8%	48.7%	51.1%
FTSE per Full-time Faculty	33.1	31.8	34.5	30.4	33.3	32.5	34.7	36.4	36.5	38.3
FTSE per Full-time Staff member	14.6	16.7	19.0	16.4	19.2	18.2	20.1	23.4	24.7	24.2
FTSE*	18,014	18,102	18,642	18,313	21,902	20,835	21,619	21,474	21,665	20,585
Average Annual Faculty Salary	\$ 91,439	\$ 82,711	\$ 86,075	\$ 73,709	\$ 75,002	\$ 75,221	\$ 77,178	\$ 74,689	\$ 70,691	\$ 72,614

Note:
*Student FTSE was obtained from Statistical Supplement 6b and FY14 Formula Funding Changed Methodology.

Statistical Supplement 15
Enrollment Details
Last Five Fiscal Years
(unaudited)

Student Classification	Academic									
	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	16,895	64.93%	16,745	61.48%	16,139	57.26%	17,043	61.50%	21,057	64.84%
31-60 hours	6,736	25.89%	7,407	27.20%	8,372	29.70%	8,145	29.39%	8,829	27.18%
> 60 hours	2,390	9.18%	3,084	11.32%	3,673	13.03%	2,522	9.11%	2,592	7.98%
Total	26,021	100.00%	27,236	100.00%	28,184	100.00%	27,710	100.00%	32,478	100.00%

Semester Hour Load	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	168	0.65%	134	0.49%	399	1.42%	223	0.80%	186	0.57%
3-5 semester hours	5,563	21.38%	6,669	24.49%	7,216	25.60%	6,599	23.81%	7,033	21.65%
6-8 semester hours	7,227	27.77%	7,961	29.23%	8,255	29.29%	8,107	29.26%	8,819	27.17%
9-11 semester hours	5,296	20.35%	5,582	20.49%	5,833	20.70%	5,964	21.52%	6,892	21.22%
12-14 semester hours	6,646	25.54%	5,913	21.71%	5,573	19.77%	5,897	21.28%	8,305	25.57%
15-17 semester hours	1,010	3.88%	878	3.22%	832	2.95%	823	2.98%	1,131	3.48%
18 & over	111	0.43%	99	0.36%	76	0.27%	97	0.35%	112	0.34%
Total	26,021	100.00%	27,236	100.00%	28,184	100.00%	27,710	100.00%	32,478	100.00%

Average course load 8.54 8.10 7.90 8.17 8.55

Tuition Status	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Resident (in-district)	23,794	91.44%	25,411	93.30%	26,401	93.67%	25,974	93.74%	30,498	93.90%
Resident (out-of-district)	893	3.43%	914	3.36%	1,012	3.59%	891	3.22%	894	2.75%
Non-Resident Tuition	1,334	5.13%	911	3.34%	771	2.74%	845	3.04%	1,086	3.35%
Total	26,021	100.00%	27,236	100.00%	28,184	100.00%	27,710	100.00%	32,478	100.00%

Source:
CBMOC1 and CBMOC5

Statistical Supplement 15
Enrollment Details
Last Five Fiscal Years
(unaudited)

Continuing Education

Student Classification (Contact Hours)	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Continuing Education (CE)	1,764	100.00%	1,865	100.00%	1,363	100.00%	970	100.00%	1,464	100.00%
CE Not State Funded	-	-	-	-	-	-	-	-	-	-
Inter-Institutional	-	-	-	-	-	-	-	-	-	-
Total	1,764	100.00%	1,865	100.00%	1,363	100.00%	970	100.00%	1,464	100.00%

Contact Hour Load	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	-	-	-	-	-	-	-	-	-	-
3-5 semester hours	42	2.38%	-	-	-	-	-	-	-	-
6-8 semester hours	48	2.72%	31	1.66%	-	-	66	6.80%	129	8.81%
9-11 semester hours	1	0.06%	11	0.59%	-	-	19	1.96%	128	8.74%
12-14 semester hours	212	12.02%	158	8.47%	-	-	32	3.30%	95	6.49%
15-17 semester hours	199	11.28%	101	5.42%	160	11.74%	15	1.55%	59	4.03%
18 & over	1,262	71.54%	1,564	83.86%	1,203	88.26%	838	86.39%	1,053	71.93%
Total	1,764	100.00%	1,865	100.00%	1,363	100.00%	970	100.00%	1,464	100.00%

Average course load 36.86 42.60 39.69 45.49 39.37

Tuition Status	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Both Contract and Non-Contract Courses	-	-	-	-	-	-	-	-	-	-
Contract Course(s) Only	-	-	-	-	-	-	-	-	-	-
Non-Contract Course(s) Only	1,764	100.00%	1,865	100.00%	1,363	100.00%	970	100.00%	1,464	100.00%
Total	1,764	100.00%	1,865	100.00%	1,363	100.00%	970	100.00%	1,464	100.00%

Source:
CBM00A

Statistical Supplement 16
Student Profile
Last Five Fiscal Years
(unaudited)

Gender	Academic									
	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	14,529	55.84%	15,425	56.63%	16,268	57.72%	16,308	58.85%	18,487	56.92%
Male	11,492	44.16%	11,811	43.37%	11,916	42.28%	11,402	41.15%	13,991	43.08%
Total	26,021	100.00%	27,236	100.00%	28,184	100.00%	27,710	100.00%	32,478	100.00%

Ethnic Origin	Academic									
	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	530	2.04%	575	2.11%	640	2.27%	627	2.26%	738	2.27%
Hispanic	24,878	95.59%	26,009	95.49%	26,911	95.48%	26,458	95.47%	31,010	95.49%
African American	103	0.40%	111	0.41%	109	0.39%	107	0.39%	118	0.36%
Asian	166	0.64%	137	0.50%	187	0.66%	204	0.74%	237	0.73%
Foreign	82	0.32%	67	0.25%	65	0.23%	63	0.23%	79	0.24%
Native American	28	0.11%	25	0.09%	25	0.09%	25	0.09%	21	0.06%
Unknown	234	0.90%	312	1.15%	247	0.88%	226	0.82%	275	0.85%
Total	26,021	100.00%	27,236	100.00%	28,184	100.00%	27,710	100.00%	32,478	100.00%

Age	Academic									
	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	10,149	39.00%	9,840	36.13%	9,008	31.96%	11,968	43.19%	13,346	41.09%
18 - 21	9,026	34.69%	9,018	33.11%	9,104	32.30%	8,799	31.75%	11,467	35.31%
22 - 24	2,457	9.44%	2,696	9.90%	3,020	10.72%	2,438	8.80%	2,767	8.52%
25 - 35	2,957	11.36%	3,650	13.40%	4,474	15.87%	3,198	11.54%	3,471	10.69%
36 - 50	1,214	4.67%	1,743	6.40%	2,250	7.98%	1,183	4.27%	1,290	3.97%
51 & over	218	0.84%	289	1.06%	328	1.16%	124	0.45%	137	0.42%
Total	26,021	100.00%	27,236	100.00%	28,184	100.00%	27,710	100.00%	32,478	100.00%

Average Age	21.4	22.2	20.5	20.4	20.6
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Source:
CBMOCI and CBMOCS

Statistical Supplement 16
Student Profile
Last Five Fiscal Years
(unaudited)

	Continuing Education									
	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	878	49.77%	1,006	53.94%	822	60.31%	601	61.96%	905	61.82%
Male	886	50.23%	859	46.06%	541	39.69%	369	38.04%	559	38.18%
Total	1,764	100.00%	1,865	100.00%	1,363	100.00%	970	100.00%	1,464	100.00%

	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	Ethnic Origin									
White	43	2.44%	69	3.70%	29	2.13%	17	1.75%	13	0.89%
Hispanic	1,538	87.18%	1,484	79.57%	1,218	89.36%	798	82.27%	1,100	75.14%
African American	3	0.17%	3	0.16%	1	0.07%	1	0.10%	1	0.07%
Asian	4	0.23%	3	0.16%	3	0.22%	1	0.10%	3	0.20%
Foreign	-	-	-	-	-	-	-	-	-	-
Native American	-	-	2	0.11%	2	0.15%	-	-	-	-
Unknown	176	9.98%	304	16.30%	110	8.07%	153	15.78%	347	23.70%
Total	1,764	100.00%	1,865	100.00%	1,363	100.00%	970	100.00%	1,464	100.00%

	Fall 2023		Fall 2022		Fall 2021		Fall 2020		Fall 2019	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	Age									
Under 18	876	49.65%	948	50.83%	893	65.52%	233	24.02%	74	5.05%
18 - 21	185	10.49%	275	14.75%	205	15.04%	83	8.56%	142	9.70%
22 - 24	61	3.46%	67	3.59%	43	3.15%	29	2.99%	87	5.94%
25 - 35	208	11.79%	191	10.24%	117	8.58%	190	19.59%	324	22.13%
36 - 50	312	17.69%	282	15.12%	79	5.80%	302	31.13%	565	38.59%
51 & over	122	6.92%	102	5.47%	26	1.91%	133	13.71%	272	18.57%
Total	1,764	100.00%	1,865	100.00%	1,363	100.00%	970	100.00%	1,464	100.00%

Average Age	26.0	25.0	21.0	33.0	38.0
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Source:
CBM00A

Statistical Supplement 17
Transfers to Senior Institutions
Students as of Fall 2023

(includes only the top 26 public senior colleges in Texas)
(unaudited)

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer* Student Count Tech-Prep	Total of All Sample Transfer Students	% of All Sample Transfer Students
1 The University of Texas - Rio Grande Valley	2,421	228	-	2,649	52.66%
2 South Texas College	486	548	-	1,034	20.56%
3 Texas A&M University	287	34	-	321	6.38%
4 The University of Texas at Austin	238	11	-	249	4.95%
5 The University of Texas at San Antonio	181	9	-	190	3.78%
6 Texas State University	100	10	-	110	2.19%
7 Texas A&M University - Kingsville	98	10	-	108	2.15%
8 Texas A&M University - Corpus Christi	44	7	-	51	1.01%
9 Texas Tech University	38	1	-	39	0.78%
10 University of Houston	31	4	-	35	0.70%
11 Texas State Technical College in Harlingen	27	16	-	43	0.86%
12 Texas A&M University System Health Science Center	24	5	-	29	0.58%
13 The University of Texas at Arlington	20	6	-	26	0.52%
14 University of North Texas	16	-	-	16	0.32%
15 Sam Houston State University	15	-	-	15	0.30%
16 Texas A&M International University	15	-	-	15	0.30%
17 Texas Woman's University	15	2	-	17	0.34%
18 Blinn College District	11	2	-	13	0.26%
19 Lamar University	11	3	-	14	0.28%
20 The University of Texas at Dallas	9	-	-	9	0.18%
21 Texas A&M University - Commerce	8	1	-	9	0.18%
22 ACCD - San Antonio College	7	-	-	7	0.14%
23 Austin Community College	7	4	-	11	0.22%
24 Dallas College	6	-	-	6	0.12%
25 ACCD - North Vista College	5	1	-	6	0.12%
26 Texas A&M University - San Antonio	5	1	-	6	0.12%
Total	4,125	903	-	5,028	100.00%

Notes:

Student count for South Texas College represents graduates or completers who have returned to pursue additional education at same institution.
In addition to the 4,125 Academy Students, 94 were transferred to 49 other Senior Institutions
In addition to the 903 Technical Students, 35 were transferred to 20 other Senior Institutions

Sources:

Texas Higher Education Data: ASALFS Students Pursuing Additional Education
ASALFS South Texas College - <https://www.txhighereddata.org/reports/performance/ctcasalf/ctcadd/>
*Information for Transfer Student Count Tech-Prep not available

Statistical Supplement 18
Capital Asset Information
Last Five Fiscal Years
(unaudited)

	Fiscal Year				
	2024	2023	2022	2021	2020
Academic buildings	35	33	33	33	33
Square footage	1,453,452	1,442,592	1,332,310	1,332,310	1,332,310
Academic portable buildings	30	30	25	34	36
Square footage	43,955	43,955	36,627	50,547	53,643
Libraries	3	3	3	3	3
Square footage	120,545	120,545	121,311	121,311	121,311
Libraries portable buildings	1	1	1	1	1
Square footage	1,536	1,536	1,504	1,504	1,504
Number of volumes	108,755	109,965	110,814	134,492	133,686
Administrative and support buildings	17	17	17	17	16
Square footage	339,220	339,220	395,871	395,871	387,260
Administrative and support portable buildings	22	22	29	20	18
Square footage	29,726	29,726	41,908	27,988	24,892
Dining facilities	5	5	5	5	5
Square footage	25,764	25,764	20,479	20,479	20,479
Average daily customers*	-	-	-	76	935
Fitness facilities	3	3	2	2	2
Square footage	30,270	30,270	28,821	28,821	37,432
Plant facilities	4	4	4	4	4
Square footage	28,626	28,626	26,592	26,592	26,592
Transportation					
Automobiles	3	2	2	2	2
Automobiles - instructional	16	17	16	17	16
Light trucks/vans	82	74	71	71	70
Light trucks/vans - instructional	21	23	21	23	18
Heavy trucks/backhoe	10	10	13	11	10
Heavy trucks/backhoe - instructional	3	3	8	8	7
Semi - Truck	4	-	-	-	-
Semi truck - instructional	5	9	-	-	-
Trailer	6	2	5	3	1
Trailer - instructional	-	4	-	-	-
Golf and forklift	66	65	67	67	63
Shuttle buses	6	6	6	8	8

* Does not include customers from Starr County Campus Cafeteria due to services being outsourced.
Due to a pandemic all campuses cafeterias were closed indefinitely in December 2020.

Sources:
South Texas College District Office of Facilities Planning and Construction
South Texas College District Capital Assets Department

Statistical Supplement 19
Changes in Net Position
Last Ten Fiscal Years
(unaudited)

	For the Fiscal Year Ended August 31,			
	2024	Restated 2023	Restated 2022	Restated 2021
Operating Revenues				
Tuition and fees (net of discounts)	\$ 19,666,652	\$ 11,467,897	\$ 16,951,303	\$ 21,098,778
Federal grants and contracts	8,793,669	6,273,554	5,464,987	4,752,189
State grants and contracts	6,256,727	3,740,668	3,997,724	4,109,030
Local grants and contracts	8,569,356	8,274,752	7,914,784	8,939,528
Non-governmental grants and contracts	1,974,564	1,612,412	1,240,607	1,450,472
Auxiliary enterprises	838,888	767,395	779,359	678,506
General operating revenues	275,807	282,456	381,428	572,671
Total Operating Revenues	46,375,663	32,419,134	36,730,192	41,601,174
Operating Expenses				
Instruction	86,235,970	85,189,049	80,659,869	87,620,251
Research	8,885	5,836	7,214	13,930
Public service	465,588	383,685	232,426	1,611,221
Academic support	27,327,104	23,642,008	20,182,671	22,358,202
Student services	14,657,460	13,386,317	12,210,400	13,693,983
Institutional support	38,543,750	34,681,414	43,078,959	33,034,943
Operations and maintenance of plant	26,147,038	23,898,970	20,503,476	20,821,673
Scholarships and fellowships	25,476,837	31,135,626	75,671,920	37,788,198
Auxiliary enterprises	2,292,900	2,511,386	2,219,495	1,693,536
Depreciation and amortization	15,070,826	12,348,313	13,623,741	12,020,225
Total Operating Expenses	236,226,358	227,182,604	268,390,171	230,656,162
Operating Loss	\$ (189,850,695)	\$ (194,763,470)	\$ (231,659,979)	\$ (189,054,988)

For the Fiscal Year Ended August 31,

2020	2019	2018	2017	2016	2015
\$ 23,652,462	\$ 22,589,007	\$ 21,657,866	\$ 23,129,705	\$ 21,452,743	\$ 21,373,162
4,890,928	4,660,747	4,304,540	4,490,675	3,889,497	4,368,574
4,081,215	4,701,165	4,108,972	4,076,652	3,266,315	4,068,944
8,710,679	8,160,205	6,660,734	6,102,604	5,063,983	1,099,573
1,344,736	2,022,875	2,538,696	2,061,438	2,487,482	5,235,358
1,355,127	1,766,603	1,890,180	1,833,407	1,893,838	1,773,325
612,825	665,435	704,996	603,343	729,855	1,308,903
44,647,972	44,566,037	41,865,984	42,297,824	38,783,713	39,227,839
94,767,643	92,144,487	77,741,287	70,879,518	66,249,496	60,820,171
-	-	-	-	-	-
1,295,671	1,860,996	2,276,663	709,252	912,507	1,205,480
21,510,411	23,030,399	18,306,332	17,101,883	16,333,241	15,281,478
14,394,224	14,602,287	11,722,551	11,228,508	11,477,740	10,969,940
34,970,309	32,251,981	26,803,724	26,074,788	23,138,061	21,790,954
20,419,241	21,534,803	20,048,333	15,977,257	14,064,638	13,675,484
29,136,804	27,797,829	27,412,188	26,028,594	26,432,169	27,815,696
2,627,299	3,451,000	3,355,013	2,529,295	1,562,463	1,403,408
12,162,030	12,009,110	9,917,643	7,262,313	6,966,274	6,759,801
231,283,632	228,682,892	197,583,734	177,791,408	167,136,589	159,722,412
\$ (186,635,660)	\$ (184,116,855)	\$ (155,717,750)	\$ (135,493,584)	\$ (128,352,876)	\$ (120,494,573)

Statistical Supplement 19
Changes in Net Position
Last Ten Fiscal Years
(unaudited)

	For the Fiscal Year Ended August 31,			
	2024	Restated 2023	Restated 2022	Restated 2021
Non-Operating Revenues (Expenses)				
State appropriations	\$ 63,580,283	\$ 47,433,191	\$ 45,987,869	\$ 55,359,735
Ad-valorem taxes				
Taxes for maintenance & operations	77,476,521	70,772,519	64,294,497	59,403,574
Taxes for debt service	13,345,751	11,805,118	14,773,167	13,783,392
Federal revenue, non-operating	57,582,054	82,815,671	138,419,143	78,372,230
Financial Aid for Swift Transfer Program	8,822,990	-	-	-
Gifts	459,755	310,482	201,541	197,836
Investment income (net of investment expenses)	21,866,535	10,862,837	305,668	2,129,834
Insurance proceeds	-	-	88,572	288,021
Interest lease revenue	-	-	-	-
Interest and capital related debt	(3,272,245)	(3,072,238)	(3,946,606)	(4,623,748)
Gain on disposal of capital assets	3,011	20,890	33,217	9,251
Loss on sale/disposal/return on capital assets	(82,138)	(285,632)	(3,110)	(242,960)
Non-capital construction costs	(2,099,031)	(1,503,083)	(2,300,251)	(685,243)
Bond costs and fees	(597,722)	(1,097,328)	(1,652,444)	(559,358)
Gain on bond defeasance	982,687	-	-	-
Other non-operating revenues	73,733	68,572	68,526	68,527
Other non-operating expenses	(748,144)	(275,852)	(205,601)	(249,823)
Non-Operating Revenues, Net	237,394,040	217,855,147	256,064,188	203,251,268
Income before contributions, endowment and extraordinary item	47,543,345	23,091,677	24,404,209	14,196,280
Capital contributions	35,477	15,600	105	105,973
Additions (deductions) to permanent and term endowment	-	-	-	-
Extraordinary item	-	-	-	-
Increase in net position	47,578,822	23,107,277	24,404,314	14,302,253
Net position - beginning of year, as restated	439,113,666	416,006,389	391,602,075	377,299,822
Cumulative effect of change in accounting principle	-	-	-	-
Net Position-End of Year	\$ 486,692,488	\$ 439,113,666	\$ 416,006,389	\$ 391,602,075

For the Fiscal Year Ended August 31,

	2020	2019	2018	2017	2016	2015
\$	50,949,811	\$ 49,608,274	\$ 47,940,649	\$ 45,315,830	\$ 46,077,235	\$ 42,858,200
	56,146,535	53,934,103	48,931,234	48,822,561	46,781,602	43,951,580
	13,571,701	14,694,007	15,656,580	15,652,143	15,016,847	14,105,277
	67,836,841	59,341,569	60,276,808	55,666,373	54,858,852	54,881,496
	-	-	-	-	-	-
	275,475	320,507	353,250	252,614	251,022	305,146
	4,872,160	5,572,742	3,698,483	2,612,017	1,034,010	144,206
	2,600	425,000	14,959	149,634	-	24,282
	-	-	-	-	-	-
	(5,841,189)	(5,690,864)	(3,513,058)	(4,150,374)	(6,602,765)	(5,964,767)
	-	3,790	6,547	5,575	12,350	-
	(42)	(114,727)	(838,031)	(5,886)	-	(240,389)
	(1,163,367)	(2,025,830)	(11,107,175)	(3,548,465)	(1,911,123)	(1,731,576)
	(532,856)	(166,273)	(268,803)	(295,436)	(284,829)	(1,166,614)
	-	-	-	-	-	-
	68,527	68,526	19,732	352,500	-	-
	(262,755)	(246,594)	(84,956)	(265,017)	(320,767)	(274,655)
	185,923,441	175,724,230	161,086,219	160,564,067	154,912,434	146,892,186
	(712,219)	(8,392,625)	5,368,469	25,070,485	26,559,559	26,397,613
	8,909	15,110	65,259	47,629	4,515,864	66,908
	-	-	-	-	-	-
	-	-	-	-	-	1,987,665
	(703,310)	(8,377,515)	5,433,728	25,118,114	31,075,423	28,452,186
	378,003,132	386,380,647	396,395,889	371,277,775	340,202,352	337,541,511
	-	-	(15,448,970)	-	-	(25,791,345)
\$	377,299,822	\$ 378,003,132	\$ 386,380,647	\$ 396,395,889	\$ 371,277,775	\$ 340,202,352

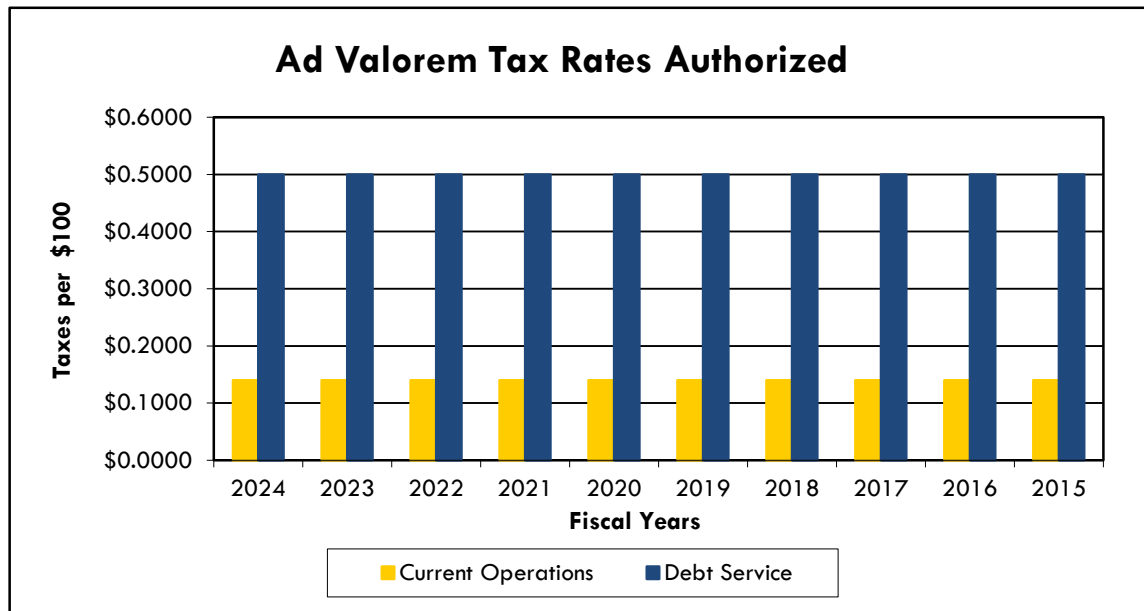


SOUTH TEXAS COLLEGE

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Statistical Supplement 20
Ad Valorem Tax Rates Authorized
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Current Operations	Debt Service	Total
2024	\$ 0.1400	\$ 0.5000	\$ 0.6400
2023	0.1400	0.5000	0.6400
2022	0.1400	0.5000	0.6400
2021	0.1400	0.5000	0.6400
2020	0.1400	0.5000	0.6400
2019	0.1400	0.5000	0.6400
2018	0.1400	0.5000	0.6400
2017	0.1400	0.5000	0.6400
2016	0.1400	0.5000	0.6400
2015	0.1400	0.5000	0.6400



Sources:
Texas Constitution and Statutes, Education Code (Debt Service)
South Texas College District Tax Order Resolution (Current Operations)

Statistical Supplement 21
Property Tax Rates
All Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)

Governmental Subdivision	Percent Applicable*	Tax Year 2023	Tax Year 2022	Tax Year 2021	Tax Year 2020
South Texas College	100.00%	\$0.156200	\$0.161500	\$0.171500	\$0.171800
HIDALGO COUNTY					
Cities:					
Alamo	100.00%	0.580100	0.581700	0.581700	0.581700
Alton	100.00%	0.436700	0.436700	0.436700	0.436700
Donna	100.00%	0.665348	0.747937	0.778538	0.788855
Edcouch	100.00%	0.845600	0.845600	0.845600	0.915200
Edinburg	100.00%	0.630000	0.640000	0.680000	0.680000
Elsa	100.00%	0.789700	0.796100	0.823700	0.883200
Granjeno	-	0.434200	0.434200	0.434200	0.444800
Hidalgo	100.00%	0.351400	0.351400	0.351400	0.351400
La Joya	100.00%	0.579800	0.589800	0.589800	0.589800
La Villa	100.00%	0.792900	0.792900	0.792900	0.792900
McAllen	100.00%	0.457285	0.479900	0.495600	0.495600
Mercedes	100.00%	0.775000	0.775000	0.775000	0.745000
Mission	100.00%	0.527600	0.529900	0.529900	0.529900
Palmview	100.00%	0.558600	0.534600	0.500100	0.490100
Penitas	100.00%	0.556200	0.556200	0.556200	0.556200
Pharr	100.00%	0.767600	0.717600	0.717600	0.717600
Progreso	100.00%	0.698000	0.763600	0.829100	0.842900
San Juan	100.00%	0.676500	0.676500	0.687600	0.692600
Sullivan City	-	0.500000	0.500000	0.483800	0.483800
Weslaco	100.00%	0.686700	0.696700	0.696700	0.696700
School Districts:					
Donna ISD	100.00%	1.070900	1.119900	1.119900	1.130400
Edcouch-Elsa ISD	100.00%	1.132500	1.217500	1.217500	1.258000
Edinburg CISD	99.06%	0.875000	1.060400	1.105700	1.138200
Hidalgo ISD	100.00%	1.202800	1.232100	1.276500	1.276500
La Joya ISD	100.00%	1.034400	1.270000	1.266200	1.311000
La Villa ISD	100.00%	1.246500	1.447700	1.447700	1.483800
Lyford CISD	1.16%	0.989200	1.240300	1.120300	1.214700
McAllen ISD	100.00%	1.001100	1.096400	1.137000	1.138600
Mercedes ISD	100.00%	1.096000	1.345000	1.352000	1.351900
Mission CISD	100.00%	1.113000	1.113000	1.133200	1.199300
Monte Alto ISD	100.00%	1.189200	1.194600	1.223400	1.238000
PSJA ISD	100.00%	1.018300	1.183700	1.216700	1.267500
Progreso ISD	100.00%	1.182900	1.329900	1.260000	1.260000
Sharyland ISD	100.00%	0.957500	1.123400	1.159300	1.280800
South Texas ISD	-	0.049200	0.049200	0.049200	0.049200
Valley View ISD	100.00%	1.159900	1.245300	1.277000	1.277000
Weslaco ISD	100.00%	0.946400	0.959300	0.980700	1.018900

Tax Year 2019	Tax Year 2018	Tax Year 2017	Tax Year 2016	Tax Year 2015	Tax Year 2014
\$0.173300	\$0.178000	\$0.185000	\$0.185000	\$0.185000	\$0.185000
0.581700	0.581700	0.556500	0.581000	0.588100	0.598970
0.444000	0.444000	0.444000	0.449000	0.454000	0.459100
0.788855	0.798855	0.798855	0.982828	0.982828	1.142421
0.965400	0.968700	0.915400	0.928600	0.928600	0.928600
0.680000	0.635000	0.635000	0.635000	0.635000	0.635000
0.883200	0.882200	0.901800	0.917700	0.856600	0.986700
0.460700	0.460700	0.446900	0.441900	0.425100	0.423000
0.351400	0.351400	0.351400	0.351400	0.351400	0.351400
0.590400	0.566800	0.525100	0.539400	0.543500	0.570000
0.792900	0.783600	0.783600	0.783600	0.783600	0.783600
0.495677	0.479234	0.476300	0.476300	0.476300	0.476300
0.745000	0.745000	0.745000	0.745000	0.755000	0.760000
0.521200	0.486200	0.486200	0.496200	0.498800	0.518800
0.500100	0.500100	0.500100	0.475100	0.475100	0.479000
0.556200	0.556200	0.556200	0.506000	0.506000	0.459500
0.717600	0.649000	0.649000	0.654000	0.654000	0.680000
0.842900	0.812900	0.784000	0.796100	0.806100	0.793000
0.699300	0.699300	0.699300	0.699300	0.699300	0.699300
0.500000	0.500000	0.500000	0.460600	0.466800	0.447800
0.696700	0.666700	0.666700	0.666700	0.676700	0.676700
1.226700	1.258200	1.258200	1.258200	1.258200	1.258200
1.258000	1.258000	1.258000	1.258000	1.258000	1.258000
1.138200	1.239800	1.239800	1.239800	1.239800	1.239800
1.296300	1.470000	1.470000	1.490000	1.530000	1.530000
1.311000	1.311000	1.311000	1.311000	1.311000	1.311000
1.483800	1.483800	1.303800	1.303800	1.303800	1.303800
1.228400	1.320000	1.310000	1.280000	1.280000	1.280000
1.152800	1.155000	1.155000	1.155000	1.155000	1.165000
1.278400	1.380000	1.380000	1.380000	1.380000	1.380000
1.239550	1.339800	1.350200	1.358200	1.367200	1.330000
1.350000	1.350000	1.350000	1.350000	1.350000	1.350000
1.272500	1.379200	1.389200	1.399200	1.399200	1.359200
1.320000	1.390000	1.390000	1.390000	1.370000	1.370000
1.298700	1.375500	1.375500	1.375500	1.335500	1.335500
0.049200	0.049200	0.049200	0.049200	0.049200	0.049200
1.277000	1.277000	1.277000	1.277000	1.277000	1.277000
1.068700	1.159700	1.159700	1.139700	1.139700	1.139700

Statistical Supplement 21
Property Tax Rates
All Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)

Governmental Subdivision	Percent Applicable*	Tax Year 2023	Tax Year 2022	Tax Year 2021	Tax Year 2020
HIDALGO COUNTY					
Special Districts:					
Hidalgo County	100.00%	0.575000	0.575000	0.575000	0.575000
Drainage District #1	100.00%	0.113900	0.117900	0.126400	0.102600
EMS District #1	-	0.016900	0.019200	0.019500	0.019600
EMS District #2	-	0.032000	0.034700	0.034700	0.035200
EMS District #3	-	0.015400	0.017700	0.019700	0.022700
EMS District #4	-	0.022500	0.024100	0.024600	0.024600
Donna Irrigation #1	-	0.210000	0.210000	0.210000	0.210000
Delta Lake Irrigation	-	0.550000	0.560000	0.560000	0.560000
Kennedy County GCD	-	0.013065	0.012800	0.012800	0.012800
Brush County GCD	-	0.011000	0.016000	0.016000	0.018500
Red Sands Groundwater CD	-	0.146300	0.152800	0.152800	0.152800
STARR COUNTY					
Cities:					
Escobares City	100.00%	0.355679	0.355679	0.457300	0.457300
Rio Grande City	100.00%	0.527868	0.561228	0.537579	0.507579
Roma	100.00%	0.568200	0.568200	0.602256	0.605435
School Districts					
Rio Grande City CISD	100.00%	1.170800	1.366300	1.264100	1.300600
Roma ISD	100.00%	1.139100	1.324510	1.411600	1.377200
San Isidro ISD	-	0.933300	0.942900	1.051700	1.164800
Special Districts:					
Starr County	100.00%	0.515169	0.538200	0.538200	0.538400
F&M & FC	-	0.205218	0.225000	0.225000	0.240000
Starr County Memorial Hospital District	-	0.254333	0.262908	0.264146	0.264146

*Municipal Advisory Council of Texas

Sources:
Hidalgo County Appraisal District
Starr County Appraisal District

Tax Year 2019	Tax Year 2018	Tax Year 2017	Tax Year 2016	Tax Year 2015	Tax Year 2014
0.575000	0.580000	0.580000	0.590000	0.590000	0.590000
0.105100	0.095100	0.095100	0.095100	0.095100	0.095700
0.020000	0.019400	0.017600	0.020000	0.185000	0.016500
0.036000	0.036000	0.038000	0.038000	0.036100	0.036100
0.024500	0.025700	0.028500	0.030000	0.030000	0.030000
0.025300	0.025200	0.025400	0.027200	0.027200	0.272000
0.210000	0.210000	0.210000	0.210000	0.210000	0.210000
0.550000	0.550000	0.555000	0.550000	0.550000	0.550000
0.012800	0.015300	0.015300	0.015300	0.015300	0.015300
0.020700	0.024000	0.024500	0.026020	0.026020	0.026020
0.152800	0.152800	0.169000	0.169000	0.169000	0.169000
0.500417	0.432025	0.432025	0.403517	0.403517	0.403517
0.507579	0.497579	0.497579	0.497579	0.514749	0.514749
0.605435	0.531372	0.531372	0.523055	0.523055	0.523055
1.322400	1.359200	1.430900	1.451400	1.438400	1.447200
1.445790	1.561950	1.484000	1.569390	1.553660	1.459090
1.176300	1.280000	1.290800	1.295000	1.271800	1.260000
0.538400	0.531900	0.545800	0.545800	0.561000	0.561700
0.240000	0.246500	0.232600	0.232600	0.217400	0.217400
0.264146	0.268163	0.268163	0.277314	0.248092	0.262775

Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2024
(unaudited)

Taxing Body	Debt Amount		As of	Percent Overlapping	Overlapping Amount
Alamo, City of	\$ 8,135,000 *		08/31/2024	100.00%	\$ 8,135,000
Alton, City of	18,801,000 *		08/31/2024	100.00%	18,801,000
Donna ISD	160,590,000 *		08/31/2024	100.00%	160,590,000
Donna, City of	56,390,000 *		08/31/2024	100.00%	56,390,000
Edcouch-Elsa ISD	22,868,335 *		08/31/2024	100.00%	22,868,335
Edcouch, City of	1,525,000 *		08/31/2024	100.00%	1,525,000
Edinburg CISD	109,735,000 *		08/31/2024	99.06%	108,703,491
Edinburg, City of	112,950,000 *		08/31/2024	100.00%	112,950,000
Elsa, City of	5,710,000 *		08/31/2024	100.00%	5,710,000
Escobares, City of	402,000 *		08/31/2024	100.00%	402,000
Hidalgo Co	379,475,000 *		08/31/2024	100.00%	379,475,000
Hidalgo Co DD # 1	276,378,000 *		08/31/2024	100.00%	276,378,000
Hidalgo ISD	25,132,000 *		08/31/2024	100.00%	25,132,000
Hidalgo, City of	2,361,000 *		08/31/2024	100.00%	2,361,000
La Grulla, City of	1,969,000 *		08/31/2024	100.00%	1,969,000
La Joya ISD	168,112,680 *		08/31/2024	100.00%	168,112,680
La Joya, City of	5,364,000		08/31/2024	100.00%	5,364,000
La Villa ISD	7,845,000 *		08/31/2024	100.00%	7,845,000
La Villa, City of	4,475,000 *		08/31/2024	100.00%	4,475,000
Lyford CISD	21,335,000 *		08/31/2024	1.16%	247,486
McAllen ISD	63,996,000 *		08/31/2024	100.00%	63,996,000
McAllen, City of	85,970,000 *		08/31/2024	100.00%	85,970,000
Mercedes ISD	36,266,120 *		08/31/2024	100.00%	36,266,120
Mercedes, City of	23,230,000 *		08/31/2024	100.00%	23,230,000
Mission CISD	88,307,960 *		08/31/2024	100.00%	88,307,960
Mission, City of	42,025,000 *		08/31/2024	100.00%	42,025,000
Monte Alto ISD	9,405,000 *		08/31/2024	100.00%	9,405,000
Palmview, City of	5,594,000 *		08/31/2024	100.00%	5,594,000
Penitas, City of	4,806,000 *		08/31/2024	100.00%	4,806,000
Pharr-San Juan-Alamo ISD	232,440,000 *		08/31/2024	100.00%	232,440,000
Pharr, City of	116,128,885 *		08/31/2024	100.00%	116,128,885

Taxing Body	Debt Amount		As of	Percent Overlapping	Overlapping Amount
Progreso ISD	24,195,000 *		08/31/2024	100.00%	24,195,000
Progreso, City of	1,177,000 *		08/31/2024	100.00%	1,177,000
Rio Grande City Grulla ISD	128,990,000 *		08/31/2024	100.00%	128,990,000
Rio Grande City, City of	34,720,000 *		08/31/2024	100.00%	34,720,000
Roma ISD	90,800,000 *		08/31/2024	100.00%	90,800,000
Roma, City of	13,859,000 *		08/31/2024	100.00%	13,859,000
San Juan, City of	38,207,000 *		08/31/2024	100.00%	38,207,000
Sharyland ISD	77,115,000 *		08/31/2024	100.00%	77,115,000
Starr Co	1,956,667 *		08/31/2024	100.00%	1,956,667
Valley View ISD [Hidalgo]	29,650,000 *		08/31/2024	100.00%	29,650,000
Weslaco ISD	205,653,315 *		08/31/2024	100.00%	205,653,315
Weslaco, City of	80,846,000 *		08/31/2024	100.00%	80,846,000
Total Net Overlapping Debt					2,802,771,940
South Texas College			08/31/2024		85,419,693
Total Direct and Overlapping Debt					\$ 2,888,191,633
Total Direct and Overlapping Debt % of A.V.:					4.86%
Total Direct and Overlapping Debt per Capita:					\$ 2,555

*Gross Debt

Source:

Municipal Advisory Council of Texas



SOUTH TEXAS COLLEGE

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SPECIAL REPORTS **SECTION**



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the President and Board of Trustees
South Texas College
McAllen, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Texas College (the College) as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated December 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed

no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The College's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas
December 19, 2024



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the President and Board of Trustees
South Texas College
McAllen, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Texas College's (the College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2024. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However,

material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas
December 19, 2024



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *TEXAS GRANT MANAGEMENT
STANDARDS*

To the President and Board of Trustees
South Texas College
McAllen, Texas

Report on Compliance for the Major State Program

Opinion on the Major State Program

We have audited South Texas College's (the College) compliance with the types of compliance requirements identified as subject to audit in the State Comptroller's Office, *Texas Grant Management Standards* that could have a direct and material effect on the College's major state program for the year ended August 31, 2024. The College's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended August 31, 2024.

Basis for Opinion on the Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Texas Grant Management Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion

on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Texas Grant Management Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Texas Grant Management Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Texas Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Texas Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas

December 19, 2024

**SOUTH TEXAS COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024**

Section I - Summary of Auditor's Results

Financial Statements

1. Type of Auditor's report issued: Unmodified
2. Internal control over financial reporting:
- a. Material weakness (es) identified? X yes no
- b. Significant deficiency (ies) identified that are not considered to be material weaknesses? yes X none reported
- c. Noncompliance material to financial statements noted? yes X no

Federal Awards

1. Type of Auditor's report issued on compliance for major programs: Unmodified
2. Internal control over major programs:
- a. Material weakness (es) identified? yes X no
- b. Significant deficiency (ies) identified that are not considered to be material weaknesses? yes X none reported
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? yes X no
4. Identification of major federal programs:

<u>Assistance Listing number</u>	<u>Name of Federal program or cluster</u>
84.048	Career and Technical Education – Basic Grants to States
84.007, 84.033, 84.063	Student Financial Assistance Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: **\$1,967,470**

Auditee qualified as low-risk auditee under 2CRF 200.520? **Yes**

**SOUTH TEXAS COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024**

Section I - Summary of Auditor's Results (Continued)

State Awards

1. Type of Auditor's report issued on compliance for major programs: Unmodified
2. Internal control over the major program:
- a. Material weakness (es) identified? _____yes ___X___no
- b. Significant deficiency (ies) identified that are not considered to be material weaknesses? _____yes___X___none reported
3. Any audit findings disclosed that are required to be reported in accordance with *Texas Grant Management Standards (TxGMS)*? _____yes___X___no
4. Identification of the major state program:

Name of state program or cluster
Texas Educational Opportunity Grant

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee under *Texas Grant Management Standards (TxGMS)*? **Yes**

SOUTH TEXAS COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

Section II – Financial Statement Findings

2024-001	Material Weakness–Subscription-Based Information Technology Arrangements (SBITAs)
Criteria:	GASB Statement No. 96, Subscription-Based Information Technology Arrangements, states that at the commencement of the subscription term, a subscription liability and intangible right-to-use asset (subscription asset) should be recognized.
Condition:	A SBITA was identified related to payments to Precision Task Group for Workday general ledger software that was not properly recorded as a subscription asset or liability in the amount of \$11,461,504.
Cause:	The criteria for SBITA recognition was not considered for this software agreement/expense.
Effect:	Subscription assets and liabilities were understated by \$11,461,504.
Recommendation:	Management should consider providing additional training to ensure all parties involved in the procurement and accounting for SBITAs understand the criteria for GASB 96. Additionally, a review process should be implemented for such contracts to ensure proper tracking and financial reporting in accordance with current applicable standards.
Management Response:	Management concurs with Auditor’s finding and recommendation.

**SOUTH TEXAS COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024**

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – State Award Findings and Questioned Costs

None noted.

**SOUTH TEXAS COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
Status of Prior Year Findings
For the Year Ended August 31, 2024**

Financial Statement Findings:

None

Federal Award Findings:

None

State Award Findings:

None



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Corrective Action Plan:

2024-001: Material Weakness-Subscription-Based Information Technology Arrangements (SBITAs)

Planned Corrective Action Plan: The Purchasing and Business Office staff responsible for SBITA will participate in training to enhance their understanding of SBITA requirements. The Purchasing process for reviewing software contracts will be revised to ensure that all software agreements are thoroughly evaluated and reviewed for subscription components and right-to-use asset and future payment obligations. Additionally, the District will outline clear steps for identifying, categorizing, and recording SBITAs.

Anticipated completion date, February 28, 2025.

Responsible Contact Person: Myriam Lopez, Associate Vice President Finance and Management

Myriam Lopez

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

2024



**SOUTH TEXAS
COLLEGE**