SOUTH TEXAS COLLEGE

SOUTH TEXAS COLLEGE DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED
AUGUST 31, 2023 AND 2022

SOUTH TEXAS COLLEGE DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED AUGUST 31, 2023 AND 2022

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, 2023 and 2022

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SOUTH TEXAS COLLEGE

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INTRODUCTORY SECTION

SOUTH TEXAS COLLEGE

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P.O. Box 9701
McAllen, Texas 78502
(956) 872-4646

South Texas College District

December 19, 2023

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, 2023 and 2022, 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, 2023 and 2022, 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 auditors' 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, LLP. In addition to meeting the requirements set forth in State statutes, their audit also was designed to meet the requirements of the Federal Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, Uniform and Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards, and the State of Texas Single Audit Circular. The Independent Auditors Report includes an unmodified opinion on the District's financial statements for the years ended August 31, 2023 and 2022. The independent auditors' 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 staggered 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

The mission of the District is to provide educational opportunities though excellence in teaching and learning, workforce development, cultural enrichment, community service, and regional and global collaborations. 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 becoming a global model in educational innovation serving as a catalyst to drive regional prosperity, economic development, and the social mobility of those it serves.

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 127 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 Technology 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 100 articulation agreements and partnerships with over 70 domestic and international institutions.

The District's Dual Credit Program is one of the largest in the State of Texas, 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 Programs 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 partners throughout Hidalgo and Starr counties. Approximately 11,730 students were enrolled in dual credit college-level courses during the 2023 spring semester.

The District's Continuing, Professional and Workforce Education (CPWE) program provides opportunities for lifelong learners to upgrade their skills, change careers, or seek personal enrichment through education on various topics. The District's Industry Training and Economic Development Program (ITED) is committed to fostering long-term sustained economic growth by serving the advanced manufacturing and related industries. Through the Institute for Advanced Manufacturing, ITED 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 2023	**FY 2022**	**FY 2021**	**FY 2020**	**FY 2019**
Total credit hours	535,581	552,755	543,493	651,153	617,703
Total contact hours	10,882,496	11,187,936	10,939,952	13,009,248	12,364,880
Unduplicated full-time student equivalent	17,853	18,425	18,116	21,705	20,590
Unduplicated headcount	37,433	39,325	38,161	43,524	42,590

Annual Enrollment – Continuing Education					
	FY 2023	**FY 2022**	**FY 2021**	**FY 2020**	**FY 2019**
Total contact hours	226,728	197,689	179,154	180,160	223,642
Unduplicated full-time student equivalent	1,889	1,647	1,493	1,501	1,864
Unduplicated headcount	4,382	3,884	3,526	3,715	4,388

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 2023, its population is 1,083,505. Starr County was founded in 1848 and named after James Harper Starr. It has a population of 74,309 as of 2023 and its largest city is Rio Grande City. The combined population is 1,157,814.

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

- The unemployment rate for Hidalgo County decreased from 7.7% in 2022 to 6.8% in 2023.
- The unemployment rate for Starr County decreased from 13.0% in 2022 to 9.4% in 2023.
- Per capita income in Hidalgo County increased from $31,153 in 2022 to $34,503 in 2023.
- Per capita income in Starr County increased from $32,146 in 2022 to $34,933 in 2023.

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 26,562 in Spring 2023. The District's unrestricted fund budget increased from $2,325,212 in 1993 to $200,103,747 in 2023.

Long-Term Financial Planning

The District has a five-year Comprehensive Plan which 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 – decreased $836,328 due to a decrease in student enrollment.
- State Appropriations – increased $1,445,322 primarily due to non-employee contribution related to pension activity allocated by TRS.
- Ad Valorem Taxes – net ad valorem tax revenue increased by $3,509,973 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
2014	$0.1100	$0.0400	$30,246,199,691	$45,108,905
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

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 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, 2023	**August 31, 2022***	**August 31, 2021**
Unrestricted Fund Balance Reserve	$138,842,496	$122,750,195	$66,932,951
Next Fiscal Year Budgeted Unrestricted Fund Expenses (including transfers and contingencies)	204,151,801	186,693,736	182,717,923
Fund Balance as a % of Total Expenses	68.0%	65.7%	37.0%
Number of Months Expenses in Reserve	8.2 months	7.9 months	4.4 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, 2023, the District's Board of Trustees has designated a total of $42,399,942 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 - $25,000,000
- Deferred maintenance of facilities - $3,899,942
- 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, 2022. This is the twentieth 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, 2024.

- 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

- South Texas College District was awarded the Certificate for Outstanding Achievement in Popular Annual Financial Reporting by the Government Finance Officers Association, for fiscal year end 2022. This is the third consecutive year that the District has achieved this prestigious award.

- The District was ranked number 1 in Texas as the 2023 Best Online Community College by Premium Schools.

- South Texas College District was ranked 2nd in the nation in 2023 for most affordable online Bachelor Degrees by The Community for Accredited Online Schools.

- The District was ranked 5th Best Online College in Texas in 2023 by UniversityHQ.

- The District was ranked 6th for Safest College Campus in Texas and 12th for Best College Location in Texas by Niche in 2023.

- In 2023, the District was the recipient of a Military Friendly School Gold Award by VIQTORY for its seventh consecutive year.

- In 2022, CollegeAdvisor.com ranked the South Texas College District:

    - 3rd most affordable Texas college for Texas residents
    - 5th most affordable Texas college for non-Texas residents

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, LLP for their assistance with the audit.

Respectfully submitted,

Mary G. Elizondo

Maria G. Elizondo, MBA, CFE, CGMA, CPA
Vice President for Finance and Administrative Services

Myriam Lopez

Myriam Lopez, MBA
Comptroller

South Texas College
Board of Trustees and President
For the Fiscal Year Ending August 31, 2023

Chair

Rose Benavidez
President of Starr County Industrial Foundation

District 1
Term Expires: May 2024

Vice Chair

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

District 5
Term Expires: May 2026

Secretary

Victoria Cantú
CEO, Children's Education Station, LLC

District 2
Term Expires: May 2024

Member

Paul R. Rodriguez
CEO, Valley Land Title Co.

District 3
Term Expires: May 2028

Member

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

District 4
Term Expires: May 2028

Member

Rene Guajardo
Education Consultant

District 6
Term Expires: May 2024

Member

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

District 7
Term Expires: May 2026

College President

Dr. Ricardo J. Solis
July 2021 - Present

South Texas College
Administrative Officials
For the Fiscal Year Ending August 31, 2023

Name	Position
Dr. Ricardo J. Solis	President
Maria G. Elizondo, MBA, CFE, CGMA, CPA	Vice President for Finance and Administrative Services
Myriam Lopez, MBA	Comptroller

South Texas College
2022 - 2023
Administrative - Executive Organization Chart

Board of Trustees

Internal Auditor
Khalil Abdullah

College President
Dr. Ricardo J. Solis

Board Liaison
Andrew Fish

Chief Assistant to the President
Gardenia Perez

Executive Director of Public Relations and Marketing
Lynda Lopez

Director of Creative Art
Adam McGrath

Executive Vice President for Educational Programming and Student Achievement
701340 Vacant

Vice President for Academic Affairs
Dr. Anahid Petrosian

- Dean for Business, Public Safety, and Technology
  Sara M. Lozano
- Dean for Liberal Arts
  Dr. Christopher Nelson
- Dean for Math, Science, Information Technology and Bachelor Programs
  Dr. Ali Esmaeili
  - Director of University Relations, Transfer and Articulation Center
    Dr. Kelli Anne Davis
- Dean for Nursing and Allied Health
  Dr. Jayson Valerio
- Dean for Social and Behavioral Sciences
  Dr. Eric Reittinger
- Dean of Continuing Education, Workforce Training, and Economic Development
  712590 Vacant
  - Director of Professional and Workforce Education
    Olivia De La Rosa
  - Special Assistant to the President for Continuing Education
    Juancarlos Aguirre
- Campus Administrators
  Mid Valley: *Daniel Montez*
  Technology: *Sara Lozano*
  Starr County: *Dr. Arturo Montiel*
  Dr. Ramiro R. Casso Nursing & Allied Health: *Dr. Jayson Valerio*

- Assistant Vice President for Academic Advancement
  702272 Vacant
  - Dean of Distance Learning
    Dr. Rachel Sale
    - Director of Distance Learning
      Ana Davila
  - Dean for Dual Credit Programs and School District Partnerships
    Dr. Rebecca De Leon
    - Director of Dual Credit Pathways
      Antonio De La Cruz III
    - Director of Academies and High School Projects
      Leonardo Castaneda
  - Associate Dean of Professional and Organizational Development
    Jessica Galloso
  - Director of Curriculum
    Christina Y. Cavazos
  - Director of Learning Outcomes
    Yolonda Jaramillo
  - Academic Excellence Programs
  - Starfish Administrator
    Shannon M. Perales

Vice President for Student Affairs and Enrollment Management
Matthew Hebbard

- Dean of Enrollment Services
  704612 Vacant
  - Director of Student Records and Registrar
    Cynthia A Blanco
  - Director of College Connections and Admissions for Traditional Students
    Dr. Larry Barroso
  - Director of Student Engagement & Completion Services
    Tony Matamoros
  - Associate Dean of Student Financial Services, Testing and Veteran Affairs
    700146 Vacant
    - Director of Testing Services
      Adrian Lozano
    - Director of Student Financial Services
      Juan Miguel Galvan
- Dean for Student Affairs
  Paul Hernandez
  - Director of Comprehensive Advisement and Mentoring Services
    Dr. Nancy Garcia
  - Director of Counseling and Student Accessibility Services
    Santa Elisa Pena
  - Director of Career and Employer Services
    Celinda E. Salinas
  - Director of Student Activities and Wellness
    Eli Nguma
  - Director of Student Rights and Responsibilities
    Maria Alonso

Vice President for Finance and Administrative Services
Mary Elizondo

- Director of Facilities Planning and Construction
  Ricardo De La Garza
  - Assistant Director of Facilities Planning and Construction
    Robert Cuellar
- Director of Facilities Operations and Maintenance
  George McCaleb
  - Assistant Director of Facilities Maintenance Services
    Luis De La Garza
  - Assistant Director of Custodial Support Services
    Luis Alonzo Silva
- Director of Purchasing
  Rebecca Cavazos
  - Associate Director of Purchasing
    704580 Vacant
- Contracts and Regulatory Resources Officer
  Todd Nelson
- Director of Accountability, Risk, and Records Management
  Frank Jason Gutierrez
- Director of Institutional Equity/Title IX and 504 Coordinator
  722360 Vacant

- Comptroller
  Myriam Lopez
  - Associate Comptroller
    Katarina Bugariu
  - Director of Student Accounts and Bursar
    Norma Jimenez
- Chief of Police
  Ruben Suarez
- FAS Administrative Officer
  Artemio Romero Jr E.
- Executive Director of Human Resources
  Dr. Zachary z. Suarez
  - Director of Human Resources Benefits,Payroll and Compensation
    Alicia Correa
  - Employee Relations Officer
    Jaime Navarro
  - Employee Relations Officer
    Vacant
  - HRIS Officer
    Stefan Stoyanof

Vice President for Information Services, Planning, Performance and Strategic Initiatives
Dr. David Plummer

- Dean of Library and Learning Support Services
  Dr. Jesús H. Campos
  - Associate Dean of Library Services
    Lisa Bea Walters
  - Director of Educational Technologies
    Dr. Maria L. Evans
    - Assistant Director of Educational Technology
      Yolanda Martinez
  - Director of Learning Commons and Open Labs
    Arturo Solano
  - Director of Centers for Learning Excellence
    Lynell Williams
- Dean of Institutional Research, Effectiveness and Strategic Planning
  Dr. Fernando Chapa
  - Director of Research and Analytical Services
    Serkan Celtek
  - Director of Institutional Effectiveness, Assessment and Accreditation
    Dr. Bradley Warren Davis

- Chief Information Officer
  Lucio Gonzalez, Interim
  - Asst CIO for Information Technology Services
    700396 Vacant
  - Asst CIO for Infrastructure and Software Development
    Lucio Gonzalez
  - Chief Information Security Officer
    Jose Luis Gonzalez

Vice President for Institutional Advancement and Economic Development,
Dr. Rodney H. Rodriguez

- Dean of Industry Training and Economic Development
  Dr. Carlos Margo
- Executive Director for Resource Development, Management, and Compliance
  Carla Rodriguez, Interim
  - Associate Director of Grant Management and Compliance
    Samantha Uriegas
- Foundation

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, 2022

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4100 N. 23rd St.
McAllen, TX 78504

(956) 686-3701
(956) 686-6830 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of South Texas College (the College) as of and for the years ended August 31, 2023 and August 31, 2022 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, 2023 and August 31, 2022 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 Opinion

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 Auditors' 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 Accounting Principle

As described in Note 2 to the financial statements, in 2023 the College adopted new accounting guidance, GASB Statement No. 96, *SBITAS*. Our opinion is not modified with respect to this matter.

Correction of Error

As described in Note 2 to the financial statements, certain errors resulting in the overstatement of local grants and contract revenues and operating unrestricted educational activities in instruction expenses as of August 31, 2022 were discovered during the current year. Accordingly, amounts reported for local grants and contract revenues and instruction expenses have been restated. 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.

Auditors' 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 auditors' report that includes our opinion. 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 judgement, 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 auditors' 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, 2023, 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 the College's internal control over financial reporting and compliance.

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

McAllen, Texas
December 19, 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, furthermore pointing out trends and changes affecting our operations for the fiscal years ending August 31, 2023 and 2022. This discussion is prepared by management and should be read in conjunction with the transmittal letter, the District's basic financial statements, and notes to 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).

The financial statements of this annual report consist of three parts: The Statements of Net Position provide a summary of assets, liabilities, 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 statements are prepared in accordance with the Governmental Accounting Standards Board Statements No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments;* and Statement No. 35 (GASB 35), *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.*

These three statements will assist the reader in determining whether the District, as a whole, is performing financially better this year as compared to 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.

This discussion and analysis of the District's financial statements provides an overview of its financial activities for the fiscal year. The financial focal points of fiscal year 2023 are as follows:

- Total assets increased $32.3 million and total liabilities decreased $39.0 million.
- The net position increased by $22.7 million to $438.7 million.
- Cash and cash equivalents increased by $25.8 million, and investments increased by $2.8 million.
- Capital assets, net of accumulated depreciation, increased by $2.9 million to $325.7 million.
- The bond rating for the District's general obligation bonds is AA by Standards & Poor's and Aa2 by Moody's Investors Service.

- Tuition and fees were discounted by $77.3 million, which consisted of federal, state, local and private grants that were provided as financial aid to students and other remissions and exemptions.

- Scholarships and fellowships in operating expenses experienced a reduction of $39.9 million to $35.8 million, while federal non-operating revenue decreased from $138.4 million to $82.8 million.

Analysis of Overall Financial Position and Results of Operations and Condensed Financial Information

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 position 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 are able to 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 assets available in the short-term, which is considered one year or 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 following is prepared from the District's Statements of Net Position and provides a summary of its 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)

	2023	Restated 2022	Restated 2021	Restated 2022-2023 Change	Restated 2021-2022 Change
Assets					
Current assets	$ 147.0	$ 105.8	$ 126.7	$ 41.2	$ (20.9)
Capital assets, net	325.7	322.8	329.6	2.9	(6.8)
Noncurrent assets	261.1	272.9	211.8	(11.8)	61.1
Total Assets	**733.8**	**701.5**	**668.1**	**32.3**	**33.4**
Deferred Outflows of Resources					
Deferred outflows of resources	53.5	80.2	110.9	(26.7)	(30.7)
Total Deferred Outflows of Resources	**53.5**	**80.2**	**110.9**	**(26.7)**	**(30.7)**
Liabilities					
Current liabilities	38.4	34.7	38.1	3.7	(3.4)
Noncurrent liabilities	229.7	272.4	304.0	(42.7)	(31.6)
Total Liabilities	**268.1**	**307.1**	**342.1**	**(39.0)**	**(35.0)**
Deferred Inflows of Resources					
Deferred inflows of resources	80.5	58.6	45.3	21.9	13.3
Total Deferred Inflows of Resources	**80.5**	**58.6**	**45.3**	**21.9**	**13.3**
Net investment in capital assets	218.1	206.6	205.2	11.5	1.4
Restricted expendable	20.9	22.5	21.8	(1.6)	0.7
Restricted non-expendable	0.3	0.3	0.3	-	-
Unrestricted	199.4	186.6	164.3	12.8	22
Total Net Position	**$ 438.7**	**$ 416.0**	**$ 391.6**	**$ 22.7**	**$ 24.4**

Condensed Statement of Net Position
Comparison - August 31, 2023, 2022, and 2021
(in millions)

In fiscal year 2023, total assets increased by $32.3 million or 4.6% from $701.5 million at August 31, 2022 to $733.8 million 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, and a new subscription asset of $2.0 million due to the implementation of Statement No. GASB 96 Subscription-Based Information Technology Arrangements (SBITA). It is worth noting that this represents a decrease of $0.3 million compared to the restated subscription asset recorded in fiscal year 2022.

In fiscal year 2022, total assets increased by $33.4 million or 4.6% from $668.1 million at August 31, 2021 to $701.5 million at August 31, 2022. The primary source of the increase was an increase of $37.2 million in net cash, cash equivalents and investments. The rise is attributed to the District receiving reimbursement from the Higher Education Emergency Relief Fund (HEERF), an increase in property tax revenue and a reduction in unrestricted expenditures compared to fiscal year 2021, attributed to supply chain issues. Investments increased by $43.7 million which was offset by a decrease in cash and cash equivalents of $6.5 million. In addition, the increase in investments was offset by a decrease in capital assets, net of accumulated depreciation at August 31, 2022, of $6.8 million. The decision to allocate funds to long-term investments and securities, rather than holding them in cash and short-term investments, was a strategic move by the District to maximize the return on investment, leading to the increase in long-term investments. With the implementation of GASB 96, fiscal year 2022 was restated with a subscription asset of $2.3 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.

In fiscal year 2022, deferred outflows of resources decreased by $30.7 million mostly driven by a decrease of deferred outflows related to OPEB of $25.1million and pension of $6.1 million. The decrease in OPEB is primarily attributed to a lower proportionate share in fiscal year 2022 compared to 2021, which created a deferred inflow instead of deferred outflow for fiscal year 2022. In addition, the District amortized prior year deferred outflow for the net effect of change in proportion and contribution of $26.7 million. The decrease in deferred outflow related to pension is a result of reduced TRS deferred outflows driven primarily by in assumption and the difference between the projected and actual investment earnings. Furthermore, the District's proportionate share decrease contributed to a lower allocation of deferred outflows to the District.

During fiscal year 2023, current liabilities increased $3.7 million or 10.6%. The primary reason for the increase is due to an increase 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. Additionally, there was a subscription liability of $1.0 million due to the implementation of Statement No. GASB 96 SBITA, however when compared with the adjusted fiscal year 2022 balance, it represented a reduction of $0.1 million. 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 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.

During fiscal year 2022, current liabilities decreased $3.4 million or 8.9%. The primary reason for the decrease is due to a decline in unearned revenue of $4.4 million caused by the decrease in enrollment in Fall 2022 compared to the previous year, as the District provided less HEERF financial aid assistance funds to students. In the Fall 2022 semester, assistance to students amounted to $800, down from $1,700 in the Fall 2021 semester. Additionally, the OPEB liability saw a decrease of $1.7 million, resulting from a proportional share decrease of 0.026% compared to fiscal year 2021. These decreases were partially offset by an increase in bonds payable of $1.1 million due to scheduled debt payments. Furthermore, accounts payable increased by $0.7 million driven by an additional $0.5 million in vendor payable. With the implementation of GASB 96 (SBITA) a subscription liability in the amount of $1.1 million was recorded in fiscal year 2022.

In fiscal year 2022, noncurrent liabilities saw a reduction of $31.6 million, marking a 10.2% decrease. This decline was mainly driven by a $27.8 million decrease in the net pension liability, resulting from a decrease in the District's proportionate share. Additionally, a $9.0 million decrease in bonds payable, linked to debt service payments, contributed to the overall decrease in noncurrent liabilities. These decreases were partially offset by an increase in net OPEB liability of $4.0 million primarily attributed to an increase in deferred outflow related to changes of assumption allocated by ERS.

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, this amount dropped to $0.

Deferred inflows of resources increased by $13.3 million in fiscal year 2022, due to an increase in deferred inflows related to pension of $18.4 million since the TRS deferred outflows increased (predominantly the difference between the projected and actual investment earnings). These increases were offset by a decrease in OPEB activities of $5.2 million primarily due to a decrease in the effect of changes in assumptions and differences between expected and actual economic experiences of $15.7 million. These decreases were offset by the decrease in proportionate share in the effect of change in proportion and contribution differences which generated a $10.6 million deferred inflow for the District.

The District's net position at August 31, 2023 was $438.7 million compared to $416.0 million at August 31, 2022. The increase of $22.7 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.

The District's net position at August 31, 2022 was $416.0 million compared to $391.6 million at August 31, 2021. The increase of $24.4 million is primarily due to reimbursements from HEERF funding from the Department of Education for lost revenue and student debt discharge, a reduction in unrestricted expenses impacted by the supply chain delays, and an increase in property tax revenue.

Almost half of the net position, $218.1 million in fiscal year 2023 and $206.6 million in fiscal year 2022, 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 4.8% of the net position in fiscal year 2022 and 5.4% of the net position in fiscal year 2022. The remaining unrestricted net position may be used for educational or general operations of the District, which were $199.4 million and $186.5 million as of August 31, 2023 and 2022.

Net Position
Comparison - August 31, 2023, 2022, and 2021
(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 on capital assets is included in operating expenses. Non-operating revenues are revenues received for which goods and services are not provided. State appropriations and ad valorem taxes are considered to be non-operating revenue. 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 2023 and 2022.

Changes in total net position as presented on the Statements in 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 by the District, both operating and non-operating, 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.

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)

	2023	Restated 2022	Restated 2021	Restated 2022-2023 Change	Restated 2021-2022 Change
Operating revenues	$ 37.1	$ 36.7	$ 41.6	$ 0.4	$ (4.9)
Operating expenses	232.2	268.4	230.7	(36.2)	37.7
Operating loss	**(195.1)**	**(231.7)**	**(189.1)**	**36.6**	**(42.6)**
Non-operating revenues and expenses	217.8	256.1	203.3	(38.3)	52.8
Income before contributions	**22.7**	**24.4**	**14.2**	**(1.7)**	**10.2**
Capital contributions	-	-	0.1	-	(0.1)
Increase in net position	**22.7**	**24.4**	**14.3**	**(1.7)**	**10.1**
Net position - beginning of year	**416.0**	**391.6**	**377.3**	**24.4**	**14.3**
Net position - end of year	**$ 438.7**	**$ 416.0**	**$ 391.6**	**$ 22.7**	**$ 24.4**

The District's operating revenue remained constant, with a modest increase of 0.9% during fiscal year 2023 from $36.7 million at August 31, 2022 to $37.1 million at August 31, 2023. The increase in additional operating revenue amounted to $1.2 million and was primarily driven by federal and local grants activity. This increase was offset by a decrease by $0.8 million in net tuition and fees

attributed to both a decrease in fees and also a decrease in scholarship allowances and discounts and a decrease of $0.1 million general operating revenues.

The District's operating revenue decreased $4.9 million during fiscal year 2022 from $41.6 million at August 31, 2021 to $36.7 million at August 31, 2022. Net tuition and fees decreased by $4.1 million, attributable to an increase in scholarship allowance and discounts of $9.5 million, mainly in federal grants to students due to the HEERF financial aid assistance, which was attributed to the enrollment increase. These allowances and discounts were offset by an increase of $1.3 million in gross tuition of in-district and non-resident tuition, and an increase of $4.1 million in gross fees primarily in student registration fees and incidental fees due to an increase in enrollment.

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 53.7% of operating revenues in fiscal year 2023 and 50.7% of operating revenues in fiscal year 2022.

Operating expenses decreased by $36.2 million during fiscal year 2023 to $232.2 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 $39.9 million due to less assistance from HEERF funds in fiscal year 2023. Additionally, institutional support decreased by $8.6 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 $4.7 million, operation and maintenance of plant of $3.4 million and academic support of $3.3 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.

The primary reasons for the increase in operating expenses during fiscal year 2022 is an increase in scholarships and fellowships of $37.9 million, and institutional support of $10.0 million attributed to additional faculty and staff payments to ensure safety and retention during the great resignation, a pandemic-era labor trend which did have an impact on the District. This increase was offset by a decrease in instruction expenditures of $6.9 million, academic support of $2.2 million, and student services of $1.5 million due to a decrease in non-employer contribution expenses allocated from ERS and TRS, and a decrease in salaries and benefits, partly attributed to the great resignation trend.

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)

	2023		Restated 2022		2021	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Net tuition and fees	$ 16.1	43.4%	$ 17.0	46.3%	$ 21.1	50.7%
Grants and contracts	19.9	53.6%	18.6	50.7%	19.3	46.4%
Auxiliary enterprises	0.8	2.2%	0.8	2.2%	0.7	1.7%
General operating revenues	0.3	0.8%	0.3	0.8%	0.5	1.2%
Total	**$ 37.1**	**100.0%**	**$ 36.7**	**100.0%**	**$ 41.6**	**100.0%**

Condensed Operating Revenues
Comparison - August 31, 2023, 2022, and 2021
(in millions)

Operating expenses, including depreciation, may be viewed by their function or by natural (object) classification as illustrated below. Operating expenses consisted of the following percentages of the total for the fiscal years ended August 31:

Operating Expenses by Function

(in millions)

	2023		Restated 2022		Restated 2021	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Instruction	$ 85.4	36.7%	$ 80.7	30.1%	$ 87.6	38.0%
Public service	0.4	0.2%	0.2	0.1%	1.6	0.7%
Academic support	23.5	10.1%	20.2	7.5%	22.4	9.7%
Student services	13.4	5.8%	12.2	4.5%	13.7	5.9%
Institutional support	34.5	14.9%	43.1	16.1%	33.1	14.4%
Operations and maintenance of plant	23.9	10.3%	20.5	7.6%	20.8	9.0%
Scholarships and fellowships	35.8	15.4%	75.7	28.2%	37.8	16.4%
Auxiliary enterprises	2.5	1.1%	2.2	0.8%	1.7	0.7%
Depreciation	12.8	5.5%	13.6	5.1%	12.0	5.2%
Total	**$ 232.2**	**100.0%**	**$ 268.4**	**100.0%**	**$ 230.7**	**100.0%**

Operating Expenses by Function
Comparison - August 31, 2023, 2022, and 2021
(in millions)

Operating Expenses by Classification

(in millions)

	2023		Restated 2022		Restated 2021	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Salaries and wages	$ 106.3	45.8%	$ 101.3	37.7%	$ 94.9	41.1%
State benefits	7.3	3.1%	5.8	2.2%	7.5	3.3%
Local benefits	37.7	16.2%	39.9	14.9%	50.5	21.9%
Other (travel, operating and depreciation)	45.1	19.4%	45.7	17.0%	40.0	17.3%
Scholarships and fellowships	35.8	15.4%	75.7	28.2%	37.8	16.4%
Total	**$ 232.2**	**100.0%**	**$ 268.4**	**100.0%**	**$ 230.7**	**100.0%**

Net non-operating revenues and expenses decreased by $38.3 million to $217.8 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 increased interest rates, and there was 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.

Net non-operating revenues and expenses increased by $52.8 million to $256.4 million in fiscal year 2022. The primary reasons for the increase in fiscal year 2022 is an increase of $60.0 million increase in federal revenue, as a result of the HEERF funding received by the District to assist students with emergency aid and to help offset institutional costs related to the pandemic, and a $4.9 million increase in ad-valorem maintenance and operation tax revenue. The increases were offset by a decrease in state appropriations of $9.4 million primarily due to a supplemental appropriation received in fiscal year 2021 in the amount of $5.7 million as payment for funds that had not been adequately allocated to the District for fiscal years 2021 and 2020. In addition, the decrease was attributed to a reduction in non-employer contribution related to pension activities resulting from the decreased proportionate share allocated to the District. Additionally, state appropriation decreased by $2.1 million as a result of a decrease in student success points and contact hours, caused by the decreased enrollment due to the COVID-19 pandemic.

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

Non-Operating Revenues
(in millions)

	2023		2022		2021	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
State allocations	$ 47.4	21.1%	$ 46.0	17.4%	$ 55.4	26.5%
Ad-valorem taxes - maintenance and operations	70.8	31.6%	64.3	24.3%	59.4	28.3%
Ad-valorem taxes - debt service	11.8	5.3%	14.8	5.6%	13.8	6.6%
Federal revenue, non-operating	82.8	37.0%	138.4	52.4%	78.4	37.4%
Gifts	0.3	0.1%	0.2	0.1%	0.2	0.1%
Investment income (net of investment expenses)	10.9	4.9%	0.3	0.1%	2.1	1.0%
Other non-operating revenues	-	0.0%	0.2	0.1%	0.3	0.1%
Total	**$ 224.0**	**100.0%**	**$ 264.2**	**100.0%**	**$ 209.6**	**100.0%**

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

Non-Operating Expenses
(in millions)

	2023		Restated 2022		2021	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
Interest on capital related debt	$ 3.0	48.6%	$ 3.9	48.1%	$ 4.6	73.0%
Loss on sale/disposal/return of capital assets	0.3	4.8%	-	0.0%	0.2	3.2%
Non-capital construction costs	1.5	24.3%	2.3	28.4%	0.7	11.1%
Bond costs amortization	1.1	17.7%	1.7	21.0%	0.6	9.5%
Other non-operating expenses	0.3	4.6%	0.2	2.5%	0.2	3.2%
Total	**$ 6.2**	**100.0%**	**$ 8.1**	**100.0%**	**$ 6.3**	**100.0%**
Net non-operating revenues (expenses)	**$ 217.8**		**$ 256.1**		**$ 203.3**	

The financial statements included in this MD&A include the impact of GASB Statement 68 and GASB Statement 75, and even though they are required entries by GASB, the District does not deem that the 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 $36.6 million during fiscal year 2023.

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

	2023	Restated 2022	Restated 2021	Restated 2022-2023 Change	Restated 2021-2022 Change
Operating revenues	$ 37.1	$ 36.7	$ 41.6	$ 0.4	$ (4.9)
Operating expenses	220.4	252.3	201.3	(31.9)	51.0
Operating loss	**(183.3)**	**(215.6)**	**(159.7)**	**32.3**	**(55.9)**
Non-operating revenues and expenses	219.9	259.0	201.9	(39.1)	57.1
Income before contributions	**36.6**	**43.4**	**42.2**	**(6.8)**	**1.2**
Capital contributions	-	-	0.1	-	(0.1)
Increase in net position	**36.6**	**43.4**	**42.3**	**(6.8)**	**1.1**
Net position - beginning of year	**553.2**	**509.8**	**467.5**	**43.4**	**42.3**
Net position - end of year	**$ 589.8**	**$ 553.2**	**$ 509.8**	**$ 36.6**	**$ 43.4**

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 years ended August 31:

Condensed Statement of Cash Flows
(in millions)

	2023	Restated 2022	Restated 2021	Restated 2022-2023 Change	Restated 2021-2022 Change
Cash provided (used) by:					
Operating activities	$ (160.0)	$ (181.9)	$ (137.8)	$ 21.9	$ (44.1)
Non-capital financing activities	197.1	225.6	176.9	(28.5)	48.7
Capital and related financing activities	(18.6)	(6.1)	(3.8)	(12.5)	(2.3)
Investing activities	7.3	(44.1)	(74.4)	51.4	30.3
Net change in cash and cash equivalents	25.8	(6.5)	(39.1)	32.3	32.6
Cash and cash equivalents-Sept 1,	92.8	99.3	138.4	(6.5)	(39.1)
Cash and cash equivalents-August 31,	**$ 118.6**	**$ 92.8**	**$ 99.3**	**$ 25.8**	**$ (6.5)**

The Statements of Cash Flows indicate an overall increase in cash and cash equivalents of $25.8 million at August 31, 2023 and a decrease of $6.5 million at August 31, 2022.

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.

Net cash used for operating activities increased by $44.1 million during fiscal year 2022. The primary use of cash in operations was in payment of salaries and benefits, which increased by $10.0 million during fiscal year 2022 to $125.1 million, primarily due to an increase in salary and benefit expenses partially comprised of special COVID-19 retention and incentive payments. Furthermore, payments for scholarships and fellowships increased by $23.6 million to $61.0 million related to the increase in student awards from HEERF funding. Receipts from students and other customers decreased by $12.2 million due to the HEERF financial aid assistance and student debt forgiveness.

Net cash provided by non-capital financing activities decreased by $28.5 million during fiscal year 2023 and increased by $48.7 million during fiscal year 2022. 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 decrease in fiscal year 2023 is due to a decrease in receipts from non-operating federal revenue of $34.5 million due to the HEERF financial aid assistance that was offered during 2022, and 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. The primary reasons for the increase in fiscal year 2022 is due to an increase in receipts from non-operating federal revenue due to the HEERF financial aid assistance of $46.1 million, and an increase in receipts from ad valorem taxes-maintenance and operation of $4.6 million attributed to an increase in property valuation in the District.

Net cash used by capital and related financing activities increased by $12.5 million in fiscal year 2023. The preceding fiscal year 2022, witnessed an increase of $2.3 million. The increase in 2023 is 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. The primary reason contributing to the increased cash outlay during fiscal year 2022 can be attributed to an increase in payments on capital debt and leases-principal of $2.6 million.

Net cash provided for investing activities increased by $51.3 million in fiscal year 2023, net cash used for investing activities decreased by $30.3 million in fiscal year 2022. 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 $9.2 million increase in receipts from interest on investments, driven by higher interest rates. The reason for the decrease in outlay in fiscal year 2022 is due to an increase of $10.8 in proceeds from sale and maturity of investments, coupled with a decrease of $20.2 million of purchases of investments.

Capital Assets and Long-Term Debt Administration

The District had $467.6 million in capital assets and $142.1 million in accumulated depreciation at August 31, 2023. A summary of net capital assets for fiscal years ended August 31 is presented below:

Capital Assets
(Net of Depreciation)
(in millions)

	2023	Restated 2022	Restated 2021	Restated 2022-2023 Change	Restated 2021-2022 Change
Land	$ 33.5	$ 32.5	$ 32.5	$ 1.0	$ -
Construction in progress	7.2	1.2	1.1	6.0	0.1
Buildings	245.6	247.3	251.0	(1.7)	(3.7)
Land improvements	23.1	25.2	27.2	(2.1)	(2.0)
Library books	1.9	2.0	1.9	(0.1)	0.1
Furniture, machinery, vehicles, and other equipment	14.1	14.4	15.7	(0.3)	(1.3)
Leased assets	0.3	0.2	0.2	0.1	-
Total	**$ 325.7**	**$ 322.8**	**$ 329.6**	**$ 2.9**	**$ (6.8)**

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

Capital Assets (Net of Depreciation)
Comparison - August 31, 2023, 2022, and 2021
(in millions)

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.

In fiscal year 2022, the decrease in net capital assets of $6.8 million was mainly due to a $10.4 million increase in accumulated depreciation, which was offset by a $3.2 million increase in buildings and other land improvements.

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

Outstanding Debt - Bonds
(in millions)

	2023	2022	2021
South Texas College District Limited Tax Bond, Series 2014	$ -	$ 2.8	$ 5.4
South Texas College District Limited Tax Bond, Series 2015	5.6	11.1	74.6
South Texas College District Limited Tax Refunding Bonds, Series 2020	40.2	40.6	40.9
South Texas College District Limited Tax Refunding Bonds, Series 2021	57.4	57.6	-
Total Bonds Payable	**$ 103.2**	**$ 112.1**	**$ 120.9**

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 2023 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, and No. 8 in the Notes to the Financial Statements.

Economic Outlook

The taxable assessed value for fiscal year 2024 increased by 14.3%. The Board of Trustees approved a reduction of $0.0053 in the maintenance and operations tax rate for the fiscal year 2023, bringing it to $0.1335 per $100 valuation. Additionally, the debt service tax rate was maintained by the Board of Trustees at $0.0227 per $100 valuation.

In the past, the state appropriations received by Texas community colleges have played a crucial role in facilitating the affordable tuition rates that these colleges have been able to offer. In fiscal year 2023, the Texas Legislature changed the formula funding model used for allocating state appropriation funds to community college effective fiscal year 2024. The new model is outcomes-based and rewards colleges for awarding degrees, certificates, and other "credentials of value." The majority of state funding for each community college is based on measurable outcomes aligned with regional and state workforce needs. Under the new model, community colleges compete with

a prior version of themselves instead of other colleges, and colleges that improve their outcomes will receive increased funding. The District will continue to focus on student outcomes and success, as well as meeting the workforce needs, while maintaining its sound financial position.

The District's management expects that the ongoing economic and labor trend impacts of the COVID-19 pandemic will continue to present somewhat of a challenge to the institution. In anticipation of the financial uncertainty associated with COVID-19, however, the District's Board of Trustees approved a 9.1% increase in the District's Unrestricted Fund fiscal year 2024 budget compared to the original fiscal year 2023 budget. Despite these challenges and when compared to other higher education entities around the country, the District remains well-positioned and the outlook of the District for the foreseeable future remains positive as a result of its strategic direction and fiscal management.

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

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South Texas College District
Statements of Net Position
August 31, 2023 and 2022

Exhibit 1

	FY 2023	Restated FY 2022
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 99,386,737	$ 81,277,003
Restricted cash and cash equivalents	19,201,502	11,545,449
Short-term investments	14,647,174	332,356
Accounts receivable (net of allowance for doubtful accounts of $2,588,618 in 2023 and $2,071,667 in 2022)	6,794,899	5,934,463
Taxes receivable (net of allowance for doubtful accounts of $7,562,766 in 2023 and $7,711,932 in 2022)	6,170,905	5,506,020
Prepaid expenses	802,249	1,205,367
Total Current Assets	**147,003,466**	**105,800,658**
Noncurrent Assets:		
Endowment investments	5,590	5,590
Long-term investments	259,001,317	260,270,869
Restricted long-term investments	-	10,185,819
Subscription assets, net	2,052,401	2,363,280
Capital assets, net (Note 5)	325,763,488	322,824,874
Total Noncurrent Assets	**586,822,796**	**595,650,432**
Total Assets	**733,826,262**	**701,451,090**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on debt refunding	531,927	1,629,255
Deferred outflows related to pensions	19,907,552	14,217,423
Deferred outflows related to OPEB	33,033,448	64,409,037
Total Deferred Outflows of Resources	**53,472,927**	**80,255,715**
Total Assets & Deferred Outflows of Resources	**787,299,189**	**781,706,805**
LIABILITIES		
Current Liabilities:		
Accounts payable	4,331,984	2,976,789
Accrued liabilities	1,389,091	1,341,569
Accrued compensable absences - current portion	1,634,112	1,313,793
Lease liabilities - current portion	145,165	110,429
Subscription liabilities - current portion	1,040,594	1,108,262
Funds held for others	206,241	247,625
Unearned revenue	16,915,927	14,141,540
Unearned interest revenue - current portion	39,933	41,551
Bonds payable - current portion	10,640,589	10,607,244
OPEB liability - current portion	2,045,959	2,825,403
Total Current Liabilities	**38,389,595**	**34,714,205**
Noncurrent Liabilities:		
Accrued compensable absences	1,146,361	56,155
Lease liabilities	149,867	127,334
Subscription liabilities	524,951	1,137,821
Unearned interest revenue	322,419	362,353
Bonds payable, net	105,333,250	115,575,796
Net pension liability	45,587,413	20,490,457
Net OPEB liability	76,651,210	134,652,756
Total Noncurrent Liabilities	**229,715,471**	**272,402,672**
Total Liabilities	**$ 268,105,066**	**$ 307,116,877**

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

South Texas College District
Statements of Net Position
August 31, 2023 and 2022
(Continued)

Exhibit 1

	FY 2023	Restated FY 2022
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	$ 675,726	$ 692,523
Deferred inflows related to pensions	9,869,361	28,661,113
Deferred inflows related to OPEB	69,923,273	29,229,903
Total Deferred Inflows of Resources	**80,468,360**	**58,583,539**
Total Liabilities & Deferred Inflows of Resources	**348,573,426**	**365,700,416**
NET POSITION		
Net investment in capital assets	218,090,789	206,580,723
Restricted for:		
Expendable		
Student aid	2,042,333	2,970,841
Instructional programs	-	78,317
Institutional activities	266,933	115,525
Loans	2,620,498	2,379,238
Debt service	15,930,500	16,920,857
Non-expendable		
Endowment	339,580	339,528
Unrestricted	199,435,130	186,621,360
Total Net Position (Schedule D)	**438,725,763**	**416,006,389**
Total Liabilities, Deferred Inflows of Resources & Net Position	**$ 787,299,189**	**$ 781,706,805**

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, 2023 and 2022

Exhibit 2

	FY 2023	Restated FY 2022
OPERATING REVENUES		
Tuition and fees (net of discounts of $77,284,197 in 2023 and $80,948,838 in 2022)	$ 16,114,975	$ 16,951,303
Federal grants and contracts	6,273,554	5,464,987
State grants and contracts	3,740,668	3,997,724
Local grants and contracts	8,274,752	7,914,784
Non-governmental grants and contracts	1,612,412	1,240,607
Auxiliary enterprises	767,395	779,359
General operating revenues	282,456	381,428
Total Operating Revenues (Schedule A)	**37,066,212**	**36,730,192**
OPERATING EXPENSES		
Educational and general		
Instruction	85,352,863	80,659,869
Research	5,836	7,214
Public service	375,321	232,426
Academic support	23,519,401	20,182,671
Student services	13,388,919	12,210,400
Institutional support	34,539,118	43,078,959
Operation and maintenance of plant	23,918,250	20,503,476
Scholarships and fellowships	35,782,704	75,671,920
Auxiliary enterprises	2,511,386	2,219,495
Depreciation	12,823,787	13,623,741
Total Operating Expenses (Schedule B)	**232,217,585**	**268,390,171**
OPERATING LOSS	**(195,151,373)**	**(231,659,979)**
NON-OPERATING REVENUES (EXPENSES)		
State appropriation	47,433,191	45,987,869
Ad-valorem taxes		
Taxes for maintenance and operations	70,772,519	64,294,497
Taxes for debt service	11,805,118	14,773,167
Federal revenue, non-operating	82,815,671	138,419,143
Gifts	310,482	201,541
Investment income (net of investment expenses)	10,862,837	305,668
Insurance proceeds	-	88,572
Interest lease revenue	41,596	43,078
Interest on capital related debt	(3,072,238)	(3,946,606)
Gain (loss) on disposal of capital assets	(264,742)	30,107
Non-capital construction costs	(1,503,083)	(2,300,251)
Bond costs amortization	(1,097,328)	(1,652,444)
Other non-operating revenues	26,976	25,448
Other non-operating expenses	(275,852)	(205,601)
Non-Operating Revenues, Net (Schedule C)	**217,855,147**	**256,064,188**
Income Before Contributions	**22,703,774**	**24,404,209**
Capital contributions	15,600	105
Increase In Net Position	**22,719,374**	**24,404,314**
NET POSITION		
Net Position-Beginning of Year	416,006,389	391,602,075
Net Position-End of Year	**$ 438,725,763**	**$ 416,006,389**

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, 2023 and 2022

Exhibit 3

	FY 2023	Restated FY 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	$ 18,103,887	$ 17,553,448
Receipts from grants and contracts	20,614,825	19,882,174
Payments to suppliers for goods or services	(30,206,561)	(31,548,959)
Payments to or on behalf of employees	(131,745,593)	(125,096,761)
Payments for scholarships and fellowships	(36,068,076)	(60,995,871)
Payments for loans issued to students	(194,158)	(161,595)
Receipts from collection of loans to students	185,830	219,547
Other receipts	235,700	271,547
Payments for non-operating construction costs	(570,222)	(1,815,612)
Payments for non-operating transactions	(273,544)	(205,601)
Net cash used by operating activities	**(159,917,912)**	**(181,897,683)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	43,319,729	43,007,821
Receipts from ad-valorem taxes-maintenance and operation	70,280,612	64,787,672
Receipts from non-operating federal revenue	83,124,419	117,627,212
Payments for collection of taxes for maintenance and operation	(219,034)	(209,708)
Receipts from gifts or grants for other than capital purposes	300,631	180,542
Receipts from student organizations and other agency transactions	2,165,669	1,082,936
Payments to student organizations and other agency transactions	(1,948,715)	(1,004,312)
Receipts from endowment interest	14,031	417
Proceeds from insurance claims	-	88,572
Net cash provided by non-capital financing activities	**197,037,342**	**225,561,152**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from ad-valorem taxes-debt services	11,902,058	14,946,467
Payments for collection of taxes for debt service	(50,831)	(58,674)
Proceeds from sale/return of capital assets	20,890	33,217
Purchases of capital assets including payments for construction costs	(15,482,821)	(5,154,948)
Payments on capital debt and leases-principal	(10,153,759)	(10,641,831)
Payments on capital debt and leases-interest and fees	(4,883,445)	(5,247,687)
Receipt from bond issue costs on capital debt issue	-	8,293
Net cash used by capital and related financing activities	**(18,647,908)**	**(6,115,163)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	170,584,961	130,752,224
Receipts from interest on investments	10,666,408	1,422,838
Purchase of investments	(173,957,104)	(176,222,256)
Net cash provided (used) by investing activities	**7,294,265**	**(44,047,194)**
Increase (Decrease) in cash and cash equivalents	**25,765,787**	**(6,498,888)**
Cash and cash equivalents-September 1,	92,822,452	99,321,340
Cash and cash equivalents - August 31	**$ 118,588,239**	**$ 92,822,452**

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, 2023 and 2022
(Continued)

Exhibit 3

	FY 2023	Restated FY 2022
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	$ (195,151,373)	$ (231,659,979)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	12,823,787	13,623,741
Payments made directly by state for benefits	4,113,462	2,980,048
Payments for non-operating construction costs	(589,606)	(1,815,612)
Payments for non-operating transactions	1,704,227	9,830
Changes in assets and liabilities:		
Receivables, net	(614,573)	(535,746)
Prepaid expenses	403,118	425,935
Deferred outflow related to pension	(5,690,129)	6,068,741
Deferred outflow related to OPEB	31,375,589	25,082,812
Accounts payable	(507,412)	94,116
Accrued liabilities	61,977	(436,273)
Compensable absences	1,410,525	368,502
Unearned revenues	2,524,912	16,020,477
Net pension liability	25,096,956	(27,755,521)
Net OPEB liability	(58,780,990)	2,356,274
Deferred inflow related to pensions	(18,791,752)	18,442,951
Deferred inflow related to OPEB	40,693,370	(5,167,979)
Net cash used by operating activities	**$ (159,917,912)**	**$ (181,897,683)**

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.

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

Non-cash investing, capital, and financing activities for fiscal year 2022:

The Library Department received an Artwork donation entitled "Flask" valued at $105.

In-kind contributions provided by vendors for the Valley Scholars Program during the fiscal year amounted to $26,000.

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

Premium - LT Bond Series 2014	$	301,655
Premium - LT Bond Series 2015	$	950,699
Premium - LT Bond Series 2020	$	5,345,234
Premium - LT Bond Series 2021	$	7,147,440

The deferred loss ending balance as of August 31, 2022 are $565,400 for Limited Tax Refunding Bond Taxable Series 2020, and $1,063,854 for Limited Tax Refunding Bond Taxable Series 2021 which will be amortized over the debt repayment period.

Pledge contributions as of August 31, 2022, consisted of $25,000 non-cash.

Payments made directly by the state for benefits as of August 31, 2022, consisted of $5,482,793.

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: Dr. Rodney Rodriguez, 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).

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.

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.

Capital Assets

Capital assets are recorded at cost 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 in excess of 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
Land and work of art/collections	Not Depreciated

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

Note 2 – Summary of Significant Accounting Policies (Continued)

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 13 and 16.

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/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/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

Note 2 – Summary of Significant Accounting Policies (Continued)

Compensable Absences (Continued)

receive payment of fifty percent of their accumulated sick leave between 480 - 720 hours. See Note 6 and Note 15 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 13 and 16.

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.

Note 2 – Summary of Significant Accounting Policies (Continued)

Unearned Revenues

Tuition and fees of $14,588,875 and $10,801,156 and federal, state, local, and private grants of $2,327,052 and $3,340,384 have been reported as unearned revenues at August 31, 2023, and 2022, respectively. Total unearned revenues were $16,915,927 and $14,141,540 at August 31, 2023, and 2022, 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.

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.

Note 2 – Summary of Significant Accounting Policies (Continued)

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, 2023, the District incurred $4,349,068 in interest cost expense and none was capitalized. As of August 31, 2022, the District incurred $4,837,194 in interest cost expense and none was capitalized.

Bond Discounts/Premiums

Bond discounts/premiums and issuance costs are deferred and amortized over the term of the bond. Bond discounts/premiums are presented as a reduction/addition of the face amount of bonds payable, whereas issuance costs for insurance premiums are recorded as deferred charges.

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.

New Pronouncements effective fiscal year 2023

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement will take effect for financial statements starting with fiscal year that ends December 31, 2022. The implementation of this Statement had no impact on the District's reporting in the current fiscal year.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*. The objective of this statement is to improve financial reporting related to PPPs and APAs by establishing the definitions of these arrangements and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This statement will enhance the decision usefulness of financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. – Requirements of this Statement are effective for financial statements starting with the fiscal year that ends June 30, 2023. The implementation of this Statement had no impact on the District's reporting in the current fiscal year.

Note 2 – Summary of Significant Accounting Policies (Continued)

New Pronouncements effective fiscal year 2023 (Continued)

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The objective of this statement is to (1) define a SBITA; (2) establish that SBITA results in a right-to-use subscription (intangible) asset and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments; and (4) require note disclosures regarding a SBITA. The statement provides an exception for short-term SBITAs with a maximum contract term of 12 months. Subscription payments for short-term SBITAs should be recognized as outflows of resources. Requirements of this Statement are effective for financial statements starting with the fiscal year that ends June 30, 2023.

Pending Pronouncements

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

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, 2023. 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. Earlier application is encouraged.

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. Earlier application is encouraged.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

New Pronouncements effective fiscal year 2023 (Continued)

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. Earlier application is encouraged.

Prior-Year Restatement

The District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) as of September 1, 2021. The District evaluated contracts that were formerly accounted for as operating information technology leases to determine whether they meet the definition of a SBITA as defined in GASB 96. In accordance with generally accepted accounting principles, the implementation of this Statement for the District requires the restatement of a right to use subscription asset of $1,666,352, a right to use subscription liabilities in the amount of $1,666,352. There was no impact to the beginning net position related to the adoption of GASB 96 as of September 1, 2021. As part of the restatement, interest on capital related debt was restated in non-operating expenses. In operating expenses, depreciation expenses were restated and under unrestricted education activities, instruction, academic support, and institutional support were all restated as a result of the implementation. Additional information is provided in Note 12.

Prior-Year Reclassification

Correction of error – Interfund revenues and expenses in the amount of $572,330 were included in the prior year causing local grants and contracts revenue and operating unrestricted educational activities in instruction expenses to be overstated by that amount. Management has restated the fiscal year 2022 financials to properly exclude the interfund activity.

Note 3 – 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.

Note 4 – Cash, Cash Equivalents and Investments

At August 31, 2023, and 2022, the carrying amount of South Texas College District's bank deposits were $116,881,401 and $91,187,053 respectively, and total bank balances equaled $120,596,729 and $93,696,872 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 102.0%, or 100.0% 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, 2023	August 31, 2022
Bank Deposits		
Demand deposits	$ 56,891,033	$ 33,688,098
Money market deposits	59,990,368	57,498,955
Total bank deposits	116,881,401	91,187,053
Cash and Cash Equivalents		
Change funds on hand	6,375	6,375
Investment pools (TexPool)	1,700,463	1,629,024
Total Cash and Cash Equivalents	**$ 118,588,239**	**$ 92,822,452**

Total deposits and investments are as follows:

Type of Security	Fair Value August 31, 2023	Fair Value August 31, 2022
U.S. Government Securities-Treasuries	$ 22,741,797	$ 32,854,805
U.S. Government Securities-Agency	123,436,049	85,323,361
Certificates of deposit	127,470,645	152,610,878
Endowment investment	5,590	5,590
Total Investments	273,654,081	270,794,634
Total Cash and Cash Equivalents	118,588,239	92,822,452
Total Cash and Cash Equivalents and Investments	**$ 392,242,320**	**$ 363,617,086**

Note 4 – Cash, Cash Equivalents and Investments (Continued)

Exhibit 1	August 31, 2023	August 31, 2022
Cash and cash equivalents	$ 99,386,737	$ 81,277,003
Current restricted cash and cash equivalents	19,201,502	11,545,449
Short-term investments-current	14,647,174	332,356
Endowment investment*	5,590	5,590
Long-term investments	259,001,317	260,270,869
Restricted investments	-	10,185,819
Total Reconciliation to Exhibit 1	**$ 392,242,320**	**$ 363,617,086**

*Endowment investment consists of a donated coin collection.

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

Investment Type	Fair Value	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**			

As of August 31, 2022, the District had the following investments and maturities:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Exposure	Exposure Permitted by Investment Policy
U.S. Government Securities-Treasuries	$ 32,854,805	1.24	9.96%	100.0%
U.S. Government Securities-Agency	85,323,361	1.55	25.86%	100.0%
Investments pools (TexPool)	1,629,024	-	0.49%	50.0%
Certificates of deposit	152,610,878	0.53	46.26%	100.0%
Total Fair Value	**$ 272,418,068**			

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.

Note 4 – Cash, Cash Equivalents and Investments (Continued)

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, 2023, 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, 2022, 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.

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 100.0%; U.S. Agencies and Instrumentalities 100.0%; States, Counties, Cities, and Other 25.0%; Financial Institution Deposits 100.0%; Money Market Mutual Funds 25.0%; and Eligible Investment Pools 50.0%. 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%). At August 31, 2022, the District's cash and investments were in U.S. Government Securities-Treasuries (9.96%), U.S. Government Securities – Agency (25.86%), TexPool (0.49%), certificates of deposit (46.26%), and money markets (17.43%).

The Texas Local Government Investment Pools (the "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 value as the value of TexPool shares. The District reports investments in TexPool as cash and cash equivalents.

Fair Value Measurement – Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application (GASB 72), establishes a framework for measuring fair value.

Note 4 – Cash, Cash Equivalents and Investments (Continued)

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;
- 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 STC's securities, obtains market quotes on a daily basis from Intercontinental Exchange (ICE), and then reports them to STC 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, 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	**$72,640,306**	**$73,537,540**	**$ -**	**$146,177,847**

Note 4 – Cash, Cash Equivalents and Investments (Continued)

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, 2022:

Type of Security	Level 1	Level 2	Level 3	Total
U.S. Government Securities-Treasuries	$32,854,805	$ -	$ -	$32,854,805
U.S. Government Securities-Agency	31,812,618	53,510,743	-	85,323,361
Total	**$64,667,423**	**$53,510,743**	**$ -**	**$118,178,166**

Note 5 – Capital Assets

Capital assets activity for the year ended August 31, 2023, was as follows:

	Balance September 1, 2022	Increases	Decreases	Balance August 31, 2023
Not Depreciated:				
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	33,777,096	9,403,086	2,352,039	40,828,143
Buildings and Other Capital Assets:				
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
Total Buildings and Other Capital Assets	421,054,308	7,927,138	2,256,651	426,724,795
Accumulated Depreciation:				
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
Total Accumulated Depreciation	132,246,611	11,733,457	1,898,736	142,081,332
Net Buildings and Other Capital Assets	288,807,697	(3,806,319)	357,915	284,643,463
Capital Assets being amortized				
Leased assets	512,596	113,710	11,108	615,198
Less accumulated amortization	272,515	55,851	5,050	323,316
Total Capital Assets being Amortized, Net	240,081	57,859	6,058	291,882
Total Capital Assets, Net	**$ 322,824,874**	**$ 5,654,626**	**$ 2,716,012**	**$ 325,763,488**
Net Buildings and Other Capital Assets-Detail				
Buildings	$ 247,334,251	$ (1,626,128)	$ 143,628	$ 245,564,495
Land improvements	25,193,056	(2,060,930)	-	23,132,126
Library books	1,970,303	60,230	172,123	1,858,410
Furniture, machinery, vehicles, and other equipment	14,307,814	(178,192)	42,164	14,087,458
Telecommunications and peripheral equipment	2,273	(1,299)	-	974
Leased assets	240,081	57,859	6,058	291,882
Total Net Buildings and Other Capital Assets	**$ 289,047,778**	**$ (3,748,460)**	**$ 363,973**	**$ 284,935,345**

Note 5 – Capital Assets (Continued)

Construction in progress, 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 & Renov	-	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
Nursing Allied Health Bldg A Occupational Therapy Kitchen Lab Exp	7,719	189,146	196,865	-
Mid Valley Workforce Bldg D Welding Expansion	7,497	301,649	-	309,146
Mid Valley Workforce Bldg M Automotive Lab Expansion	10,403	523,526	-	533,929
Mid Valley Workforce Bldg D HVAC-R Outdoor Covered Area	6,743	320,356	-	327,099
Mid Valley CLE Bldg A Renov of Exist Cafet to Culinary Arts Inst Kitc	178,609	281,493	460,102	-
Mid Valley 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 Southt 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**

Note 5 – Capital Assets (Continued)

For comparison purposes, capital assets activity for the year ended August 31, 2022, was as follows:

	Restated Balance September 1, 2021	Increases	Decreases	Balance August 31, 2022
Not Depreciated:				
Land	$ 32,487,642	$ -	$ -	$ 32,487,642
Collections	59,083	105	-	59,188
Construction in progress	1,100,838	2,894,172	2,764,744	1,230,266
Subtotal	33,647,563	2,894,277	2,764,744	33,777,096
Buildings and Other Capital Assets:				
Buildings	312,388,510	2,087,468	-	314,475,978
Land improvements	46,867,017	165,903	17,035	47,015,885
Total Buildings and Other Land Improvements	359,255,527	2,253,371	17,035	361,491,863
Library books	6,738,409	295,658	-	7,034,067
Furniture, machinery, vehicles, and other equipment	48,231,473	2,516,350	1,393,814	49,354,009
Telecommunications and peripheral equipment	3,601,988	-	427,619	3,174,369
Total Buildings and Other Capital Assets	417,827,397	5,065,379	1,838,468	421,054,308
Accumulated Depreciation:				
Buildings	61,379,669	5,762,058	-	67,141,727
Land improvements	19,706,378	2,131,782	15,331	21,822,829
Library books	4,841,183	222,581	-	5,063,764
Furniture, machinery, vehicles, and other equipment	32,603,197	3,835,405	1,392,407	35,046,195
Telecommunications and peripheral equipment	3,596,999	2,716	427,619	3,172,096
Total Accumulated Depreciation	122,127,426	11,954,542	1,835,357	132,246,611
Net Buildings and Other Capital Assets	295,699,971	(6,889,163)	3,111	288,807,697
Capital Assets being amortized				
Leased assets	376,845	135,751	-	512,596
Less accumulated amortization	141,254	131,261	-	272,515
Total Capital Assets being Amortized, Net	235,591	4,490	-	240,081
Total Capital Assets, Net	**$ 329,583,125**	**$(3,990,396)**	**$ 2,767,855**	**$ 322,824,874**
Net Buildings and Other Capital Assets-Detail				
Buildings	$ 251,008,841	$ (3,674,590)	$ -	$ 247,334,251
Land improvements	27,160,639	(1,965,879)	1,704	25,193,056
Library books	1,897,226	73,077	-	1,970,303
Furniture, machinery, vehicles, and other equipment	15,628,276	(1,319,055)	1,407	14,307,814
Telecommunications and peripheral equipment	4,989	(2,716)	-	2,273
Leased assets	235,591	4,490	-	240,081
Total Net Buildings and Other Capital Assets	**$ 295,935,562**	**$(6,884,673)**	**$ 3,111**	**$ 289,047,778**

Note 5 – Capital Assets (Continued)

Construction in progress as of August 31, 2022, including capitalized interest of $4,071 consists of the following:

Project	Balance September 1, 2021	Additions	Completed/ Deductions	Balance August 31, 2022
Pecan Cooling Towers Screen Upgrades	$ 13,198	$ -	$ -	$ 13,198
Pecan Building G Physical Science Classroom Conversion	129,798	2,093	131,891	-
Pecan Plaza Building C Kinesiology Renovation	116,828	67,560	184,388	-
Pecan Ann Richards Admin Bldg A Renovation	-	34,981	-	34,981
Pecan Library Bldg F Renovation	482,002	-	482,002	-
Tech Emerging Tech Bldg A Renovation	46,800	-	28,300	18,500
Tech Exterior Solar Panels Structure	-	5,818	-	5,818
Tech Advanced Tech Careers Bldg B Renovation	-	40,000	-	40,000
Tech Welding Lab Bldg Expansion	-	11,329	-	11,329
Nursing Allied Health Bldg A Therapy Kitchen Lab Expansion	-	7,719	-	7,719
Mid Valley Workforce Bldg D Welding Expansion	-	7,497	-	7,497
Mid Valley Workforce Bldg D Automotive Lab Expansion	-	10,403	-	10,403
Mid Valley Conversion of Cafeteria to CLE	1,070	-	1,070	-
Mid Valley Workforce Bldg D HVAC-R Outdoor Covered Area	-	6,743	-	6,743
Mid Valley CLE Bldg A Renov of Culinary Arts Inst Kitchen	-	178,609	-	178,609
Starr Workforce Bldg D Welding Expansion	-	28,939	-	28,939
Starr Workforce Bldg D Automotive Expansion	-	66,071	-	66,071
Starr North Acad Bldg C HVAC-R & Outdoor Covered Area	-	16,645	-	16,645
RCPSE Target Range _ STC	51,184	2,272	-	53,456
RCPSE Chiller Installation	11,581	196,898	-	208,479
RCPSE Fire Training Area	-	46,491	-	46,491
RCPSE Target Range _ Grant	11,339	472	-	11,811
RCPSE Site Drainage Improvements	50,358	115,545	165,903	-
RCPSE Canopy for Safety Training Vehicles	-	33,271	-	33,271
RCPSE Canopy for Students / Instructors	-	22,183	-	22,183
RCPSE Skills Pad and EVOC Lighting	-	14,775	-	14,775
RCPSE Two-Story Residential Fire Training Structure	-	49,987	-	49,987
Pecan info Tech Bldg M Generator Replacement	12,204	142,606	154,810	-
Pecan Resurfacing of East Drive	-	26,763	-	26,763
Pecan South Academic Bldg J Generator Replacement	-	12,240	-	12,240
Mid Valley Workforce Ctr Bldg D Roof Deferred Maint - Recoat	9,396	108,030	117,426	-
Mid Valley Library Bldg E Roof Deferred Maint - Recoating	9,396	154,798	164,194	-
Mid Valley Student Union Bldg F Roof Deferred Maint - Recoat	9,396	149,641	159,037	-
Mid Valley North Academic Bldg G Roof Deferred Maint - Recoat	9,396	322,730	332,126	-
Nursing Allied Health Bldg A Roof Deferred Maint - Recoating	110,460	148,006	258,466	-
Nursing Allied Health East Bldg A Stair Repairs and Replace	9,600	276,424	-	286,024
Nursing Allied Health East Bldg A Generator Replacement	-	18,334	-	18,334
Starr North Academic Bldg C Roof Deferred Maint - Recoat	4,208	107,062	111,270	-
Starr South Academic Bldg E Roof Deferred Maint - Recoat	4,208	106,796	111,004	-
Starr Workforce Ctr Bldg D Roof Deferred Maint - Recoating	4,208	244,417	248,625	-
Starr Cultural Arts Ctr Bldg F Roof Deferred Maint - Recoat	4,208	110,024	114,232	-
Total	**$ 1,100,838**	**$ 2,894,172**	**$ 2,764,744**	**$ 1,230,266**

Note 6 – Long Term Liabilities

Long-term liabilities activity for the year ended August 31, 2023, was as follows:

	Restated Balance September 1, 2022	Additions	Reductions	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	171,595	114,326	295,032	145,165
Subscription Based Information Technolgy Arrangements	2,246,083	723,600	1,404,138	1,565,545	1,040,594
Unearned Interest	403,904	44	41,596	362,352	39,933
Total Liabilities	**$ 274,296,007**	**$ 39,950,590**	**$ 81,723,920**	**$ 232,522,677**	**$ 14,075,763**
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.

Note 6 – Long Term Liabilities (Continued)

Unamortized bond discount/premium, bond insurance 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.

Note 6 – Long Term Liabilities (Continued)

For comparison purposes, the long-term liabilities activity for the year ended August 31, 2022, was as follows:

	Restated Balance September 1, 2021	Additions	Reductions	Restated Balance August 31, 2022	Current Portion
Bonds					
South Texas College District Limited Tax Bonds, Series 2014	$ 5,390,000	$ -	$ 2,630,000	$ 2,760,000	$ 2,760,000
South Texas College District Limited Tax Bonds, Series 2015	74,570,000	-	63,475,000	11,095,000	5,465,000
South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020	40,954,693	-	360,000	40,594,693	375,000
South Texas College District Limited Tax Refunding Bonds, Taxable Series 2021	-	58,160,000	540,000	57,620,000	235,000
General Obligation Bonds Subtotal	120,914,693	58,160,000	67,005,000	112,069,693	8,835,000
Net Pension Liability	48,245,978	-	27,755,521	20,490,457	-
Other Post Employment Benefits (OPEB)	135,121,885	21,335,513	18,979,239	137,478,159	2,825,403
Accrued Compensable Absences	1,001,446	2,209,779	1,841,277	1,369,948	1,313,793
Leased Liability	234,917	135,751	132,905	237,763	110,429
Subscription Based Information Technology Arrangements	1,666,352	2,248,658	1,668,927	2,246,083	1,108,262
Unearned Interest	446,982	-	43,078	403,904	41,551
Total Liabilities	**$ 307,632,253**	**$ 84,089,701**	**$ 117,425,947**	**$ 274,296,007**	**$ 14,234,438**
Bonds Detail					
Total Bonds Payable	$ 120,914,693	$ 58,160,000	$ 67,005,000	$ 112,069,693	$ 8,835,000
Accreted Interest Premium CAB, Taxable Series 2020	56,942	51,377	-	108,319	-
Accreted Interest Premium CAB, Taxable Series 2021	-	260,000	-	260,000	-
Premium on Bonds Payable	13,139,625	7,582,764	6,977,361	13,745,028	1,772,244
Total Bonds Payable, Net	**$ 134,111,260**	**$ 66,054,141**	**$ 73,982,361**	**$ 126,183,040**	**$ 10,607,244**
Less Bonds Payable - Current Portion				(10,607,244)	
Total Noncurrent Bonds Payable, Net				**$ 115,575,796**	

As of August 31, 2022, the District does not have any direct borrowings.

Note 6 – Long Term Liabilities (Continued)

Unamortized bond discount/premium, bond issue costs and deferred loss for the year ended August 31, 2022, on the above bond issues are as follows:

	Bond Premium	Deferred Loss
South Texas College District Limited Tax Bonds, Series 2014	$ 301,655	$ 565,400
South Texas College District Limited Tax Bonds, Series 2015	950,699	1,063,855
South Texas College District Limited Tax Refunding Bonds, Taxable Series 2020	5,345,234	-
South Texas College District Limited Tax Bonds, Series 2021	7,147,440	-
Total	**$ 13,745,028**	**$ 1,629,255**

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, 2022, the District did not have a liability.

Note 7 – Bonds Payable

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

	August 31, 2023	August 31, 2022
$53,750,000 South Texas College District Limited Tax Bonds, Series 2014 due in varying installments through 2023, interest at 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: February 26, 2014, Refunded in part by issued date July 23, 2020 Authorized Date: November 5, 2013 Authorized: $159,028,940; $53,750,000 issued Source of revenue for debt service: Ad valorem taxes	$ -	$ 2,760,000
$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	5,630,000	11,095,000
$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	40,219,693	40,594,693
$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 $3,095,000 Premium Capital Appreciation Bonds Source of revenue for debt service: Ad valorem taxes	57,385,000	57,620,000
Total Bonds Payable	**$ 103,234,693**	**$ 112,069,693**

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 $57,620,000. 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/escrow agent fees, printing fee, verification agent fee, 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 twelve years by $6,255,224 and gave the District an economic gain of $5,807,231. The accounting loss resulting from the advance refunding totaled $1,063,854. The portion of post refunding Limited Tax Bonds, Series 2015 outstanding at August 31, 2023 is $5,630,000.

On July 23, 2020, South Texas College District issued a Limited Tax Refunding Bonds, Taxable Series 2020 totaling $41,194,693 and is being issued to refund a portion of the District's outstanding debt South Texas College District Limited Tax Bonds, Series 2014, 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 $41,195,000 of Limited Tax Bonds, Taxable Series 2014 was refunded. Outstanding on the Limited Tax Refunding Bonds, Taxable Series 2020 at year end was $40,594,693. The average interest rate of bonds refunded were 5.0% for Bonds Series 2014. In order to refund the bonds, the proceeds of the new bonds in the amount of $48,038,595 after payments of $470,894 to underwriting fees, insurance, bond counsel fees, rating fees, financial advisor, paying agent/escrow agent fees, printing fee, verification agent fee, 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 thirteen years by $4,432,700 and gave the District an economic gain of $3,611,626. The accounting loss resulting from the advance refunding totaled $1,758,163. At August 31, 2023, the Limited Tax Bond Series 2014 are considered fully defeased.

Note 9 – Debt Obligations

As of August 31, 2023, 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:

	General Obligation Bond		
Fiscal Year	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**

For comparison purposes, as of August 31, 2022, 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:

	General Obligation Bond		
Fiscal Year	Principal	Interest	Total
2023	$ 8,835,000	$ 4,363,523	$ 13,198,523
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
2028-2032	45,830,000	9,088,917	54,918,917
2033-Thereafter	26,930,000	1,304,404	28,234,404
Total	**$ 112,069,693**	**$ 30,439,193**	**$ 142,508,886**

Note 10 – 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.

Note 10 – Lease Obligations and Rental Agreements (Continued)

Lease liabilities at August 31, 2023 and August 31, 2022 are as follows:

	FY 2023	FY 2022
Agreements with Xerox Corporation for District-wide copy machines, monthly payments of $7,852; lease liability measured using a discount rate of 6.0%, which is the District's depository borrowing interest rate	$ 159,126	$ 17,575
Agreements with Cannon Financial Services, Inc. for District-wide copy machines, monthly payments of $1,061; lease liability measured using a discount rate of 6.0%, which is the District's depository borrowing interest rate	31,890	42,368
Agreements with UBEO, LLC (Ricoh USA, Inc.) for District-wide copy machines, monthly payments of $568; lease liability measured using a discount rate of 2.67%, which is the stated rate in the lease agreement	23,568	24,106
Agreement with SHI Government Solutions-Hewlett Packard Financial Services Co. for Information Technology department, annual payment of $57,210, lease liability measured no discount rate, which is stated in the lease financing agreement	57,210	114,420
Agreement with Lower Rio Grande Valley Community Health Management Corp. Inc. (El Milagro Parking Lot) for facility usage, monthly payment of $104, lease liability measured using a discount rate, of 6.0%, which is the District's depository borrowing interest rate	-	174
Agreement with PSJA – Dr. Daniel King College & University Ctr & College Career & Technology Academy Building for facility usage, monthly payment of $1,000, lease liability measured using a discount rate, of 6.0%, which is the District's depository borrowing interest rate	23,238	22,563
Agreement with La Plaza Storage, Ltd. for facility usage, monthly payment of $1,425, lease liability measured using a discount rate, of 6.0%, which is the District's depository borrowing interest rate	-	16,557
Total	**$ 295,032**	**$ 237,763**

Note 10 – Lease Obligations and Rental Agreements (Continued)

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

Fiscal Year	Principal	Interest	Total
2024	$ 145,165	$ 11,558	$ 156,723
2025	67,657	7,013	74,670
2026	54,910	3,375	58,285
2027	27,300	712	28,012
Total	**$ 295,032**	**$ 22,658**	**$ 317,690**

Lease obligations as of August 31, 2022 were as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 110,429	$ 5,129	$ 115,558
2024	91,021	2,789	93,810
2025	22,495	1,264	23,759
2026	13,818	338	14,156
Total	**$ 237,763**	**$ 9,520**	**$ 247,283**

Note 11 – 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.

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.

Note 11 – Lessor Accounting (Continued)

Lessors remaining lease obligation as of August 31, 2023 were as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 33,783	$ 39,933	$ 73,716
2025	35,299	38,217	73,516
2026	32,128	36,399	68,527
2027	34,056	34,471	68,527
2028	36,099	32,428	68,527
2029-2033	215,703	126,930	342,633
2034-2038	288,658	53,974	342,632
Total	**$ 675,726**	**$ 362,352**	**$ 1,038,078**

Lessors remaining lease obligation as of August 31, 2022 were as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 26,975	$ 41,551	$ 68,526
2024	28,594	39,933	68,527
2025	30,309	38,217	68,526
2026	32,128	36,399	68,527
2027	34,056	34,471	68,527
2028-2032	203,493	139,140	342,633
2033-2037	272,320	70,313	342,633
2038	64,648	3,880	68,528
Total	**$ 692,523**	**$ 403,904**	**$ 1,096,427**

Note 12 – Subscription Based Information Technology Arrangements

General Description

The College has several existing and some new subscription based information technology arrangements 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 Asset is measured as the SBITA Liability plus any capitalized expenditures/expenses incurred in the initial implementation stage. The SBITA asset is depreciated (amortized) using a straight-line depreciation method over the term of the SBITA arrangement. SBITAs paid to vendor at commencement are recognized as a prepayment asset annually amortized.

Note 12 – Subscription Based Information Technology Arrangements (Continued)

The total amount of the Subscription Asset and Accumulated Amortization as of fiscal year end 2023:

	Terms In Months	Total Asset Amounts	Total Accumulated Amortization	Net Assets
Educational Assistance for Students	24 - 84	$2,082,007	$ 962,452	$1,119,555
Training programs for Faculty/Staff/Students	36	47,808	11,398	36,410
Administrative Support Software	24 - 60	2,508,796	1,612,360	896,436
Total Activities		**$ 4,638,611**	**$2,586,210**	**$ 2,052,401**

The SBITA Liabilities and Associated Principal and Interest Requirements as of fiscal year end 2023:

	Interest Rate	Beginning Liability	Term in Months	Ending Balance
Educational Assistance for Students	5% - 7%	$ 1,256,907	24 - 84	$ 729,058
Training programs for Faculty/Staff/Students	6.25%	21,072	36	39,398
Administrative Support Software	5% - 7%	968,104	24 - 60	797,089
Total Activities		**$ 2,246,083**		**$ 1,565,545**

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

Year End August 31:	Principal	Interest	Total
2024	$ 1,040,594	$ 106,253	$ 1,146,847
2025	392,524	60,093	452,617
2026	114,882	21,303	136,185
2027	17,545	314	17,859
Total	**$ 1,565,545**	**$ 187,963**	**$ 1,753,508**

Note 12 – Subscription Based Information Technology Arrangements (Continued)

The total amount of the Subscription Asset and Accumulated Amortization as of fiscal year end 2022:

	Terms In Months	Total Asset Amounts	Total Accumulated Amortization	Net Assets
Educational Assistance for Students	48 - 84	$1,994,208	$ 558,386	$1,435,822
Training programs for Faculty/Staff/Students	36	21,996	1,833	20,163
Administrative Support Software	36 - 60	1,898,806	991,511	907,295
Total Activities		**$ 3,915,010**	**$1,551,730**	**$ 2,363,280**

The SBITA Liabilities and Associated Principal and Interest Requirements as of fiscal year end 2022:

	Interest Rate	Beginning Liability	Term in Months	Ending Balance
Educational Assistance for Students	6.25% - 7%	$ 291,272	48 - 84	$ 1,256,907
Training programs for Faculty/Staff/Students	6.25%	-	36	21,072
Administrative Support Software	6.25% - 7%	1,375,080	36 - 60	968,104
Total Activities		**$ 1,666,352**		**$ 2,246,083**

The future principal and interest SBITA arrangement payments as of fiscal year-end 2022 are as follows:

Year End August 31:	Principal	Interest	Total
2023	$1,108,262	$ 140,587	$ 1,248,849
2024	831,740	88,414	920,154
2025	180,317	53,630	233,947
2026	108,220	21,115	129,335
2027	17,544	314	17,858
Total	**$2,246,083**	**$ 304,060**	**$ 2,550,143**

Commitments and Impairments:

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

Note 13 – 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 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 https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf 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

Note 13 – Employees' Retirement Plan (Continued)

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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% 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 thru 2025.

Contribution Rates

	August 31, 2023	August 31, 2022
Member	8.0%	8.0%
District/Non-Employer Contributing Entity (State)	8.0%	7.75%

FY 2022 Member contributions	$ 6,294,737
FY 2022 District contributions	$ 3,583,183
FY 2022 State contributions	$ 2,507,504

The District's estimated contributions to the TRS pension plan in fiscal year ended 2023 were $4,120,956 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 2023 were $2,895,418.

- 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.

Note 13 – Employees' Retirement Plan (Continued)

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.

Actuarial Assumptions

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.0%
Long-term expected Investment Rate of Return*	7.0%
Municipal Bond Rate*	3.91% *
Last year ending August 31	
Projection period (100 years)	2121
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	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 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 actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020.

Note 13 – Employees' Retirement Plan (Continued)

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 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. 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 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 13 – 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%	4.60%	1.12%
Non-U.S. Developed	13.0%	4.90%	0.90%
Emerging Markets	9.0%	5.40%	0.75%
Private Equity[1]	14.0%	7.70%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return[1]	-	3.70%	-
Stable Value Hedge Funds	5.0%	3.40%	0.18%
Real Return			
Real Estate	15.0%	4.10%	0.94%
Energy and Natural Resources and Infrastructure	6.0%	5.10%	0.37%
Commodities	-	3.60%	-
Risk Parity			
Risk Parity	8.0%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	(6.0)%	3.60%	(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

Note 13 – 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%, 7.25%) in measuring the net pension liability which the District reported as follows:

	August 31, 2023		
	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the net pension liability:	$ 70,916,730	$ 45,587,413	$ 25,056,813

	August 31, 2022		
	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	$ 44,774,902	$ 20,490,457	$ 788,402

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

At August 31, 2023, and 2022, the District reported a liability of $45,587,413 and $20,490,457, 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:

	August 31, 2023	August 31, 2022
The District's proportionate share of the collective net pension liability	$ 45,587,413	$ 20,490,457
State's proportionate share that is associated with the District	31,901,974	14,960,114
Total	**$ 77,489,387**	**$ 35,450,571**

Note 13 – Employees' Retirement Plan (Continued)

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2021 thru 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.

Changes Since the Prior Actuarial Valuation

- The single discount rate as of August 31, 2018, was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 86th Texas Legislature, 2019, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a $2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumption.
- The Texas Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or $2,000, whichever was less.

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. For the year ended August 31, 2022, the District recognized on-behalf revenue and expense of $59,809 for support provided by the State.

Note 13 – Employees' Retirement Plan (Continued)

At August 31, 2023 and 2022, 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, 2023		August 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 661,014	$ 993,892	$ 34,290	$ 1,442,544
Changes in actuarial assumption	8,494,419	2,117,046	7,242,976	3,157,317
Difference between projected and actual investment earnings, net	4,503,891	-	-	17,180,982
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,127,272	6,758,423	3,357,081	6,880,270
Contributions paid to TRS subsequent to the measurement date	4,120,956	-	3,583,076	-
Total	**$ 19,907,552**	**$ 9,869,361**	**$ 14,217,423**	**$ 28,661,113**

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
2024	$ 2,264,281
2025	$ 542,244
2026	$ (1,143,168)
2027	$ 3,977,272
2028	$ 276,601
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.

Note 13 – Employees' Retirement Plan (Continued)

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 2023, 2022, and 2021. The percentages of participant salaries currently contributed by each participant are 6.65% for fiscal years 2023, 2022, and 2021. The District contributed 1.9% for fiscal years 2023, 2022, and 2021, 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.

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, 2023	August 31, 2022	August 31, 2021
Payroll for all district employees	$ 106,253,715	$ 101,320,648	$ 94,933,577
Total payroll for TRS	87,065,266	78,684,222	78,581,330
Total payroll for ORP	9,411,253	9,733,497	10,010,338
State contributions	296,836	310,206	320,211
District contributions	331,790	339,358	351,665
Total Contributions	**$ 628,626**	**$ 649,564**	**$ 671,876**
Member contributions	$ 625,848	$ 647,278	$ 665,668

Note 14 – 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, 2023, the District has 78 employees participating in Section 403(b) Tax Sheltered Annuity (TSA) Program and 84 participated in 2022. A total of $503,641 and $559,203 in payroll deductions have been invested in approved 403(b) plans during the fiscal years 2023 and 2022, respectively.

As of August 31, 2023, the District has 80 employees participating in Section 457 Deferred Compensation Plan (DCP) and 80 participated in 2022. A total of $344,407 and $327,550 in payroll deductions have been invested in Section 457 Deferred Compensation Plan (DCP) during the fiscal years 2023 and 2022, 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 15 – 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 these guidelines and the associated cost is 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, 2023	August 31, 2022
Vacation compensable absences-beginning	$ 1,369,948	$ 1,001,446
Net additions and reductions	319,945	368,502
Total Vacation Compensable Absences	**$ 1,689,893**	**$ 1,369,948**
Current portion	$ 1,606,988	$ 1,313,793

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.

Note 15 – Compensable Absences (Continued)

	August 31, 2023	August 31, 2022
Sick compensable absences-beginning	$ -	$ -
Net additions and reductions	1,090,580	-
Total Sick Compensable Absences	**$ 1,090,580**	**$ -**
Current portion	$ 27,124	$ -

Note 16 – 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. 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.

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

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.

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

	August 31, 2022	August 31, 2021
Retiree Only	$ 625	$ 625
Retiree and Spouse	$ 1,340	$ 1,340
Retiree and Children	$ 1,104	$ 1,104
Retiree and Family	$ 1,819	$ 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, 2023	August 31, 2022
Member (Employee) Contributions	$ 3,302,728	$ 3,211,590
District Contributions	$ 8,145,643	$ 11,517,330
State of Texas (NECE) Contributions	$ 6,235,043	$ 3,329,554

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Assumptions

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

Actuarial Assumptions
ERS Group Benefits Program Plan

Valuation date	August 31, 2022
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	Not Applicable
Discount rate	3.59%
Projected annual salary increase (includes inflation)	2.30% to 8.95%
Annual healthcare trend rate	5.60% for FY2024, 5.30% for FY2025, 5.00% for FY2026, 4.75% for FY2027, 4.60% for FY2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for 2030 and later years
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors, and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale projected from the year 2021.
Disability retirees	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 RP-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: 2022 ERS ACFR except for mortality assumptions obtained from ERS 2022 GASB 74 Actuarial Valuation.

Note 16 – Other Post-Employment Benefits (OPEB) (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, 2017.

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 short-term fixed income securities and specify that the expected rate of return on these investments is 4.1%.

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 2.14%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.59%, which amounted to a increase of 1.45%. 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.

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 3.59% and 2.14% in measuring net OPEB Liability:

	August 31, 2023		
	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

	August 31, 2022		
	1% Decrease in Discount Rate (1.14%)	Discount Rate (2.14%)	1% Increase in Discount Rate (3.14%)
District's proportionate share of the net OPEB liability:	$ 163,741,704	$ 137,478,159	$ 116,930,858

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

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, 2022 and the initial healthcare trend rate is 5.25% and the ultimate rate is 4.3% at the measurement date of August 31, 2021. 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, 2023 and 2022 is as follows:

	August 31, 2023		
	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:	$ 67,393,310	$ 78,697,169	$ 93,129,145

	August 31, 2022		
	1.0% Decrease in Healthcare Cost Trend Rates (4.25% decreasing to 3.3%)	Current Healthcare Cost Trend Rates (5.25% decreasing to 4.3%)	1.0% Increase in Healthcare Cost Trend Rates (6.25% decreasing to 5.3%)
District's proportionate share of the net OPEB liability:	$115,121,774	$137,478,159	$166,734,511

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

At August 31, 2023, and 2022 the District's reported a liability of $78,697,169 and $137,478,159 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.

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

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:

	August 31, 2023	August 31, 2022
The District's proportionate share of the collective OPEB liability	$ 78,697,169	$ 137,478,159
State's proportionate share that is associated with the District	60,238,368	39,743,669
Total	**$ 138,935,537**	**$ 177,221,828**

The net OPEB liability was measured as of August 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer'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, 2021, thru 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, 2023, and 2022 the District recognized OPEB revenue and expense of $2,194,175 and $484,907 for support provided by the State.

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.
- Demographic assumptions for Higher Education members, including pre-retirement mortality and post-retirement mortality assumptions, termination, disability and retirement rate assumptions and assumed salary increases.
- 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 2.14% to 3.59% as a result of requirements by GASB No. 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Note 16 – Other Post-Employment Benefits (OPEB) (Continued)

At August 31, 2023 and 2022, 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 2023		FY 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 2,482,990	$ -	$ 3,372,185
Changes in actuarial assumption	4,623,772	24,326,040	9,412,294	15,311,989
Difference between projected and actual investment earnings, net	13,574	-	24,348	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	27,852,499	43,114,243	54,531,023	10,545,729
Contributions paid to ERS subsequent to the measurement date	543,603	-	441,372	-
Total	**$ 33,033,448**	**$ 69,923,273**	**$ 64,409,037**	**$ 29,229,903**

The $543,603 amount reported at August 31, 2023 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, 2024.

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
2024	$ 2,677,912
2025	$ (8,430,223)
2026	$ (11,962,272)
2027	$ (13,239,629)
2028	$ (6,479,216)
Thereafter	-

Note 16 – Other Post-Employment Benefits (OPEB) (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 17 – Pending Lawsuits and Claims

A. Litigation

On August 31, 2023, 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, 2023, 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 18 – Disaggregation of Receivable and Payable Balances

Receivables

Receivables at August 31, 2023 and 2022 were as follows:

	August 31, 2023	August 31, 2022
Student receivables	$ 3,611,762	$ 2,954,077
Federal receivables	2,111,370	2,315,473
Interest receivables	1,202,895	646,585
Accounts receivables		
Bookstore and auxiliary	12,040	76,212
State, local, and private	1,067,057	771,619
Pledges receivable	-	25,000
Contractors	19,584	-
Other receivables	1,358,809	1,217,164
Subtotal	9,383,517	8,006,130
Allowance for doubtful accounts-student	(2,588,618)	(2,071,667)
Total Accounts Receivable, Net	**$ 6,794,899**	**$ 5,934,463**

	August 31, 2023	August 31, 2022
Taxes receivables	$ 13,733,671	$ 13,217,952
Allowance for doubtful accounts-taxes	(7,562,766)	(7,711,932)
Total Accounts Receivable, Net	**$ 6,170,905**	**$ 5,506,020**

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

Payables

Payables at August 31, 2023, and 2022 were as follows:

	August 31, 2023		August 31, 2022	
	Accounts Payable	Accrued Liabilities	Accounts Payable	Accrued Liabilities
Vendor payable				
Vendors	$2,344,462	$ -	$1,916,114	$ -
Construction	1,514,606	-	589,694	-
Construction retainage	263,562	-	29,884	-
Salaries & benefits	-	1,213,827	-	1,151,851
Students payable	93,659	-	330,080	-
Accrued interest	-	175,264	-	189,718
Other Payables	115,695	-	111,017	-
Total Payables	**$4,331,984**	**$1,389,091**	**$ 2,976,789**	**$ 1,341,569**

Note 19 – Funds Held for Others

At August 31, 2023, and at August 31, 2022, the District held, in trust funds, amounts of $206,241, and $247,625, respectively that pertain primarily to student organizations. These funds are not available to support the District's programs.

Note 20 – 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 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 2023 and 2022, for which monies have not been received nor funds expended totaled $14,484,603 and $43,671,815, respectively.

These amounts are comprised of the following:

	August 31, 2023	August 31, 2022
Federal contracts and grant awards	$ 12,127,271	$ 41,394,350
State contracts and grant awards	1,471,164	1,251,076
Local contracts and grant awards	472,819	198,047
Private contracts and grant awards	413,349	828,342
Total contract and grant awards	**$ 14,484,603**	**$ 43,671,815**

Note 21 – 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, 2023 and for the year ended August 31, 2022, for the United Health Select of Texas. The state's contribution totaled $6,149,201 for fiscal year 2023 and $5,961,630 for fiscal year 2022.

The cost of providing those benefits for one hundred and eighty-eight retirees in the year ended August 31, 2023, was $714,267 and for one hundred and seventy-one retirees in the year ended August 31, 2022, was $672,740. For 1,492 United Health Select of Texas active employees, the cost of providing benefits was $5,434,934 for the year ended August 31, 2023. For 1,438 United Health Select of Texas active employees, the cost was $5,288,890 for the year ended August 31, 2022. S.B. 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district.

Note 21 – Health Care and Life Insurance Benefits (Continued)

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

	August 31, 2023	August 31, 2022
Full time employees	1,492	1,438
Number of retirees	188	171
Active employee-state	$ 5,434,934	$ 5,288,890
Retiree - state	714,267	672,740
Total State Contributions	$ 6,149,201	$ 5,961,630
District contributions	8,706,346	8,387,226
Total Health Insurance Cost	**$ 14,855,547**	**$ 14,348,856**

Note 22 – 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, 2023	August 31, 2022
Assessed valuation of the District	$ 66,477,089,900	$ 59,272,156,863
Less: Exemptions	(15,020,640,151)	(13,371,941,599)
Less: Abatements	(592,100,002)	(685,807,548)
Net Assessed Valuation of the District	**$ 50,864,349,747**	**$ 45,214,407,716**

	Fiscal Year 2023			Fiscal Year 2022		
	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	$ 0.1388	$ 0.0227	$ 0.1615	$ 0.1400	$ 0.0315	$ 0.1715

Taxes levied for the year ended August 31, 2023, and 2022 amounted to $82,239,229 and $78,007,344, 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.

Note 22 – Ad Valorem Tax (Continued)

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, 2023			August 31, 2022		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current taxes collected	$65,956,787	$10,921,291	$76,878,078	$60,204,714	$13,762,104	$73,966,818
Delinquent taxes collected	2,415,734	594,134	3,009,868	2,652,796	694,423	3,347,219
Penalties & interest collected	1,614,623	373,543	1,988,166	1,785,474	488,433	2,273,907
Total gross collections	69,987,144	11,888,968	81,876,112	64,642,984	14,944,960	79,587,944
Tax appraisal & collection fees	(1,074,499)	(50,509)	(1,125,008)	(1,026,909)	(58,615)	(1,085,524)
Bad debt expense	47,150	102,556	149,706	(159,954)	18,490	(141,464)
Total Net Collections	**$68,959,795**	**$11,941,015**	**$80,900,810**	**$63,456,121**	**$14,904,835**	**$78,360,956**

Tax collections for the year ended August 31, 2023, and 2022, were 95.17% and 95.55%, 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.

Note 23 – 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 Rio Bravo Windpower and the Mesteño 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 the environment. Duke Energy Renewables Wind, LLC projects, Mesteño Windpower, and Rio Bravo Windpower, will contribute to the expansion of employment, attract major investment, benefit the property on which it is constructed, and contribute to the economic development of Starr County. The project consists of a renewable energy wind powered electric generating facility with an estimated value of at least $672,300,000 upon completion of the project. The operation and maintenance of this project will create four to five new fulltime jobs with full benefits. Salaries of Wind turbine technicians will exceed the minimum living wage requirements for Starr County.

For the fiscal year ended August 31, 2023, the District abated property tax revenue totaling *$745,557* 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 for Duke Energy Renewables Wind, LLC (Los Vientos Wind Facilities), and at a rate of seventy-five percent for Mesteño Windpower and Rio Bravo Windpower of the assessed maintenance and operations

Note 23 – Property Tax Abatement (Continued)

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 24 – 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, 2023 and 2022.

Note 25 – Related Parties

One member of the Board of Trustees provided professional services to other entities that conducted business with the District during fiscal year 2023.

Note 26 – 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 27 – 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 2023 and 2022, the District purchased commercial insurance to cover general liabilities. There were no

Note 27 – Risk Management (Continued)

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 28 – Construction and Improvement Commitments

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**

Construction and improvement commitments for August 31, 2022, were as follows:

Project	Contracted Amount	Spent to Date	Commitments
Pecan Campus	$ 427,597	$ 427,597	$ -
Nursing Allied Campus	557,177	512,027	45,150
Mid Valley Campus	1,140,523	870,077	270,446
Starr Campus	855,281	855,281	-
Pharr Site	312,845	301,831	11,014
District Wide	101,500	101,500	-
Total	**$ 3,394,923**	**$ 3,068,313**	**$ 326,610**

Note 29 – 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 $13,936 and $456 in fiscal years 2023 and 2022 respectively.

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

Note 29 – Endowments (Continued)

The fund balances of the endowments were as follows:

Endowment	August 31, 2023	August 31, 2022
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	1,123	1,095
Roberto Gutierrez Sr. Endowment	967	943
Edwynne G. Cooper Endowment*	5,590	5,590
Total Endowments	**$ 339,580**	**$ 339,528**

*Endowment investment consists of 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, 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. At August 31, 2022, the market value of the Trust was $3,590,416. The Trust made a distribution to the District in the amount of $224,976 in fiscal year 2022. The funds are presented in Restricted Expendable Net Assets.

Note 30 – Pledges of Gifts

The District records pledges of gifts when an unconditional promise to pay is received. At August 31, 2023, pledges receivable totaled $0.00 of non-cash gifts. At August 31, 2022 pledges receivable totaled $25,000 of non-cash gifts. Pledges receivable are recorded on the statement of financial position as assets net of allowance for uncollectible accounts.

Note 31 – Subsequent Events

The District has evaluated subsequent events through the date that the financial statements were available to be issued, December 19, 2023.

Bond Defeasement

On July 25, 2023, 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 $8,645,000. The defeasance reduced the payment of interest, the District's aggregate debt service requirements, and the District's legal debt outstanding. The District deposited into the Escrow Fund the Escrow Deposit, using a portion of

Note 31 – Subsequent Events (Continued)

the cash balance available in the interest and Sinking Fund, of which the date of closing was October 23, 2023.

Workday – new ERP system

On September 12, 2023 the Board of Trustees approved the College to purchase a new Enterprise Resource Planning (ERP) system from Workday through Precision Task Group (PTG). Workday is a cloud-based system that provides responsive Human Capital Management (HCM), Finance, and Student business processes with reduced manual input and interventions, robust real-time analytics and dashboards, and enhanced reporting required by the College for state and federal entities. Workday is proposed to be deployed in two phases after the procurement of the Workday subscription for the period of fiscal year 2024 through fiscal year 2033. Phase 1 consists of HCM and Finance modules to be implemented during fiscal years 2024 to 2025 and phase 2 consists of Student module to be implemented during fiscal years 2026 through 2028.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH TEXAS COLLEGE

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South Texas College District
Schedule of District's Proportionate Share of Net Pension Liability
Last Nine Fiscal Years**

Fiscal Year ending August 31*	2023**	2022**	2021**
District's proportinate share of collective net pension liability (%)	0.0767886%	0.0804606%	0.0900818%
District's proportinate share of collective net pension liability ($)	$ 45,587,413	$ 20,490,457	$ 48,245,978
State's proportionate share of net pension liability associated with District	31,901,974	14,960,114	35,262,597
Total	**$ 77,489,387**	**$ 35,450,571**	**$ 83,508,575**
Covered payroll	$ 78,648,222	$ 78,581,330	$ 85,068,749
District's proportionate share of the collective net pension liability as a percentage of covered payroll	57.96%	26.08%	56.71%
Plan fiduciary net position as percentage of total pension liability	75.62%	88.79%	75.54%

*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.

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

South Texas College District
Schedule of District's Contributions for Pensions
Last Nine Fiscal Years**

Fiscal Year ending August 31*	2023**	2022**	2021**
Legally required contributions	$ 4,120,956	$ 3,583,076	$ 3,433,634
Actual contributions	4,120,956	3,583,076	3,433,634
Contributions deficiency (excess)	**$ -**	**$ -**	**$ -**
District's Covered payroll	$ 87,065,266	$ 78,684,222	$ 78,581,330
Contributions as a percentage of covered payroll	4.73%	4.55%	4.37%

*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.

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

Changes of Assumptions: The discount rate changed from 7.25% to 7.0%.

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

Fiscal Year ending August 31*	2023**	2022**	2021**	2020**	2019**	2018**
District's proportionate share of collective net OPEB liability (%)	0.2762568%	0.3832090%	0.4089072%	0.3238971%	0.3057199%	0.0388427%
District's proportionate share of collective net OPEB liability ($)	$ 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	60,238,368	39,743,669	36,599,391	66,852,765	56,321,731	11,397,449
Total	**$ 138,935,537**	**$ 177,221,828**	**$ 171,721,276**	**$ 178,800,249**	**$ 146,930,196**	**$ 24,632,321**
District's covered employee Payroll	$ 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	97.86%	171.21%	161.98%	140.29%	122.73%	19.76%
Plan fiduciary net position as percentage of total OPEB liability	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 Six Fiscal Years**

Fiscal Year ending August 31*	2023**	2022**	2021**	2020**	2019**	2018**
Legally required contributions ***	$ 543,603	$ 441,372	$ 419,357	$ 366,477	$ 163,189	$ 419,711
Actual contributions	543,603	441,372	419,357	366,477	163,189	419,711
Contributions deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered employee payroll	$ 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	0.63%	0.55%	0.52%	0.44%	0.20%	0.57%

* The amounts presented above are as of the District's respectrive 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.

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.
- 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.
- Demographic assumptions for Higher Education members, including pre-retirement mortality and post-retirement mortality assumptions, termination, disability and retirement rate assumptions and assumed salary increases.
- 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 2.14% to 3.59% as a result of requirements by GASB No. 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

SOUTH TEXAS COLLEGE

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South Texas College District
Schedule of Operating Revenues
Year Ended August 31, 2023 (With Totals for the Year Ended August 31, 2022)

Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY 2023 Total	Restated FY 2022 Total
Tuition:						
State funded credit courses						
In-district resident tuition	$ 41,317,564	$ -	$ 41,317,564	$ -	$ 41,317,564	$ 43,229,227
Out-of-district resident tuition	1,751,705	-	1,751,705	-	1,751,705	2,040,710
Non-resident tuition	4,907,203	-	4,907,203	-	4,907,203	3,168,286
TPEG state (set aside) *	1,782,411	-	1,782,411	-	1,782,411	1,937,056
State funded continuing education	1,083,635	-	1,083,635	-	1,083,635	840,103
TPEG non-credit (set aside) *	68,957	-	68,957	-	68,957	53,245
State funded workforce development	496,713	-	496,713	-	496,713	164,129
TPEG non-credit (set aside) *	31,705	-	31,705	-	31,705	10,476
Non-state funded continuing education	654,485	-	654,485	-	654,485	619,658
TPEG non-credit (set aside) *	41,758	-	41,758	-	41,758	37,883
Non-state funded workforce development	245,771	-	245,771	-	245,771	461,572
TPEG non-credit (set aside) *	15,687	-	15,687	-	15,687	31,132
Total Tuition	**52,397,594**	**-**	**52,397,594**	**-**	**52,397,594**	**52,593,477**
Fees:						
Student registration fee	9,926,376	-	9,926,376	-	9,926,376	11,153,735
Laboratory fees	1,151,641	-	1,151,641	-	1,151,641	1,210,844
Incidental fees	27,883,192	-	27,883,192	2,040,369	29,923,561	32,942,085
Total Fees	**38,961,209**	**-**	**38,961,209**	**2,040,369**	**41,001,578**	**45,306,664**
Scholarship Allowances and Discounts:						
Bad debt allowance	(1,363,403)	-	(1,363,403)	-	(1,363,403)	(338,921)
Remissions and exemptions	(30,047,559)	-	(30,047,559)	(681,763)	(30,729,322)	(29,308,523)
TPEG allowances	(2,855,885)	-	(2,855,885)	-	(2,855,885)	(2,404,197)
Local grants to students	(706,542)	-	(706,542)	-	(706,542)	(575,562)
Private grants to students	(605,950)	-	(605,950)	-	(605,950)	(399,116)
State grants to students	(1,535,674)	-	(1,535,674)	-	(1,535,674)	(1,327,278)
Federal grants to students	(39,487,421)	-	(39,487,421)	-	(39,487,421)	(46,595,241)
Total Scholarship Allowances and Discounts	**(76,602,434)**	**-**	**(76,602,434)**	**(681,763)**	**(77,284,197)**	**(80,948,838)**
Total Net Tuition and Fees	**14,756,369**	**-**	**14,756,369**	**1,358,606**	**16,114,975**	**16,951,303**
Additional Operating Revenues:						
Federal grants and contracts	317,385	5,956,169	6,273,554	-	6,273,554	5,464,987
State grants and contracts	-	3,740,668	3,740,668	-	3,740,668	3,997,724
Local grants and contracts	6,444,224	1,830,528	8,274,752	-	8,274,752	7,914,784
Non-governmental grants and contracts	30,521	1,581,891	1,612,412	-	1,612,412	1,240,607
General operating revenues	281,956	500	282,456	-	282,456	381,428
Total Additional Operating Revenues	**7,074,086**	**13,109,756**	**20,183,842**	**-**	**20,183,842**	**18,999,530**
Auxiliary Enterprises:						
Bookstore	-	-	-	274,890	274,890	302,007
Vending commissions	-	-	-	101,130	101,130	73,342
Child care center	-	-	-	255,758	255,758	281,433
General conferences	-	-	-	95,042	95,042	78,806
Other	-	-	-	40,575	40,575	43,771
Total Auxiliary Enterprises	**-**	**-**	**-**	**767,395**	**767,395**	**779,359**
Total Operating Revenues	**$ 21,830,455**	**$ 13,109,756**	**$ 34,940,211**	**$ 2,126,001**	**$ 37,066,212**	**$ 36,730,192**
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, $1,940,518 and $2,069,792 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended 2023 and 2022, respectively.

South Texas College District
Schedule of Operating Expenses by Object
Year Ended August 31, 2023 (With Totals for the Year Ended August 31, 2022)

Schedule B

	Operating Expenses					
	Salaries and Wages	Benefits State	Benefits Local	Other Expenses	FY 2023 Total	Restated FY 2022 Total
Unrestricted-Educational Activities						
Instruction	$ 55,192,045	$ -	$ 18,922,496	$ 5,550,234	$ 79,664,775	$ 75,995,957
Public service	-	-	68,588	51,994	120,582	32,225
Academic support	12,171,595	-	4,337,405	2,952,685	19,461,685	17,102,498
Student services	7,786,457	-	2,947,409	1,456,203	12,190,069	11,006,444
Institutional support	15,310,731	-	6,210,762	9,243,306	30,764,799	29,586,027
Operation and maintenance of plant	10,951,004	-	3,980,050	8,987,196	23,918,250	20,503,476
Total Unrestricted Educational Activities	**101,411,832**	**-**	**36,466,710**	**28,241,618**	**166,120,160**	**154,226,627**
Restricted-Educational Activities						
Instruction	986,399	3,733,055	231,053	737,581	5,688,088	4,663,912
Research	5,049	-	787	-	5,836	7,214
Public service	44,340	-	5,506	204,893	254,739	200,201
Academic support	1,868,428	970,623	423,627	795,038	4,057,716	3,080,173
Student services	483,923	681,914	8,923	24,090	1,198,850	1,203,956
Institutional support	477,491	1,915,738	73,627	1,307,463	3,774,319	13,492,932
Scholarships and fellowships	-	-	-	35,782,704	35,782,704	75,671,920
Total Restricted Educational Activities	**3,865,630**	**7,301,330**	**743,523**	**38,851,769**	**50,762,252**	**98,320,308**
Total Educational Activities	**105,277,462**	**7,301,330**	**37,210,233**	**67,093,387**	**216,882,412**	**252,546,935**
Auxiliary Enterprises	**976,253**	**-**	**469,324**	**1,065,809**	**2,511,386**	**2,219,495**
Depreciation expense-buildings and other real estate improvements	-	-	-	7,968,964	7,968,964	7,893,840
Depreciation expense-books	-	-	-	231,060	231,060	222,581
Depreciation expense-equipment and furniture	-	-	-	4,623,763	4,623,763	5,507,320
Total Operating Expenses	**$ 106,253,715**	**$ 7,301,330**	**$ 37,679,557**	**$ 80,982,983**	**$ 232,217,585**	**$ 268,390,171**
					(Exhibit 2)	(Exhibit 2)

South Texas College District
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2023 (With Totals for the Year Ended August 31, 2022)

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	FY 2023 Total	Restated FY 2022 Total
NON-OPERATING REVENUES:					
State appropriations:					
Education and general state support	$ 38,803,949	$ -	$ -	$ 38,803,949	$ 38,803,951
Education and general state support BAT	1,290,084	-	-	1,290,084	1,290,084
State group insurance	-	3,959,413	-	3,959,413	5,482,793
State retirement matching	-	3,346,303	-	3,346,303	370,015
Hazlewood reimbursement	33,442	-	-	33,442	41,026
Total State Appropriations	**40,127,475**	**7,305,716**	**-**	**47,433,191**	**45,987,869**
Ad-valorem taxes-maintenance and operations	70,772,519	-	-	70,772,519	64,294,497
Ad-valorem taxes-debt service	-	11,805,118	-	11,805,118	14,773,167
Federal revenue, non operating	-	82,815,671	-	82,815,671	138,419,143
Gifts	310,482	-	-	310,482	201,541
Investment income (net of investment expenses)	9,937,589	792,500	132,748	10,862,837	305,668
Gain on disposal of capital assets	20,890	-	-	20,890	33,217
Insurance proceeds	-	-	-	-	88,572
Interest lease revenue	41,596			41,596	43,078
Other non-operating revenue	26,976	-	-	26,976	25,448
Total Non-Operating Revenues	**121,237,527**	**102,719,005**	**132,748**	**224,089,280**	**264,172,200**
NON-OPERATING EXPENSES:					
Interest on capital related debt	3,072,238	-	-	3,072,238	3,946,606
Loss on disposal of capital assets	285,632	-	-	285,632	3,110
Non-capital construction costs	1,503,083	-	-	1,503,083	2,300,251
Bond costs amortization	1,097,328	-	-	1,097,328	1,652,444
Other non-operating expenses	47,159	228,693	-	275,852	205,601
Total Non-Operating Expenses	**6,005,440**	**228,693**	**-**	**6,234,133**	**8,108,012**
Net Non-Operating Revenues	**$ 115,232,087**	**$ 102,490,312**	**$ 132,748**	**$ 217,855,147**	**$ 256,064,188**
				(Exhibit 2)	(Exhibit 2)

South Texas College District
Schedule of Net Position by Source and Availability
Year Ended August 31, 2023 (With Totals for the Year Ended August 31, 2022)

	Detail by Source				
		Restricted			
	Unrestricted	Expendable	Non-Expendable	Net Investment in Capital Assets	FY 2023 Total
Current:					
Unrestricted	$ 96,442,554	$ -	$ -	$ -	$ 96,442,554
Board designated	42,399,942	-	-	-	42,399,942
Restricted					
Student Aid	-	2,042,333	-	-	2,042,333
Instructional Programs	-	-	-	-	-
Institutional Activities	-	266,933	-	-	266,933
Auxiliary enterprises	5,537,899	-	-	-	5,537,899
Loan	-	2,620,498	-	-	2,620,498
Endowment:					
True	-	-	339,580	-	339,580
Plant:					
Unexpended	37,545,144	-	-	-	37,545,144
Renewals & replacements	17,509,591	-	-	-	17,509,591
Debt service	-	15,930,500	-	-	15,930,500
Investment in plant	-	-	-	218,090,789	218,090,789
Total Net Position, August 31, 2023	**199,435,130**	**20,860,264**	**339,580**	**218,090,789**	**438,725,763** (Exhibit 1)
Total Net Position, Restated, August 31, 2022	186,621,360	22,464,778	339,528	206,580,723	416,006,389 (Exhibit 1)
Net Increase in Net Position	**$ 12,813,770**	**$ (1,604,514)**	**$ 52**	**$ 11,510,066**	**$ 22,719,374** (Exhibit 2)

Note: The Unexpended Plant Fund is earmarked in the fiscal year 2023 board approved budget for construction projects.
The Renewals & Replacements Plant Fund is earmarked in the fiscal year 2023 board approved budget for deferred maintenance projects.

Schedule D

Available for Current Operations	
Yes	No
$ 96,442,554	$ -
-	42,399,942
-	2,042,333
-	-
-	266,933
5,537,899	-
-	2,620,498
-	339,580
-	37,545,144
-	17,509,591
-	15,930,500
-	218,090,789
101,980,453	**336,745,310**
90,927,788	324,961,404
$ 11,052,665	**$ 11,783,906**

South Texas College District
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2023

Schedule E

Federal Grantor/Cluster/Program Title/Pass-Through Grantor/ Pass-Through Grantor's Award Number	Assistance Listing Number	Expenditures: Direct Award	Expenditures: Pass Through Awards	Expenditures: Total	Subrecipient Expenditures
U.S. Department of Education					
Direct Programs:					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007	$ 696,163	$ -	$ 696,163	$ -
Federal Work-Study Program	84.033	685,497	-	685,497	-
Federal Pell Grant Program	84.063	48,362,535	-	48,362,535	-
Total Student Financial Assistance Cluster		49,744,195	-	49,744,195	-
Higher Education Institutional Aid	84.031S	525,812	-	525,812	-
Migrant Education High School Equivalency Program	84.141A	314,318	-	314,318	-
Childcare Access Means Parents In School	84.335A	153,635	-	153,635	-
COVID-19 Emergency Funding- Education Stabilization Fund	84.425E	1,700	-	1,700	-
COVID-19 Emergency Funding- Education Stabilization Fund	84.425F	23,752,029	-	23,752,029	-
COVID-19 Emergency Funding- Education Stabilization Fund	84.425L	1,340,084	-	1,340,084	-
COVID-19 Emergency Funding- Education Stabilization Fund	84.425T	6,803,272	-	6,803,272	-
Pass-Through From:					
Texas Higher Education Coordinating Board					
COVID-19 Emergency Funding- Education Stabilization Fund	84.425C				
25918		-	28,405	28,405	-
26564		-	12,622	12,622	-
26642		-	47,750	47,750	-
26884		-	117,185	117,185	-
27078		-	16,807	16,807	-
27342		-	43,350	43,350	-
27585		-	21,044	21,044	-
28091		-	583,333	583,333	-
28339		-	221,813	221,813	-
28583		-	57,431	57,431	-
Texas State Technical College					
COVID-19 Emergency Funding- Education Stabilization Fund	84.425C	-	2,437	2,437	-
25774					
The University of Texas at Rio Grande Valley					
COVID-19 Emergency Funding- Education Stabilization Fund	84.425C	-	22,214	22,214	-
25950STC					
Total COVID-19 Emergency Funding- Education Stabilization Fund		31,897,085	1,174,391	33,071,476	-
Region One					
Adult Education - Basic Grants to States	84.002A	-	179,651	179,651	-
Texas Workforce Commission					
Adult Education - Basic Grants to States	84.002A	-	11,995	11,995	-
2319AEL000					
Total Adult Education - Basic Grants to States		-	191,646	191,646	-
Texas Higher Education Coordinating Board					
Career and Technical Education - Basic Grants to States	84.048				
27661		-	2,443,924	2,443,924	-
27795		-	106,466	106,466	-
Total Career and Technical Education-Basic Grants to States		-	2,550,390	2,550,390	-
Total U.S. Department of Education		**82,635,045**	**3,916,427**	**86,551,472**	**-**
U.S Department of Commerce					
Economic Development Cluster					
Direct Programs:					
Economic Adjustment Assistance	11.307				
08-01-05613/118171		20,231	-	20,231	-
Total Economic Development Cluster		20,231	-	20,231	-
Total U.S. Department of Commerce		**$ 20,231**	**$ -**	**$ 20,231**	**$ -**

See accompanying notes to Schedule of Expenditures of Federal Awards

South Texas College District
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2023
(Continued)

Schedule E

Federal Grantor/Cluster/Program Title/Pass-Through Grantor/ Pass-Through Grantor's Award Number	Assistance Listing Number	Expenditures: Direct Award	Expenditures: Pass Through Awards	Expenditures: Total	Subrecipient Expenditures
U.S. Department of Defense					
Direct Programs:					
Military Spouse Career Advancement	12.U01	$ 3,020	$ -	$ 3,020	$ -
Total U.S. Department of Defense		**3,020**	**-**	**3,020**	**-**
U.S. Department of Labor					
Direct Programs:					
Occupational Safety and Health Susan Harwood Training Grants	17.502				
SH37144SH1		34,222	-	34,222	-
SH39142SH2		67,553	-	67,553	-
Total Occupational Safety and Health Susan Harwood Training Grants		101,775	-	101,775	-
Pass-Through From:					
Texas Workforce Commission					
Employment Service Cluster					
Employment Service/Wagner-Peyser Funded Activities	17.207	-	56,661	56,661	-
2423WPB001					
Total Employment Service Cluster		-	56,661	56,661	-
WIOA Cluster					
WIA Adult Program	17.258	-	52,006	52,006	-
2322WOS001					
WIA Dislocated Worker Formula Grants	17.278	-	10,095	10,095	-
2322ATG004					
Total WIOA Cluster		-	62,101	62,101	-
Apprenticeship USA Grants	17.285	-	10,096	10,096	-
2322ATG004					
Pass-Through From:					
Lower Rio Grande Workforce Development Board					
Apprenticeship USA Grants	17.285				
2321ATG002		-	3,904	3,904	-
2322ATG001		-	42,707	42,707	-
2322ATG002		-	62,920	62,920	-
2322ATG003		-	133,545	133,545	-
Total Apprenticeship USA Grants		-	253,172	253,172	-
Total U.S. Department of Labor		**101,775**	**371,934**	**473,709**	**-**
U.S. Department of Treasury					
Pass-Through From:					
Hidalgo County					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027				
ARPA-21-110-034		-	510,273	510,273	-
Pass-Through From:					
Texas Higher Education Coordinating Board					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027				
27287		-	231,293	231,293	-
Total U.S. Department of Treasury		**-**	**741,566**	**741,566**	**-**
National Endowment for the Humanities					
Direct Programs:					
Promotion of the Humanities Federal/State Partnership	45.129	6,000	-	6,000	-
2023-6767					
Total National Endowment for the Humanities		**6,000**	**-**	**6,000**	**-**
U.S Department of Agriculture					
Pass-Through From:					
Texas Department of Agriculture					
Child and Adult Care Food Program	10.558	-	34,995	34,995	-
T5CCHZHBNDD6					
Pass-Through From:					
The University of Texas at San Antonio					
Hispanic Serving Institutions Education Grants	10.223	-	6,082	6,082	-
1000003572					

See accompanying notes to Schedule of Expenditures of Federal Awards

South Texas College District
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2023
(Continued)

Schedule E

Federal Grantor/Cluster/Program Title/Pass-Through Grantor/ Pass-Through Grantor's Award Number	Assistance Listing Number	Expenditures: Direct Award	Expenditures: Pass Through Awards	Expenditures: Total	Subrecipient Expenditures
Pass-Through From:					
The University of Texas at Rio Grande Valley					
Hispanic Serving Institutions Education Grants	10.223	$ -	$ 4,080	$ 4,080	$ -
2021-77040-34869-01					
Total Hispanic Serving Institutions Education Grants		-	10,162	10,162	-
Research and Development Cluster					
Agriculture and Food Research Initiative	10.310	-	36,371	36,371	-
20226801836606(01)					
Total U.S. Department of Agriculture		**-**	**81,528**	**81,528**	**-**
U.S Department of Commerce					
Direct Programs:					
Connecting Minorities Communities Pilot Program	11.028	17,226	-	17,226	-
48-09-C13025					
Total U.S Department of Commerce		**17,226**	**-**	**17,226**	**-**
National Science Foundation					
Direct Programs:					
STEM Education	47.076	74,083	-	74,083	-
1930525					
Total National Science Foundation		**74,083**	**-**	**74,083**	**-**
U.S Department of Health and Human Services					
Pass-Through From:					
The University of Texas at Rio Grande Valley					
Biomedical Research and Research Training	93.859	-	18,527	18,527	-
1T34GM137854-01 (02)					
Total Research and Development Cluster		91,309	54,898	146,207	-
Texas Workforce Commission					
COVID 19 - Temporary Assistance for Needy Families	93.558	-	39,154	39,154	-
2322TAN002					
Child Care and Development Fund Cluster					
Child Care and Development Block Grant	93.575				
2022-0867986		-	322,226	322,226	-
2322SSD001		-	270	270	-
2323CAT001		-	17,406	17,406	-
Total Child Care and Development Block Grant		-	339,902	339,902	-
Civitias Strategies Early Start, LLC					
Child Care and Development Block Grant	93.575	-	42,182	42,182	-
2022CCPEI-22090406					
Total Child Care and Development Fund Cluster		-	382,084	382,084	-
Total U.S. Department of Health and Human Services		**-**	**397,583**	**397,583**	**-**
Total Federal Financial Assistance		**$ 82,857,380**	**$ 5,551,220**	**$ 88,408,600**	**$ -**

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, 2023
(Continued)

Schedule E

Note 1: Federal Assistance Reconciliation

Other Operating Revenues - Federal Grants and Contracts - per Schedule A	$	5,956,169
Add: Indirect/Administrative Cost Recoveries - per Schedule A		317,385
Add: Non-Operating Revenues - Federal Revenue, non-operating - per Schedule C		82,815,671
Total Federal Revenues per Schedule A and C		89,089,225
Reconciling Item:		
Minus Veteran Funds		(686,729)
Plus Reversal of Rehabilitation Services Vocational Rehabilitation Grants to States		6,104
Total Federal Revenues per Schedule of Expenditures of Federal Awards	**$**	**88,408,600**

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 -

CFDA 64.027 Post 9/11 Veterans Education Assistance	$	517,710
CFDA 64.125 Vocational and Educational Counseling for Service members and Veterans	$	169,019

These funds were not subject to a federal single audit as indicated in the Catalog of Assistance Listing Number distributed by the office of Management and Budget.

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 2023.

Note 5: Amounts Passed Through by the District.

The District did not pass-through any amounts in fiscal year 2023.

Note 6: Nonmonetary Federal Assistance.

There were no federal noncash awards in fiscal year 2023.

South Texas College District
Schedule of Expenditures of State Awards
Year Ended August 31, 2023

Schedule F

State Grantor/ Pass-Through Grantor - Program Title	Contract Number	Expenditures*
Texas Higher Education Coordinating Board		
Nursing Shortage Reduction Program	27021	$ 287,300
Texas College Work-Study Program		115,923
Texas Educational Opportunity Grant - Initial Year		1,129,032
Texas Educational Opportunity Grant - Renewal Year		1,302,750
Work-Study Mentorship Program		89,001
Total Texas Higher Education Coordinating Board		**2,924,006**
Texas Association for Education of Young Children		
T.E.A.C.H. Early Childhood Texas		6,234
Texas Department of Transportation		
TxDot Employee Career Development, Recruitment and Retention	601CT0000024486	138,332
Texas National Guard		
State Tuition Assistance Program	129492	1,410
Texas Workforce Commission		
Jobs and Education For Texans	2322JET001	220,160
Jobs and Education For Texans	2322JET002	171,003
Skills Development Funds	2323SDF001	13,897
Skills for Small Business	2322SSD001	54,415
Skills for Small Business	2323SSD001	192,202
Self Sufficiency Fund	2321SSF001	7,183
Vocational Rehabilitation	3023VRS009	11,826
Total Texas Workforce Commission		**670,686**
Total State Financial Assistance		**$ 3,740,668**

Note 1: State Assistance Reconciliation

State Revenues	$ 3,740,668
Add: Indirect/Administrative Cost Recoveries	-
Total State Revenues per Schedule A	**$ 3,740,668**

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 2023.

* No funds were provided to subrecipients by the District.

STATISTICAL SECTION

(UNAUDITED)

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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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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

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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.

Debt Capacity

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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.

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Demographic and Economic Statistics – Taxing District ---------- 148-149

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These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating and Other Information

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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,			
	2023	Restated 2022	Restated 2021	2020
Net Position				
Net investment in capital assets	$ 218,090,789	$ 206,580,723	$ 205,203,379	$ 205,172,770
Restricted expendable	20,860,264	22,464,778	21,756,337	20,889,610
Restricted non-expendable	339,580	339,528	339,524	339,521
Unrestricted	199,435,130	186,621,360	164,302,835	150,897,921
Total Net Position	**$ 438,725,763**	**$ 416,006,389**	**$ 391,602,075**	**$ 377,299,822**
Net position, beginning of year	416,006,389	391,602,075	377,299,822	378,003,132
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)	416,006,389	391,602,075	377,299,822	378,003,132
Increase (decrease) in net position	**$ 22,719,374**	**$ 24,404,314**	**$ 14,302,253**	**$ (703,310)**

[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,					
2019	2018[1]	2017	2016	2015[2]	2014
$ 206,861,404	$ 205,569,611	$ 213,988,457	$ 181,421,943	$ 170,833,415	$ 169,028,494
19,956,978	18,748,658	19,145,139	19,790,038	21,990,627	21,972,306
339,500	339,472	339,455	339,449	339,446	339,445
150,845,250	161,722,905	162,922,837	169,726,346	147,038,865	146,201,265
$ 378,003,132	**$ 386,380,647**	**$ 396,395,889**	**$ 371,277,776**	**$ 340,202,353**	**$ 337,541,511**
386,380,647	396,395,889	371,277,776	340,202,353	337,541,511	315,848,253
N/A	(15,448,970)	N/A	N/A	(25,791,345)	(452,726)
386,380,647	380,946,919	371,277,776	340,202,353	311,750,166	315,395,527
$ (8,377,515)	**$ 5,433,728**	**$ 25,118,113**	**$ 31,075,423**	**$ 28,452,187**	**$ 22,145,985**

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

	For the Fiscal Year Ended August 31,			
	2023	2022	2021	2020
Operating Revenues				
Tuition and fees (net of discounts)	$ 16,114,975	$ 16,951,303	$ 21,098,778	$ 23,652,462
Federal grants and contracts	6,273,554	5,464,987	4,752,189	4,890,928
State grants and contracts	3,740,668	3,997,724	4,109,030	4,081,215
Local grants and contracts	8,274,752	7,914,784	8,939,528	8,710,679
Non-governmental grants and contracts	1,612,412	1,240,607	1,450,472	1,344,736
Auxiliary enterprises	767,395	779,359	678,506	1,355,127
General operating revenues	282,456	381,428	572,671	612,825
Total Operating Revenues	**37,066,212**	**36,730,192**	**41,601,174**	**44,647,972**
Non-Operating Revenues				
State appropriations	47,433,191	45,987,869	55,359,735	50,949,811
Ad valorem taxes - maintenance & operations	70,772,519	64,294,497	59,403,574	56,146,535
Ad valorem taxes - debt service	11,805,118	14,773,167	13,783,392	13,571,701
Federal revenue, non-operating	82,815,671	138,419,143	78,372,230	67,836,841
Gifts	310,482	201,541	197,836	275,475
Investment income (net of investment expenses)	10,862,837	305,668	2,129,834	4,872,160
Gain on disposal of capital assets	20,890	33,217	9,251	-
Insurance proceeds	-	88,572	288,021	2,600
Interest lease revenue	41,596	43,078	44,579	-
Other non-operating revenues	26,976	25,448	23,948	68,527
Total Non-Operating Revenues	**224,089,280**	**264,172,200**	**209,612,400**	**193,723,650**
Total Revenues	**$ 261,155,492**	**$ 300,902,392**	**$ 251,213,574**	**$ 238,371,622**

	For the Fiscal Year Ended August 31,			
	2023	2022	2021	2020
Operating Revenues				
Tuition and fees (net of discounts)	6.17%	5.63%	8.40%	9.92%
Federal grants and contracts	2.40%	1.82%	1.89%	2.05%
State grants and contracts	1.43%	1.33%	1.64%	1.71%
Local grants and contracts	3.17%	2.63%	3.56%	3.65%
Non-governmental grants and contracts	0.62%	0.41%	0.58%	0.56%
Auxiliary enterprises	0.29%	0.26%	0.27%	0.57%
General operating revenues	0.11%	0.13%	0.22%	0.26%
Total Operating Revenues	**14.20%**	**12.22%**	**16.56%**	**18.73%**
Non-Operating Revenues				
State appropriations	18.16%	15.28%	22.03%	21.37%
Ad-valorem taxes - maintenance & operations	27.10%	21.37%	23.65%	23.55%
Ad-valorem taxes - debt service	4.52%	4.91%	5.49%	5.69%
Federal revenue, non-operating	31.71%	46.00%	31.20%	28.46%
Gifts	0.12%	0.07%	0.08%	0.12%
Investment income (net of investment expenses)	4.16%	0.10%	0.85%	2.04%
Gain on disposal of capital assets	0.01%	0.01%	-	-
Insurance proceeds	-	0.03%	0.11%	-
Interest lease revenue	0.02%	0.01%	-	-
Other non-operating revenues	0.01%	0.01%	0.01%	0.03%
Total Non-Operating Revenues	**85.80%**	**87.78%**	**83.44%**	**81.27%**
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,					
2019	2018	2017	2016	2015	2014
$ 22,589,007	$ 21,657,866	$ 23,129,705	$ 21,452,743	$ 21,373,162	$ 20,488,244
4,660,747	4,304,540	4,490,675	3,889,497	4,368,574	3,445,294
4,701,165	4,108,972	4,076,652	3,266,315	4,068,944	4,246,315
8,160,205	6,660,734	6,102,604	5,063,983	1,099,573	1,118,054
2,022,875	2,538,696	2,061,438	2,487,482	5,235,358	4,949,832
1,766,603	1,890,180	1,833,407	1,893,838	1,773,325	1,835,353
665,435	704,996	603,343	729,855	1,308,903	645,811
44,566,037	**41,865,984**	**42,297,824**	**38,783,713**	**39,227,839**	**36,728,903**
49,608,274	47,940,649	45,315,830	46,077,235	42,858,200	42,766,020
53,934,103	48,931,234	48,822,561	46,781,602	43,951,580	33,983,319
14,694,007	15,656,580	15,652,143	15,016,847	14,105,277	12,291,870
59,341,569	60,276,808	55,666,373	54,858,852	54,881,496	55,351,962
320,507	353,250	252,614	251,022	305,146	323,100
5,572,742	3,698,483	2,612,017	1,034,010	144,206	214,915
3,790	6,547	5,575	12,350	-	-
425,000	14,959	149,634	-	24,282	-
-	-	-	-	-	-
68,526	19,732	352,500	-	-	35,840
183,968,518	**176,898,242**	**168,829,247**	**164,031,918**	**156,270,186**	**144,967,026**
$ 228,534,555	**$ 218,764,226**	**$ 211,127,071**	**$ 202,815,631**	**$ 195,498,025**	**$ 181,695,929**

For the Fiscal Year Ended August 31,					
2019	2018	2017	2016	2015	2014
9.88%	9.91%	10.95%	10.58%	10.93%	11.28%
2.04%	1.97%	2.13%	1.92%	2.24%	1.90%
2.06%	1.88%	1.93%	1.61%	2.08%	2.34%
3.57%	3.04%	2.89%	2.50%	0.56%	0.61%
0.89%	1.16%	0.98%	1.22%	2.68%	2.72%
0.77%	0.86%	0.87%	0.93%	0.91%	1.01%
0.29%	0.32%	0.29%	0.36%	0.67%	0.35%
19.50%	**19.14%**	**20.04%**	**19.12%**	**20.07%**	**20.21%**
21.71%	21.91%	21.46%	22.72%	21.92%	23.54%
23.60%	22.37%	23.12%	23.07%	22.48%	18.70%
6.43%	7.16%	7.41%	7.40%	7.22%	6.77%
25.97%	27.55%	26.37%	27.05%	28.07%	30.46%
0.14%	0.16%	0.12%	0.12%	0.16%	0.18%
2.44%	1.69%	1.24%	0.51%	0.07%	0.12%
-	-	-	0.01%	-	-
0.19%	0.01%	0.07%	-	0.01%	-
-	-	-	-	-	-
0.03%	0.01%	0.17%	0.00%	-	0.02%
80.50%	**80.86%**	**79.96%**	**80.88%**	**79.93%**	**79.79%**
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,			
	2023	Restated 2022	Restated 2021	2020
Operating Expenses				
Instruction	$ 85,352,863	$ 80,659,869	$ 87,620,251	$ 94,767,643
Research	5,836	7,214	13,930	-
Public service	375,321	232,426	1,611,221	1,295,671
Academic support	23,519,401	20,182,671	22,358,202	21,510,411
Student services	13,388,919	12,210,400	13,693,983	14,394,224
Institutional support	34,539,118	43,078,959	33,034,943	34,970,309
Operations and maintenance of plant	23,918,250	20,503,476	20,821,673	20,419,241
Scholarships and fellowships	35,782,704	75,671,920	37,788,198	29,136,804
Auxiliary enterprises	2,511,386	2,219,495	1,693,536	2,627,299
Depreciation	12,823,787	13,623,741	12,020,225	12,162,030
Total Operating Expenses	**232,217,585**	**268,390,171**	**230,656,162**	**231,283,632**
Non-Operating Expenses				
Interest on capital related debt	3,072,238	3,946,606	4,623,748	5,841,189
Loss on sale/disposal/return on capital assets	285,632	3,110	242,960	42
Non-capital construction costs	1,503,083	2,300,251	685,243	1,163,367
Bond costs amortization	1,097,328	1,652,444	559,358	532,856
Other non-operating expenses	275,852	205,601	249,823	262,755
Total Non-Operating Expenses	**6,234,133**	**8,108,012**	**6,361,132**	**7,800,209**
Total Expenses	**$ 238,451,718**	**$ 276,498,183**	**$ 237,017,294**	**$ 239,083,841**

	For the Fiscal Year Ended August 31,			
	2023	Restated 2022	Restated 2021	2020
Operating Expenses				
Instruction	35.79%	29.17%	36.97%	39.64%
Research	-	-	0.01%	-
Public service	0.16%	0.08%	0.68%	0.54%
Academic support	9.86%	7.30%	9.43%	9.00%
Student services	5.61%	4.42%	5.78%	6.02%
Institutional support	14.48%	15.58%	13.94%	14.63%
Operations and maintenance of plant	10.03%	7.42%	8.78%	8.54%
Scholarships and fellowships	15.01%	27.37%	15.94%	12.19%
Auxiliary enterprises	1.05%	0.80%	0.71%	1.10%
Depreciation	5.38%	4.93%	5.08%	5.09%
Total Operating Expenses	**97.38%**	**97.07%**	**97.32%**	**96.74%**
Non-Operating Expenses				
Interest on capital related debt	1.29%	1.43%	1.95%	2.44%
Loss on sale/disposal/return on capital assets	0.12%	-	0.10%	-
Non-capital construction costs	0.63%	0.83%	0.29%	0.49%
Bond costs amortization	0.46%	0.60%	0.24%	0.22%
Other non-operating expenses	0.12%	0.07%	0.10%	0.11%
Total Non-Operating Expenses	**2.61%**	**2.93%**	**2.68%**	**3.26%**
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 2009 - FY 2018.
The segregation is not reflected in the previous years.

For the Fiscal Year Ended August 31,					
2019	2018	2017	2016	2015	2014
$ 92,144,487	$ 77,741,287	$ 70,879,518	$ 66,249,496	$ 60,820,171	$ 59,447,105
-	-	-	-	-	-
1,860,996	2,276,663	709,252	912,507	1,205,480	829,711
23,030,399	18,306,332	17,101,883	16,333,241	15,281,478	13,980,994
14,602,287	11,722,551	11,228,508	11,477,740	10,969,940	10,403,813
32,251,981	26,803,724	26,074,788	23,138,061	21,790,954	19,813,088
21,534,803	20,048,333	15,977,257	14,064,638	13,675,484	12,563,251
27,797,829	27,412,188	26,028,594	26,432,169	27,815,696	27,692,817
3,451,000	3,355,013	2,529,295	1,562,463	1,403,408	1,388,717
12,009,110	9,917,643	7,262,313	6,966,274	6,759,801	6,731,486
228,682,892	**197,583,734**	**177,791,408**	**167,136,589**	**159,722,412**	**152,850,981**
5,690,864	3,513,058	4,150,374	6,602,765	5,964,767	1,340,664
114,727	838,031	5,886	-	240,389	10,154
2,025,830	11,107,175	3,548,465	1,911,123	1,731,576	1,715,994
166,273	268,803	295,436	284,829	1,166,614	873,318
246,594	84,956	265,017	320,767	274,655	208,684
8,244,288	**15,812,023**	**8,265,178**	**9,119,484**	**9,378,001**	**4,148,813**
$ 236,927,180	**$ 213,395,757**	**$ 186,056,587**	**$ 176,256,073**	**$ 169,100,413**	**$ 156,999,794**

For the Fiscal Year Ended August 31,					
2019	2018	2017	2016	2015	2014
38.89%	36.43%	38.10%	37.59%	35.97%	37.86%
-	-	-	-	-	-
0.79%	1.07%	0.38%	0.52%	0.71%	0.53%
9.72%	8.58%	9.19%	9.27%	9.03%	8.91%
6.16%	5.49%	6.04%	6.51%	6.49%	6.63%
13.61%	12.56%	14.01%	13.13%	12.88%	12.62%
9.09%	9.39%	8.59%	7.98%	8.09%	8.00%
11.73%	12.85%	13.99%	15.00%	16.45%	17.64%
1.46%	1.57%	1.36%	0.88%	0.83%	0.88%
5.07%	4.65%	3.90%	3.95%	4.00%	4.29%
96.52%	**92.59%**	**95.56%**	**94.83%**	**94.45%**	**97.36%**
2.40%	1.65%	2.23%	3.75%	3.53%	0.85%
0.05%	0.39%	-	-	0.14%	0.01%
0.86%	5.20%	1.91%	1.08%	1.03%	1.09%
0.07%	0.13%	0.16%	0.16%	0.69%	0.56%
0.10%	0.04%	0.14%	0.18%	0.16%	0.13%
3.48%	**7.41%**	**4.44%**	**5.17%**	**5.55%**	**2.64%**
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
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	-
2013	90/150	67	76	18	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
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	-
2013	90/150	202	202	18	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
$ 1,662	$ 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%
1,266/1,326	1,375/1,435	2.93%	2.69%

Cost for 12 SCH Out-of-State	Cost for 12 SCH International	Increase From Prior Year Out-of-State	Increase From Prior Year International
$ 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%)
2,886/2,946	2,886/2,946	1.26%	1.26%

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)
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
2013-14	39,073,962,437	8,153,953,156	673,809,590	30,246,199,691

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)
76.51%	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
77.41%	0.1100	0.0400	0.1500

Statistical Supplement 6a
General Appropriations Act Before Contact Hour Adjustments[1]
Last Ten Fiscal Years
(unaudited)

	For the Fiscal Year Ended August 31,			
Appropriation Funding Elements	2023	2022	2021	2020
State Appropriation Contact Hour Funding (CH)	$ 30,785,853	$ 30,785,854	$ 34,847,891	$ 34,850,456
State Appropriation Student Success Points (SSP)	7,337,690	7,337,691	5,346,393	5,346,394
State Appropriation Core Operations (CO)	680,406	680,406	680,406	680,406
State Appropriation Bachelor of Applied Technology (BAT)	1,290,084	1,290,084	1,307,616	1,307,616
Total	**$ 40,094,033**	**$ 40,094,035**	**$ 42,182,306**	**$ 42,184,872**

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

[1] General Appropriations Act, SB 1, 87th Texas Legislature, Section 1 (page III-222) - Informational Listing of Appropriated Funds
*Formula funding methodology changed in fiscal year 2014.

Source:
THECB - Ten Pay Schedule

For the Fiscal Year Ended August 31,					
2019	2018	2017	2016	2015	2014*
$ 34,396,461	$ 34,397,316	$ 32,558,148	$ 33,471,584	$ 31,439,245	$ 31,439,245
4,089,966	4,089,967	3,670,735	3,670,736	3,394,950	3,394,950
680,406	680,406	500,000	500,000	500,000	500,000
1,071,990	1,071,990	805,107	805,106	562,474	562,474
$ 40,238,823	**$ 40,239,679**	**$ 37,533,990**	**$ 38,447,426**	**$ 35,896,669**	**$ 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
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
2014*	35,896,669	20,306	1,768

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

[1] 1 Fiscal Year (FY) FTSE is equal to the sum of State Funded (Fall SCH + Spring SCH + Summer SCH for the Current FY/30SCH) plus State Funded Continuing Education (Fall CH + Spring CH + Summer CH for the current FY/900CH).

*Formula funding methodology changed is fiscal year 2014.

Source:
CBM004/CBM001 and CBM00C/CBM00A.

Statistical Supplement 6c
State Appropriation per Funded Contact Hour (CH)
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
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
2014*	31,439,245	8,269,360	3,453,056	716,914	12,439,330	2.53

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

[1]State Funded Contact Hour Appropriations as it appears in schedule 6a.
[2]Contact hours (CH) for state funded Academic, Technical and Continuing Education contact hours for Fall, Spring and Summer semesters of the current fiscal year.

*Formula funding methodology changed in fiscal year 2014.

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]	Year Average Student Success Points	SSP - State Appropriation per Success Point
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
2014*	3,394,950	36,678	92.56

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

*Formula funding methodology changed in fiscal year 2014 to include appropriations based on student success points. As such, appropriations per student success points are not applicable for fiscal years prior to 2014.

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

Source:
THECB - Ten Pay Schedule

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

	For the Fiscal Year Ended August 31,			
Success Point Elements[1]	2023**	2022**	2021**	2020
Math Readiness	1,592	1,592	893	1,441
Read Readiness	712	712	342	676
Write Readiness	363	363	130	256
Students Who Pass FCL Math Course	6,852	6,852	5,382	7,212
Students Who Pass FCL Read Course	4,277	4,277	2,647	4,125
Students Who Pass FCL Write Course	3,638	3,638	2,553	3,586
Students Who Complete 15 SCH	10,099	10,099	7,226	10,187
Students Who Complete 30 SCH	10,485	10,485	8,483	10,748
Student Transfers to a 4-Yr Inst	9,521	9,521	10,401	10,215
Degrees, CCCs, or Certs (Unduplicated)	6,214	6,214	5,177	5,861
Degrees or Certs in Critical Fields	5,445	5,445	4,716	5,584
Total Annual Success Points	**59,197**	**59,197**	**47,949**	**59,889**

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

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

*Formula funding methodology changed in fiscal year 2014.

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

Source: THECB - Accountability System

For the Fiscal Year Ended August 31,					
2019	2018	2017	2016	2015	2014*
1,467	1,867	1,939	1,857	1,289	1,307
633	828	829	735	615	744
304	529	809	758	611	825
6,758	6,586	6,370	6,251	5,654	5,673
4,447	4,260	4,024	4,008	3,683	2,947
3,753	3,576	3,388	3,401	3,131	2,773
10,192	9,919	9,861	10,364	8,574	9,911
10,496	10,211	6,423	6,083	5,011	5,798
9,237	9,111	6,058	5,184	6,404	6,034
6,281	6,499	8,618	7,520	6,856	5,974
4,878	5,873	4,178	4,385	4,399	4,282
58,445	**59,258**	**52,497**	**50,546**	**46,226**	**46,267**

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

Taxpayer[1]	Type of Business	Taxable Assessed Value (TAV) by Tax Year 2023	2022	2021	2020
AEP Texas Inc. - 27th	Electric Utility/Power Plant	$ 585,649,500	$ 545,493,040	$ 455,458,070	$ 504,873,150
Merit Energy Company	Electric Utility/Power Plant	193,093,387	166,780,232	179,152,256	172,941,689
Simon Property Group - McAllen	Shopping Center/Development	156,416,994	155,336,606	170,341,039	170,193,064
EDP Renewables NA-Los Mirasole	Electric Utility/Power Plant	130,547,070	174,497,580	190,972,650	258,825,660
Electric Transmission of Texas - 27th	Electric Utility/Power Plant	111,454,950	107,674,690	101,036,810	97,727,750
CPG Mercedes LP	Real Estate	107,000,000	110,000,000	115,000,000	115,000,000
H. E. Butt Grocery Company	Grocery	104,705,721	105,923,290	104,365,283	104,625,471
AEP Electric Transmission	Electric Utility/Power Plant	77,946,940	85,802,670	75,673,940	77,366,680
NET Mexico Pipeline Partners	Pipeline	74,286,060	67,096,650	73,597,660	75,256,980
Magic Valley Electric Co-op - 27th	Electric Utility/Power Plant	69,315,670	65,430,420	62,577,260	57,138,160
Big Sky Commercial Property	Commercial	63,828,610	63,326,929	60,605,570	61,006,197
South Texas Elec Coop-Red Gate	Electric Utility/Power Plant	58,223,550	61,372,430	61,372,430	70,814,340
Day Surgery at Renaissance LLC	Healthcare	55,447,346	53,482,155	104,428,470	-
La Plaza Mall LLC	Retail	52,000,000	-	-	-
Rio Grande Regional Hospital	Hospital	50,752,851	-	-	55,249,830
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	-	-	-	135,619,580
McAllen Levcal LLC	Development	-	-	-	63,301,789
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	-	-	-	-
El Paso Production Oil & Gas	Oil & Gas	-	-	-	-
Legend Natural Gas LLP	Oil & Gas	-	-	-	-
Total		**1,890,668,649**	**1,871,032,946**	**1,872,085,873**	**2,019,940,340**
Total Taxable Assessed Value		**$50,864,349,747**	**$45,214,407,716**	**$42,115,920,553**	**$40,256,755,406**

[1] Includes both Starr and Hidalgo Counties

Sources:
Estrada & Hinojosa Investment Bankers, Table 5 - Fifteen Largest Taxpayers, p.7
South Texas College District CAFR (Fiscal Year Ended August 31, 2023): Note 21 - Ad Valorem Tax

Taxable Assessed Value (TAV) by Tax Year

2019	2018	2017	2016	2015	2014
$ 404,804,330	$ 352,495,470	$ -	$ -	$ -	$ -
159,177,822	230,641,575	-	-	-	-
135,839,131	154,055,359	121,013,266	115,303,024	85,303,024	61,802,878
283,318,230	234,782,400	-	-	-	-
103,752,010	100,423,530	-	-	-	-
89,891,425	79,979,184	71,900,000	71,900,000	71,900,000	59,259,989
104,522,304	114,446,193	106,142,740	105,032,930	104,974,764	99,587,906
75,178,960	84,059,570	-	-	-	-
79,214,920	68,130,000	61,062,170	50,433,870	-	-
56,017,320	-	-	-	-	-
61,421,881	-	-	-	-	-
153,130,490	153,130,490	71,187,500	-	-	-
-	-	49,580,969	94,283,759	96,644,921	87,177,604
-	-	-	-	-	-
-	-	54,728,656	54,415,269	54,415,269	56,328,437
-	-	-	-	-	-
-	-	58,267,204	83,501,468	111,616,706	110,650,697
-	-	-	-	-	-
132,743,560	-	-	-	-	-
60,056,707	58,275,372	-	-	-	-
56,052,250	57,631,060	61,378,270	60,508,140	67,964,220	63,178,400
-	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	240,344,300
-	-	120,816,900	379,446,207	480,051,211	417,907,900
-	-	54,720,720	61,014,790	65,093,830	64,184,330
-	-	48,706,030	-	51,319,700	53,302,090
-	-	-	64,409,510	67,452,860	56,941,250
-	-	-	63,232,029	64,113,853	-
-	-	-	46,786,593	46,786,593	52,246,584
-	-	-	-	41,915,932	-
-	-	-	-	-	86,226,095
-	-	-	-	-	62,055,660
1,955,121,340	**2,429,750,173**	**1,585,984,235**	**1,772,855,189**	**1,671,299,393**	**1,571,194,120**
$ 38,381,832,847	**$ 36,596,147,819**	**$ 34,902,217,340**	**$ 33,304,492,691**	**$ 30,965,159,425**	**$ 30,246,199,691**

(Continued)

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

		% of Taxable Assessed Value (TAV) by Tax Year			
Taxpayer[1]	Type of Business	2023	2022	2021	2020
AEP Texas Inc. - 27th	Electric Utility/Power Plant	1.15%	1.21%	1.08%	1.25%
Merit Energy Company	Electric Utility/Power Plant	0.38%	0.37%	0.43%	0.43%
Simon Property Group - McAllen	Shopping Center/Development	0.31%	0.34%	0.40%	0.42%
EDP Renewables NA-Los Mirasole	Electric Utility/Power Plant	0.26%	0.39%	0.45%	0.64%
Electric Transmission of Texas - 27th	Electric Utility/Power Plant	0.22%	0.24%	0.24%	0.24%
CPG Mercedes LP	Real Estate	0.21%	0.24%	0.27%	0.29%
H. E. Butt Grocery Company	Grocery	0.21%	0.23%	0.25%	0.26%
AEP Electric Transmission	Electric Utility/Power Plant	0.15%	0.19%	0.18%	0.19%
NET Mexico Pipeline Partners	Pipeline	0.15%	0.15%	0.17%	0.19%
Magic Valley Electric Co-op - 27th	Electric Utility/Power Plant	0.14%	0.14%	0.15%	0.14%
Big Sky Commercial Property	Commercial	0.13%	0.14%	0.14%	0.15%
South Texas Elec Coop-Red Gate	Electric Utility/Power Plant	0.11%	0.14%	0.15%	0.18%
Day Surgery at Renaissance LLC	Healthcare	0.11%	0.12%	0.25%	-
La Plaza Mall LLC	Retail	0.10%	-	-	-
Rio Grande Regional Hospital	Hospital	0.10%	-	-	0.14%
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	-	-	-	0.34%
McAllen Levcal LLC	Development	-	-	-	0.16%
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	-	-	-	-
El Paso Production Oil & Gas	Oil & Gas	-	-	-	-
Legend Natural Gas LLP	Oil & Gas	-	-	-	-
Total		**3.73%**	**4.14%**	**4.44%**	**5.02%**

[1] Includes both Starr and Hidalgo Counties

Sources:
Estrada & Hinojosa Investment Bankers, Table 5 - Fifteen Largest Taxpayers, p.7
South Texas College District CAFR (Fiscal Year Ended August 31, 2023): Note 21 - Ad Valorem Tax

(Continued)

% of Taxable Assessed Value (TAV) by Tax Year					
2019	2018	2017	2016	2015	2014
1.05%	0.96%	-	-	-	-
0.41%	0.63%	-	-	-	-
0.35%	0.42%	0.35%	0.35%	0.28%	0.20%
0.74%	0.64%	-	-	-	-
0.27%	0.27%	-	-	-	-
0.23%	0.22%	0.21%	0.22%	0.23%	0.20%
0.27%	0.31%	0.30%	0.32%	0.34%	0.33%
0.20%	0.23%	-	-	-	-
0.21%	0.19%	0.17%	0.15%	-	-
0.15%	-	-	-	-	-
0.16%	-	-	-	-	-
0.40%	0.42%	0.20%	-	-	-
-	-	0.14%	0.28%	0.31%	0.29%
-	-	-	-	-	-
-	-	0.16%	0.16%	0.18%	0.19%
-	-	-	-	-	-
-	-	0.17%	0.25%	0.36%	0.37%
-	-	-	-	-	-
0.35%	-	-	-	-	-
0.16%	0.16%	-	-	-	-
0.15%	0.16%	0.18%	0.18%	0.22%	0.21%
-	0.84%	-	-	-	-
-	0.78%	0.93%	0.68%	-	-
-	0.40%	0.25%	-	-	-
-	-	0.84%	0.88%	0.85%	0.79%
-	-	0.35%	1.14%	1.55%	1.38%
-	-	0.16%	0.18%	0.21%	0.21%
-	-	0.14%	-	0.17%	0.18%
-	-	-	0.19%	0.22%	0.19%
-	-	-	0.19%	0.21%	-
-	-	-	0.14%	0.15%	0.17%
-	-	-	-	0.14%	-
-	-	-	-	-	0.29%
-	-	-	-	-	0.21%
5.10%	**6.63%**	**4.55%**	**5.31%**	**5.42%**	**5.21%**

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
2023	$ 80,251,063	$ 531,215	$ 80,782,278	$ 76,878,078	95.17%
2022	75,733,437	1,680,637	77,414,074	73,966,818	95.55%
2021	71,090,739	598,121	71,688,860	68,560,022	95.64%
2020	68,722,111	60,235	68,782,346	65,210,474	94.81%
2019	67,294,780	(79,435)	67,215,344	63,995,664	95.21%
2018	66,558,586	426,973	66,985,559	63,658,716	95.03%
2017	63,195,313	(110,337)	63,084,976	59,624,975	94.52%
2016	60,279,269	71,285	60,350,554	57,139,510	94.68%
2015	56,134,038	580,801	56,714,839	53,732,185	94.74%
2014	45,078,972	8,354	45,087,326	42,542,880	94.36%

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 Country 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
$ -	$ -	$ 798,282	$ 77,676,360	95.17%
-	1,711,774 *	347,955 *	76,026,547	97.76%
1,604,266 *	442,053	148,505	70,754,845	98.49%
2,428,514	250,826	116,633	68,006,447	98.70%
2,403,428	147,224	85,854	66,632,170	99.00%
2,579,486	100,134	64,675	66,403,011	99.03%
2,824,024	66,677	49,364	62,565,040	99.10%
2,678,467	54,533	45,427	59,917,936	99.21%
2,507,859	39,247	36,066	56,315,357	99.23%
2,185,822	29,276	29,247	44,787,225	99.27%

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

	For the Year Ended August 31,			
	2023	Restated 2022	Restated 2021	2020
General Bonded Debt				
General obligation bonds	$115,973,839	$126,183,040	$134,111,260	$143,183,241
Less: Funds restricted for debt service	(15,930,500)	(16,920,857)	(16,071,340)	(16,002,125)
Net General Bonded Debt	**$ 100,043,339**	**$ 109,262,183**	**$ 118,039,920**	**$ 127,181,116**
Other Debt				
Lease liability	$295,032	$237,763	$234,917	$ -
Subscription Based Information Tech Arrangements	1,565,545	2,246,083	-	-
Total Outstanding Debt	**$ 117,834,416**	**$ 128,666,886**	**$ 134,346,177**	**$ 143,183,241**
General Bonded Debt Ratios				
Per Capita (a)	$86.41	$96.65	$106.95	$118.12
Per FTSE (b)	5,527	5,861	6,446	5,807
As a percentage of taxable assessed value (c)	0.20%	0.24%	0.28%	0.32%
As a percentage of personal income (d)	0.25%	0.31%	0.39%	0.45%
Total Outstanding Debt Ratios				
Per Capita (a)	$101.77	$113.82	$121.72	$132.98
Per FTSE (b)	6,509	6,902	7,336	6,537
As a percentage of taxable assessed value (c)	0.23%	0.28%	0.32%	0.36%
As a percentage of personal income (d)	0.29%	0.36%	0.44%	0.50%

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,					
2019	2018	2017	2016	2015	2014
$148,812,889	$156,832,917	$167,532,403	$178,297,054	$188,761,705	$97,817,879
(15,817,687)	(14,017,689)	(14,329,738)	(15,223,843)	(17,161,084)	(17,635,362)
$ 132,995,202	**$ 142,815,228**	**$ 153,202,665**	**$ 163,073,211**	**$ 171,600,621**	**$ 80,182,517**
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
$ 148,812,889	**$ 156,832,917**	**$ 167,532,403**	**$ 178,297,054**	**$ 188,761,705**	**$ 97,817,879**
$126.59	$139.35	$153.34	$179.27	$191.20	$90.61
6,383	6,606	7,134	7,527	8,336	3,949
0.35%	0.39%	0.44%	0.49%	0.55%	0.27%
0.50%	0.57%	0.62%	0.76%	0.87%	0.43%
$141.64	$153.02	$167.69	$196.01	$210.33	$110.54
7,142	7,254	7,802	8,230	9,170	4,817
0.39%	0.43%	0.48%	0.54%	0.61%	0.32%
0.56%	0.63%	0.68%	0.83%	0.96%	0.52%

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
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%
2014	30,246,199,691	151,230,998	(17,635,362)	133,595,636	(14,901,182)	118,694,454	(1.81%)

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)	
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)
2014	884,888	(2)	34,140	(5)	26,714	(5)	30,427	22,400	(6)	19,866	(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)
$ 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)
21,133	18,700,338	9.15% (1)	13.45% (1)	11.30% (1)	5.10% (1)	5.70% (1)

Statistical Supplement 13
Principal Employers
(unaudited)

	2023			2014	
Employer	Number of Employees	Percentage of Total Employment	Employer	Number of Employees	Percentage of Total Employment
IDEA	8,559	2.26%	H-E-B[2]	4,893	1.57%
Doctor's Hospital at Renaissance	5,600	1.48%	Wal Mart[3]	4,607	1.48%
University of Texas Rio Grande Valley[1]	5,230	1.38%	Pharr-San Juan-Alamo ISD	4,400	1.42%
H-E-B	4,750	1.25%	Hidalgo County	3,948	1.27%
Edinburg Consolidated I.S.D.	4,747	1.25%	McAllen Consolidated ISD	3,900	1.26%
Pharr-San Juan-Alamo I.S.D.	4,644	1.22%	Edinburg Consolidated ISD	3,600	1.16%
Hidalgo County[4]	4,439	1.17%	Doctor's Hospital at Renaissance	3,400	1.09%
La Joya ISD	4,049	1.07%	Edinburg Regional Medical Center	3,000	0.97%
McAllen Independent School District	3,348	0.88%	University of Texas-Pan American	2,850	0.92%
Wal-Mart	3,200	0.84%	Weslaco ISD	2,821	0.91%
Total	**48,566**	**12.80%**	**Total**	**37,419**	**12.05%**

Note:
Total employment as of August 2023 for the district was 379,362. Based on latest economic indicators, provided by the Texas Workforce Commission for Texas Labor Market Information for August 2023.

(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).
(3) Total number of employees includes Hidalgo County stores and 1 Wal-Mart store located in Starr County (Rio Grande City, TX).
(4) Total number of employees includes Hidalgo County.

Sources:
Hidalgo County 2022 ACFR
Texas Workforce Commisson
South Texas College 2013 ACFR

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Faculty										
Full-time	570	541	603	657	642	623	590	593	538	533
Part-time	435	377	449	525	540	536	583	536	522	519
Total	**1,005**	**918**	**1,052**	**1,182**	**1,182**	**1,159**	**1,173**	**1,129**	**1,060**	**1,052**
Percent										
Full-time	56.7%	58.9%	57.3%	55.6%	54.3%	53.8%	50.3%	52.5%	50.8%	50.7%
Part-time	43.3%	41.1%	42.7%	44.4%	45.7%	46.2%	49.7%	47.5%	49.2%	49.3%
Staff and Administrators										
Full-time	1,086	981	1,120	1,142	1,147	1,078	918	877	852	827
Part-time	531	263	492	806	909	827	855	857	933	902
Total	**1,617**	**1,244**	**1,612**	**1,948**	**2,056**	**1,905**	**1,773**	**1,734**	**1,785**	**1,729**
Percent										
Full-time	67.2%	78.9%	69.5%	58.6%	55.8%	56.6%	51.8%	50.6%	47.7%	47.8%
Part-time	32.8%	21.1%	30.5%	41.4%	44.2%	43.4%	48.2%	49.4%	52.3%	52.2%
Total										
Full-time	1,656	1,522	1,723	1,799	1,789	1,701	1,508	1,470	1,390	1,360
Part-time	966	640	941	1,331	1,449	1,363	1,438	1,393	1,455	1,421
Total	**2,622**	**2,162**	**2,664**	**3,130**	**3,238**	**3,064**	**2,946**	**2,863**	**2,845**	**2,781**
Percent										
Full-time	63.2%	70.4%	64.7%	57.5%	55.3%	55.5%	51.2%	51.3%	48.9%	48.9%
Part-time	36.8%	29.6%	35.3%	42.5%	44.7%	44.5%	48.8%	48.7%	51.1%	51.1%
FTSE per Full-time Faculty	31.8	34.5	30.4	33.3	32.5	34.7	36.4	36.5	38.3	38.1
FTSE per Full-time Staff member	16.7	19.0	16.4	19.2	18.2	20.1	23.4	24.7	24.2	24.6
FTSE*	18,102	18,642	18,313	21,902	20,835	21,619	21,474	21,665	20,585	20,306
Average Annual Faculty Salary	$ 82,711	$ 86,075	$ 73,709	$ 75,002	$ 75,221	$ 77,178	$ 74,689	$ 70,691	$ 72,614	$ 72,163

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)

	Academic									
	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
Student Classification	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	16,745	61.48%	16,139	57.26%	17,043	61.50%	21,057	64.84%	20,131	63.63%
31-60 hours	7,407	27.20%	8,372	29.70%	8,145	29.39%	8,829	27.18%	9,076	28.69%
> 60 hours	3,084	11.32%	3,673	13.03%	2,522	9.11%	2,592	7.98%	2,433	7.68%
Total	**27,236**	**100.00%**	**28,184**	**100.00%**	**27,710**	**100.00%**	**32,478**	**100.00%**	**31,640**	**100.00%**

	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
Semester Hour Load	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	134	0.49%	399	1.42%	223	0.80%	186	0.57%	171	0.54%
3-5 semester hours	6,669	24.49%	7,216	25.60%	6,599	23.81%	7,033	21.65%	7,149	22.59%
6-8 semester hours	7,961	29.23%	8,255	29.29%	8,107	29.26%	8,819	27.17%	8,483	26.81%
9-11 semester hours	5,582	20.49%	5,833	20.70%	5,964	21.52%	6,892	21.22%	6,891	21.78%
12-14 semester hours	5,913	21.71%	5,573	19.77%	5,897	21.28%	8,305	25.57%	7,694	24.32%
15-17 semester hours	878	3.22%	832	2.95%	823	2.98%	1,131	3.48%	1,156	3.65%
18 & over	99	0.36%	76	0.27%	97	0.35%	112	0.34%	96	0.31%
Total	**27,236**	**100.00%**	**28,184**	**100.00%**	**27,710**	**100.00%**	**32,478**	**100.00%**	**31,640**	**100.00%**
Average course load	8.10		7.90		8.17		8.55		8.49	

	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
Tuition Status	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Resident (in-district)	25,411	93.30%	26,401	93.67%	25,974	93.74%	30,498	93.90%	29,691	93.84%
Resident (out-of-district)	914	3.36%	1,012	3.59%	891	3.22%	894	2.75%	814	2.57%
Non-Resident Tuition	911	3.34%	771	2.74%	845	3.04%	1,086	3.35%	1,135	3.59%
Total	**27,236**	**100.00%**	**28,184**	**100.00%**	**27,710**	**100.00%**	**32,478**	**100.00%**	**31,640**	**100.00%**

Source:
CBM0C1 and CBM0CS

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

	Continuing Education									
Student Classification	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
(Contact Hours)	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Continuing Education (CE)	1,865	100.00%	1,363	100.00%	970	100.00%	1,464	100.00%	1,199	100.00%
CE Not State Funded	-	-	-	-	-	-	-	-	-	-
Inter-Institutional	-	-	-	-	-	-	-	-	-	-
Total	**1,865**	**100.00%**	**1,363**	**100.00%**	**970**	**100.00%**	**1,464**	**100.00%**	**1,199**	**100.00%**

	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
Contact Hour Load	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	-	-	-	-	-	-	-	-	-	-
3-5 semester hours	-	-	-	-	-	-	-	-	-	-
6-8 semester hours	31	1.66%	-	-	66	6.80%	129	8.81%	130	10.84%
9-11 semester hours	11	0.59%	-	-	19	1.96%	128	8.74%	16	1.33%
12-14 semester hours	158	8.47%	-	-	32	3.30%	95	6.49%	141	11.76%
15-17 semester hours	101	5.42%	160	11.74%	15	1.55%	59	4.03%	108	9.01%
18 & over	1,564	83.86%	1,203	88.26%	838	86.39%	1,053	71.93%	804	67.06%
Total	**1,865**	**100.00%**	**1,363**	**100.00%**	**970**	**100.00%**	**1,464**	**100.00%**	**1,199**	**100.00%**
Average course load	42.60		39.69		45.49		39.37		46.43	

	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
Tuition Status	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	1,865	100.00%	1,363	100.00%	970	100.00%	1,464	100.00%	1,199	100.00%
Total	**1,865**	**100.00%**	**1,363**	**100.00%**	**970**	**100.00%**	**1,464**	**100.00%**	**1,199**	**100.00%**

Source:
CBM00A

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

	Academic									
	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	15,425	56.63%	16,268	57.72%	16,308	58.85%	18,487	56.92%	17,862	56.45%
Male	11,811	43.37%	11,916	42.28%	11,402	41.15%	13,991	43.08%	13,778	43.55%
Total	**27,236**	**100.00%**	**28,184**	**100.00%**	**27,710**	**100.00%**	**32,478**	**100.00%**	**31,640**	**100.00%**

	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	575	2.11%	640	2.27%	627	2.26%	738	2.27%	702	2.22%
Hispanic	26,009	95.49%	26,911	95.48%	26,458	95.47%	31,010	95.49%	30,107	95.15%
African American	111	0.41%	109	0.39%	107	0.39%	118	0.36%	94	0.30%
Asian	137	0.50%	187	0.66%	204	0.74%	237	0.73%	258	0.82%
Foreign	67	0.25%	65	0.23%	63	0.23%	79	0.24%	79	0.25%
Native American	25	0.09%	25	0.09%	25	0.09%	21	0.06%	18	0.06%
Unknown	312	1.15%	247	0.88%	226	0.82%	275	0.85%	382	1.21%
Total	**27,236**	**100.00%**	**28,184**	**100.00%**	**27,710**	**100.00%**	**32,478**	**100.00%**	**31,640**	**100.00%**

	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	9,840	36.13%	9,008	31.96%	11,968	43.19%	13,346	41.09%	12,652	39.99%
18 - 21	9,018	33.11%	9,104	32.30%	8,799	31.75%	11,467	35.31%	11,111	35.12%
22 - 24	2,696	9.90%	3,020	10.72%	2,438	8.80%	2,767	8.52%	2,886	9.12%
25 - 35	3,650	13.40%	4,474	15.87%	3,198	11.54%	3,471	10.69%	3,567	11.27%
36 - 50	1,743	6.40%	2,250	7.98%	1,183	4.27%	1,290	3.97%	1,283	4.05%
51 & over	289	1.06%	328	1.16%	124	0.45%	137	0.42%	141	0.45%
Total	**27,236**	**100.00%**	**28,184**	**100.00%**	**27,710**	**100.00%**	**32,478**	**100.00%**	**31,640**	**100.00%**

Average Age	22.2	20.5	20.4	20.6	20.4

Source:
CBM001

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

	Continuing Education									
	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	1,006	53.94%	822	60.31%	601	61.96%	905	61.82%	816	68.06%
Male	859	46.06%	541	39.69%	369	38.04%	559	38.18%	383	31.94%
Total	**1,865**	**100.00%**	**1,363**	**100.00%**	**970**	**100.00%**	**1,464**	**100.00%**	**1,199**	**100.00%**

	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	69	3.70%	29	2.13%	17	1.75%	13	0.89%	20	1.67%
Hispanic	1,484	79.57%	1,218	89.36%	798	82.27%	1,100	75.14%	1,031	85.99%
African American	3	0.16%	1	0.07%	1	0.10%	1	0.07%	1	0.08%
Asian	3	0.16%	3	0.22%	1	0.10%	3	0.20%	3	0.26%
Foreign	-	-	-	-	-	-	-	-	1	0.08%
Native American	2	0.11%	2	0.15%	-	-	-	-	1	0.08%
Unknown	304	16.30%	110	8.07%	153	15.78%	347	23.70%	142	11.84%
Total	**1,865**	**100.00%**	**1,363**	**100.00%**	**970**	**100.00%**	**1,464**	**100.00%**	**1,199**	**100.00%**

	Fall 2022		Fall 2021		Fall 2020		Fall 2019		Fall 2018	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	948	50.83%	893	65.52%	233	24.02%	74	5.05%	18	1.50%
18 - 21	275	14.75%	205	15.04%	83	8.56%	142	9.70%	111	9.26%
22 - 24	67	3.59%	43	3.15%	29	2.99%	87	5.94%	80	6.67%
25 - 35	191	10.24%	117	8.58%	190	19.59%	324	22.13%	301	25.10%
36 - 50	282	15.12%	79	5.80%	302	31.13%	565	38.59%	487	40.62%
51 & over	102	5.47%	26	1.91%	133	13.71%	272	18.57%	202	16.85%
Total	**1,865**	**100.00%**	**1,363**	**100.00%**	**970**	**100.00%**	**1,464**	**100.00%**	**1,199**	**100.00%**

Average Age	25.0	21.0	33.0	38.0	38.0

Source:
CBM00A

Statistical Supplement 17
Transfers to Senior Institutions
Students as of Fall 2022
(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	2,501	251	-	2,752	51.88%
2	South Texas College	635	520	-	1,155	21.77%
3	Texas A&M University	289	22	-	311	5.86%
4	The University of Texas at Austin	241	20	-	261	4.92%
5	The University of Texas at San Antonio	150	12	-	162	3.05%
6	Texas State University	110	9	-	119	2.24%
7	Texas A&M University - Kingsville	109	9	-	118	2.22%
8	Texas A&M University - Corpus Christi	43	4	-	47	0.89%
9	Texas State Technical College - Harlingen	37	28	-	65	1.23%
10	University of Houston	34	3	-	37	0.70%
11	The University of Texas at Arlington	30	8	-	38	0.72%
12	Texas A&M University System Health Science Center	30	3	-	33	0.62%
13	Sam Houston State University	25	-	-	25	0.47%
14	Texas Tech University	22	3	-	25	0.47%
15	The University of Texas at Dallas	21	1	-	22	0.41%
16	Texas A&M University - San Antonio	20	1	-	21	0.40%
17	Lamar University	18	1	-	19	0.36%
18	Texas A&M International University	18	1	-	19	0.36%
19	Blinn College District	13	2	-	15	0.28%
20	University of North Texas	13	1	-	14	0.26%
21	Austin Community College	10	4	-	14	0.26%
22	West Texas A&M University	8	3	-	11	0.21%
23	Houston Community College	7	-	-	7	0.13%
24	The University of Texas Permian Basin	5	-	-	5	0.09%
25	The University of Texas Health Science at San Antonio	5	1	-	6	0.11%
26	ACCD - San Antonio College	4	-	-	4	0.08%
	Total	**4,398**	**907**	**-**	**5,305**	**100.00%**

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

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 4,398 Academy Students, 82 were tranferred to 45 other Senior Institutions
In addition to the 907 Technical Students, 46 were transferred to 26 other Senior Institions

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Academic buildings	33	33	33	33	32
Square footage	1,442,592	1,332,310	1,332,310	1,332,310	1,366,431
Academic portable buildings	30	25	34	36	38
Square footage	43,955	36,627	50,547	53,643	56,811
Libraries	3	3	3	3	4
Square footage	120,545	121,311	121,311	121,311	135,152
Libraries portable buildings	1	1	1	1	-
Square footage	1,536	1,504	1,504	1,504	-
Number of volumes	109,965	110,814	134,492	133,686	138,082
Administrative and support buildings	17	17	17	16	14
Square footage	339,220	395,871	395,871	387,260	339,298
Administrative and support portable buildings	22	29	20	18	16
Square footage	29,726	41,908	27,988	24,892	21,724
Dining facilities	5	5	5	5	5
Square footage	25,764	20,479	20,479	20,479	20,479
Average daily customers*	-	-	76	935	755
Fitness facilities	3	2	2	2	2
Square footage	30,270	28,821	28,821	37,432	37,432
Plant facilities	4	4	4	4	4
Square footage	28,626	26,592	26,592	26,592	26,592
Transportation					
Automobiles	2	2	2	2	2
Automobiles - instructional	17	16	17	16	20
Light trucks/vans	74	71	71	70	67
Light trucks/vans - instructional	23	21	23	18	18
Heavy trucks/backhoe	10	13	11	10	12
Heavy trucks/backhoe - instructional	3	8	8	7	5
Semi truck - instructional	9	-	-	-	-
Trailer	2	5	3	1	1
Trailer - instructional	4	-	-	-	-
Golf and forklift	65	67	67	63	72
Shuttle buses	6	6	8	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,			
		Restated	Restated	
	2023	2022	2021	2020
Operating Revenues				
Tuition and fees (net of discounts)	$ 16,114,975	$ 16,951,303	$ 21,098,778	$ 23,652,462
Federal grants and contracts	6,273,554	5,464,987	4,752,189	4,890,928
State grants and contracts	3,740,668	3,997,724	4,109,030	4,081,215
Local grants and contracts	8,274,752	7,914,784	8,939,528	8,710,679
Non-governmental grants and contracts	1,612,412	1,240,607	1,450,472	1,344,736
Auxiliary enterprises	767,395	779,359	678,506	1,355,127
General operating revenues	282,456	381,428	572,671	612,825
Total Operating Revenues	**37,066,212**	**36,730,192**	**41,601,174**	**44,647,972**
Operating Expenses				
Instruction	85,352,863	80,659,869	87,620,251	94,767,643
Research	5,836	7,214	13,930	-
Public service	375,321	232,426	1,611,221	1,295,671
Academic support	23,519,401	20,182,671	22,358,202	21,510,411
Student services	13,388,919	12,210,400	13,693,983	14,394,224
Institutional support	34,539,118	43,078,959	33,034,943	34,970,309
Operations and maintenance of plant	23,918,250	20,503,476	20,821,673	20,419,241
Scholarships and fellowships	35,782,704	75,671,920	37,788,198	29,136,804
Auxiliary enterprises	2,511,386	2,219,495	1,693,536	2,627,299
Depreciation	12,823,787	13,623,741	12,020,225	12,162,030
Total Operating Expenses	**232,217,585**	**268,390,171**	**230,656,162**	**231,283,632**
Operating Loss	**$ (195,151,373)**	**$ (231,659,979)**	**$ (189,054,988)**	**$ (186,635,660)**

For the Fiscal Year Ended August 31,					
2019	2018	2017	2016	2015	2014
$ 22,589,007	$ 21,657,866	$ 23,129,705	$ 21,452,743	$ 21,373,162	$ 20,488,244
4,660,747	4,304,540	4,490,675	3,889,497	4,368,574	3,445,294
4,701,165	4,108,972	4,076,652	3,266,315	4,068,944	4,246,315
8,160,205	6,660,734	6,102,604	5,063,983	1,099,573	1,118,054
2,022,875	2,538,696	2,061,438	2,487,482	5,235,358	4,949,832
1,766,603	1,890,180	1,833,407	1,893,838	1,773,325	1,835,353
665,435	704,996	603,343	729,855	1,308,903	645,811
44,566,037	**41,865,984**	**42,297,824**	**38,783,713**	**39,227,839**	**36,728,903**
92,144,487	77,741,287	70,879,518	66,249,496	60,820,171	59,447,105
-	-	-	-	-	-
1,860,996	2,276,663	709,252	912,507	1,205,480	829,711
23,030,399	18,306,332	17,101,883	16,333,241	15,281,478	13,980,994
14,602,287	11,722,551	11,228,508	11,477,740	10,969,940	10,403,813
32,251,981	26,803,724	26,074,788	23,138,061	21,790,954	19,813,088
21,534,803	20,048,333	15,977,257	14,064,638	13,675,484	12,563,251
27,797,829	27,412,188	26,028,594	26,432,169	27,815,696	27,692,817
3,451,000	3,355,013	2,529,295	1,562,463	1,403,408	1,388,717
12,009,110	9,917,643	7,262,313	6,966,274	6,759,801	6,731,486
228,682,892	**197,583,734**	**177,791,408**	**167,136,589**	**159,722,412**	**152,850,981**
$ (184,116,855)	**$ (155,717,750)**	**$ (135,493,584)**	**$ (128,352,876)**	**$ (120,494,573)**	**$ (116,122,078)**

(Continued)

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

	For the Fiscal Year Ended August 31,			
		Restated	Restated	
	2023	2022	2021	2020
Non-Operating Revenues (Expenses)				
State appropriations	$ 47,433,191	$ 45,987,869	$ 55,359,735	$ 50,949,811
Ad-valorem taxes				
Taxes for maintenance & operations	70,772,519	64,294,497	59,403,574	56,146,535
Taxes for debt service	11,805,118	14,773,167	13,783,392	13,571,701
Federal revenue, non-operating	82,815,671	138,419,143	78,372,230	67,836,841
Gifts	310,482	201,541	197,836	275,475
Investment income (net of investment expenses)	10,862,837	305,668	2,129,834	4,872,160
Insurance proceeds	-	88,572	288,021	2,600
Interest lease revenue	41,596	43,078	44,579	-
Interest and capital related debt	(3,072,238)	(3,946,606)	(4,623,748)	(5,841,189)
Gain on disposal of capital assets	20,890	33,217	9,251	-
Loss on sale/disposal/return on capital assets	(285,632)	(3,110)	(242,960)	(42)
Non-capital construction costs	(1,503,083)	(2,300,251)	(685,243)	(1,163,367)
Bond costs amortization	(1,097,328)	(1,652,444)	(559,358)	(532,856)
Other non-operating revenues	26,976	25,448	23,948	68,527
Other non-operating expenses	(275,852)	(205,601)	(249,823)	(262,755)
Non-Operating Revenues, Net	**217,855,147**	**256,064,188**	**203,251,268**	**185,923,441**
Income before contributions, endowment and extraordinary item	22,703,774	24,404,209	14,196,280	(712,219)
Capital contributions	15,600	105	105,973	8,909
Additions (deductions) to permanent and term endowment	-	-	-	-
Extraordinary item	-	-	-	-
Increase in net position	22,719,374	24,404,314	14,302,253	(703,310)
Net position - beginning of year, as restated	416,006,389	391,602,075	377,299,822	378,003,132
Cumulative effect of change in accounting principle	-	-	-	-
Net Position-End of Year	**$ 438,725,763**	**$ 416,006,389**	**$ 391,602,075**	**$ 377,299,822**

(Continued)

For the Fiscal Year Ended August 31,					
2019	2018	2017	2016	2015	2014
$ 49,608,274	$ 47,940,649	$ 45,315,830	$ 46,077,235	$ 42,858,200	$ 42,766,020
53,934,103	48,931,234	48,822,561	46,781,602	43,951,580	33,983,319
14,694,007	15,656,580	15,652,143	15,016,847	14,105,277	12,291,870
59,341,569	60,276,808	55,666,373	54,858,852	54,881,496	55,351,962
320,507	353,250	252,614	251,022	305,146	323,100
5,572,742	3,698,483	2,612,017	1,034,010	144,206	214,915
425,000	14,959	149,634	-	24,282	-
-	-	-	-	-	-
(5,690,864)	(3,513,058)	(4,150,374)	(6,602,765)	(5,964,767)	(1,340,664)
3,790	6,547	5,575	12,350	-	-
(114,727)	(838,031)	(5,886)	-	(240,389)	(10,154)
(2,025,830)	(11,107,175)	(3,548,465)	(1,911,123)	(1,731,576)	(1,715,994)
(166,273)	(268,803)	(295,436)	(284,829)	(1,166,614)	(873,318)
68,526	19,732	352,500	-	-	35,840
(246,594)	(84,956)	(265,017)	(320,767)	(274,655)	(208,684)
175,724,230	**161,086,219**	**160,564,067**	**154,912,434**	**146,892,186**	**140,818,213**
(8,392,625)	5,368,469	25,070,485	26,559,559	26,397,613	24,696,134
15,110	65,259	47,629	4,515,864	66,908	105,190
-	-	-	-	-	-
-	-	-	-	1,987,665	(2,655,340)
(8,377,515)	5,433,728	25,118,114	31,075,423	28,452,186	22,145,984
386,380,647	396,395,889	371,277,775	340,202,352	337,541,511	315,848,253
-	(15,448,970)	-	-	(25,791,345)	(452,726)
$ 378,003,132	**$ 386,380,647**	**$ 396,395,889**	**$ 371,277,775**	**$ 340,202,352**	**$ 337,541,511**

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
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
2014	0.1100	0.5000	0.6100

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 2022	Tax Year 2021	Tax Year 2020	Tax Year 2019
South Texas College	100.00%	$0.161500	$0.171500	$0.171800	$0.173300
HIDALGO COUNTY					
Cities:					
Alamo	100.00%	0.581700	0.581700	0.581700	0.581700
Alton	100.00%	0.436700	0.436700	0.436700	0.444000
Donna	100.00%	0.747937	0.778538	0.788855	0.788855
Edcouch	100.00%	0.845600	0.845600	0.915200	0.965400
Edinburg	100.00%	0.640000	0.680000	0.680000	0.680000
Elsa	-	0.796100	0.823700	0.883200	0.883200
Granjeno	-	0.434200	0.434200	0.444800	0.460700
Hidalgo	100.00%	0.351400	0.351400	0.351400	0.351400
La Joya	100.00%	0.589800	0.589800	0.589800	0.590400
La Villa	100.00%	0.792900	0.792900	0.792900	0.792900
McAllen	100.00%	0.479900	0.495600	0.495600	0.495677
Mercedes	100.00%	0.775000	0.775000	0.745000	0.745000
Mission	100.00%	0.529900	0.529900	0.529900	0.521200
Palmview	100.00%	0.534600	0.500100	0.490100	0.500100
Penitas	100.00%	0.556200	0.556200	0.556200	0.556200
Pharr	100.00%	0.717600	0.717600	0.717600	0.717600
Progreso	100.00%	0.763600	0.829100	0.842900	0.842900
San Juan	100.00%	0.676500	0.687600	0.692600	0.699300
Sullivan City	-	0.500000	0.483800	0.483800	0.500000
Weslaco	100.00%	0.696700	0.696700	0.696700	0.696700
School Districts:					
Donna ISD	100.00%	1.119900	1.119900	1.130400	1.226700
Edcouch-Elsa ISD	100.00%	1.217500	1.217500	1.258000	1.258000
Edinburg CISD	98.74%	1.060400	1.105700	1.138200	1.138200
Hidalgo ISD	100.00%	1.232100	1.276500	1.276500	1.296300
La Joya ISD	100.00%	1.270000	1.266200	1.311000	1.311000
La Villa ISD	100.00%	1.447700	1.447700	1.483800	1.483800
Lyford CISD	1.16%	1.240300	1.120300	1.214700	1.228400
McAllen ISD	100.00%	1.096400	1.137000	1.138600	1.152800
Mercedes ISD	100.00%	1.345000	1.352000	1.351900	1.278400
Mission CISD	100.00%	1.113000	1.133200	1.199300	1.239550
Monte Alto ISD	100.00%	1.194600	1.223400	1.238000	1.350000
PSJA ISD	100.00%	1.183700	1.216700	1.267500	1.272500
Progreso ISD	100.00%	1.329900	1.260000	1.260000	1.320000
Sharyland ISD	100.00%	1.123400	1.159300	1.280800	1.298700
South Texas ISD	-	0.049200	0.049200	0.049200	0.049200
Valley View ISD	100.00%	1.245300	1.277000	1.277000	1.277000
Weslaco ISD	100.00%	0.959300	0.980700	1.018900	1.068700

Tax Year 2018	Tax Year 2017	Tax Year 2016	Tax Year 2015	Tax Year 2014	Tax Year 2013
$0.178000	$0.185000	$0.185000	$0.185000	$0.185000	$0.150000
0.581700	0.556500	0.581000	0.588100	0.598970	0.598970
0.444000	0.444000	0.449000	0.454000	0.459100	0.462400
0.798855	0.798855	0.982828	0.982828	1.142421	1.252376
0.968700	0.915400	0.928600	0.928600	0.928600	0.970500
0.635000	0.635000	0.635000	0.635000	0.635000	0.635000
0.882200	0.901800	0.917700	0.856600	0.986700	0.991600
0.460700	0.446900	0.441900	0.425100	0.423000	0.425300
0.351400	0.351400	0.351400	0.351400	0.351400	0.351400
0.566800	0.525100	0.539400	0.543500	0.570000	0.567800
0.783600	0.783600	0.783600	0.783600	0.783600	0.783600
0.479234	0.476300	0.476300	0.476300	0.476300	0.431300
0.745000	0.745000	0.745000	0.755000	0.760000	0.775000
0.486200	0.486200	0.496200	0.498800	0.518800	0.528800
0.500100	0.500100	0.475100	0.475100	0.479000	0.466500
0.556200	0.556200	0.506000	0.506000	0.459500	0.434500
0.649000	0.649000	0.654000	0.654000	0.680000	0.680000
0.812900	0.784000	0.796100	0.806100	0.793000	0.812600
0.699300	0.699300	0.699300	0.699300	0.699300	0.738600
0.500000	0.500000	0.460600	0.466800	0.447800	0.416000
0.666700	0.666700	0.666700	0.676700	0.676700	0.686700
1.258200	1.258200	1.258200	1.258200	1.258200	1.258200
1.258000	1.258000	1.258000	1.258000	1.258000	1.258000
1.239800	1.239800	1.239800	1.239800	1.239800	1.239800
1.470000	1.470000	1.490000	1.530000	1.530000	1.556400
1.311000	1.311000	1.311000	1.311000	1.311000	1.311000
1.483800	1.303800	1.303800	1.303800	1.303800	1.303800
1.320000	1.310000	1.280000	1.280000	1.280000	1.220000
1.155000	1.155000	1.155000	1.155000	1.165000	1.165000
1.380000	1.380000	1.380000	1.380000	1.380000	1.290000
1.339800	1.350200	1.358200	1.367200	1.330000	1.300000
1.350000	1.350000	1.350000	1.350000	1.350000	1.350000
1.379200	1.389200	1.399200	1.399200	1.359200	1.359200
1.390000	1.390000	1.390000	1.370000	1.370000	1.327500
1.375500	1.375500	1.375500	1.335500	1.335500	1.285500
0.049200	0.049200	0.049200	0.049200	0.049200	0.049200
1.277000	1.277000	1.277000	1.277000	1.277000	1.277000
1.159700	1.159700	1.139700	1.139700	1.139700	1.139700

(Continued)

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

Governmental Subdivision	Percent Applicable*	Tax Year 2022	Tax Year 2021	Tax Year 2020	Tax Year 2019
HIDALGO COUNTY					
Special Districts:					
Hidalgo County	100.00%	0.575000	0.575000	0.575000	0.575000
Drainage District #1	100.00%	0.117900	0.126400	0.102600	0.105100
EMS District #1	-	0.019200	0.019500	0.019600	0.020000
EMS District #2	-	0.034700	0.034700	0.035200	0.036000
EMS District #3	-	0.017700	0.019700	0.022700	0.024500
EMS District #4	-	0.024100	0.024600	0.024600	0.025300
Donna Irrigation #1	-	0.210000	0.210000	0.210000	0.210000
Delta Lake Irrigation	-	0.560000	0.560000	0.560000	0.550000
Kennedy County GCD	-	0.012800	0.012800	0.012800	0.012800
Brush County GCD	-	0.016000	0.016000	0.018500	0.020700
Red Sands Groundwater CD	-	0.152800	0.152800	0.152800	0.152800
STARR COUNTY					
Cities:					
Escobares City	100.00%	0.355679	0.457300	0.457300	0.500417
Rio Grande City	100.00%	0.561228	0.537579	0.507579	0.507579
Roma	100.00%	0.568200	0.602256	0.605435	0.605435
School Districts					
Rio Grande City CISD	100.00%	1.366300	1.264100	1.300600	1.322400
Roma ISD	100.00%	1.324510	1.411600	1.377200	1.445790
San Isidro ISD	-	0.942900	1.051700	1.164800	1.176300
Special Districts:					
Starr County	100.00%	0.538200	0.538200	0.538400	0.538400
F&M & FC	-	0.225000	0.225000	0.240000	0.240000
Starr County Memorial Hospital District	-	0.262908	0.264146	0.264146	0.264146

*Municipal Advisory Council of Texas

Sources:
Hidalgo County Appraisal District
Starr County Appraisal District

(Continued)

Tax Year 2018	Tax Year 2017	Tax Year 2016	Tax Year 2015	Tax Year 2014	Tax Year 2013
0.580000	0.580000	0.590000	0.590000	0.590000	0.590000
0.095100	0.095100	0.095100	0.095100	0.095700	0.095700
0.019400	0.017600	0.020000	0.185000	0.016500	0.015400
0.036000	0.038000	0.038000	0.036100	0.036100	0.036100
0.025700	0.028500	0.030000	0.030000	0.030000	0.030000
0.025200	0.025400	0.027200	0.027200	0.272000	0.026700
0.210000	0.210000	0.210000	0.210000	0.210000	0.210000
0.550000	0.555000	0.550000	0.550000	0.550000	0.580000
0.015300	0.015300	0.015300	0.015300	0.015300	0.015300
0.024000	0.024500	0.026020	0.026020	0.026020	0.027000
0.152800	0.169000	0.169000	0.169000	0.169000	0.169000
0.432025	0.432025	0.403517	0.403517	0.403517	0.364809
0.497579	0.497579	0.497579	0.514749	0.514749	0.514080
0.531372	0.531372	0.523055	0.523055	0.523055	0.519030
1.359200	1.430900	1.451400	1.438400	1.447200	1.440600
1.561950	1.484000	1.569390	1.553660	1.459090	1.459090
1.280000	1.290800	1.295000	1.271800	1.260000	1.130000
0.531900	0.545800	0.545800	0.561000	0.561700	0.524600
0.246500	0.232600	0.232600	0.217400	0.217400	0.254600
0.268163	0.268163	0.277314	0.248092	0.262775	0.256915

Statistical Supplement 22
Computation of Direct and Overlapping Debt
August 31, 2023
(unaudited)

Taxing Body	Debt Amount		As of	Percent Overlapping	Overlapping Amount
Alton, City of	$ 20,264,000	*	08/31/2023	100.00%	$ 20,264,000
Donna ISD	107,030,000	*	08/31/2023	100.00%	107,030,000
Donna, City of	51,055,000	*	08/31/2023	100.00%	51,055,000
Edcouch, City of	1,580,000	*	08/31/2023	100.00%	1,580,000
Edcouch-Elsa ISD	25,847,640	*	08/31/2023	100.00%	25,847,640
Edinburg CISD	116,520,000	*	08/31/2023	98.74%	115,051,848
Edinburg, City of	118,275,000	*	08/31/2023	100.00%	118,275,000
Escobares, City of	432,000	*	08/31/2023	100.00%	432,000
Hidalgo Co	352,385,000	*	08/31/2023	100.00%	352,385,000
Hidalgo Co DD # 1	240,946,000	*	08/31/2023	100.00%	240,946,000
Hidalgo ISD	24,384,000	*	08/31/2023	100.00%	24,384,000
Hidalgo, City of	2,876,000	*	08/31/2023	100.00%	2,876,000
La Grulla, City of	2,007,000	*	08/31/2023	100.00%	2,007,000
La Joya ISD	182,697,680	*	08/31/2023	100.00%	182,697,680
La Villa ISD	8,310,000	*	08/31/2023	100.00%	8,310,000
La Villa, City of	4,630,000	*	08/31/2023	100.00%	4,630,000
Lyford CISD	19,685,000	*	08/31/2023	1.16%	228,346
McAllen ISD	78,231,000	*	08/31/2023	100.00%	78,231,000
McAllen, City of	91,080,000	*	08/31/2023	100.00%	91,080,000
Mercedes ISD	40,050,900	*	08/31/2023	100.00%	40,050,900
Mercedes, City of	25,445,000	*	08/31/2023	100.00%	25,445,000
Mission CISD	96,537,960	*	08/31/2023	100.00%	96,537,960
Mission, City of	46,315,000	*	08/31/2023	100.00%	46,315,000
Monte Alto ISD	9,985,000	*	08/31/2023	100.00%	9,985,000
Palmview, City of	5,997,000	*	08/31/2023	100.00%	5,997,000
Penitas, City of	4,904,000	*	08/31/2023	100.00%	4,904,000
Pharr, City of	112,487,551	*	08/31/2023	100.00%	112,487,551
Pharr-San Juan-Alamo ISD	247,255,000	*	08/31/2023	100.00%	247,255,000
Progreso ISD	25,395,000	*	08/31/2023	100.00%	25,395,000
Progreso, City of	1,276,000	*	08/31/2023	100.00%	1,276,000
Rio Grande City Grulla ISD	135,890,000	*	08/31/2023	100.00%	135,890,000

Taxing Body	Debt Amount		As of	Percent Overlapping	Overlapping Amount
Rio Grande City, City of	36,685,000	*	08/31/2023	100.00%	36,685,000
Roma ISD	54,660,000	*	08/31/2023	100.00%	54,660,000
Roma, City of	14,394,000	*	08/31/2023	100.00%	14,394,000
San Juan, City of	41,085,000	*	08/31/2023	100.00%	41,085,000
Sharyland ISD	80,225,000	*	08/31/2023	100.00%	80,225,000
Starr Co	333,333	*	08/31/2023	100.00%	333,333
Valley View ISD [Hidalgo]	32,335,000	*	08/31/2023	100.00%	32,335,000
Weslaco ISD	57,065,485	*	08/31/2023	100.00%	57,065,485
Weslaco, City of	87,386,000	*	08/31/2023	100.00%	87,386,000
Total Net Overlapping Debt					**2,583,017,744**
South Texas College			08/31/2023		103,234,693
Total Direct and Overlapping Debt					**$ 2,686,252,437**
Total Direct and Overlapping Debt % of A.V.:					**4.52%**
Total Direct and Overlapping Debt per Capita:					**$ 2,376**

*Gross Debt

Source:

Municipal Advisory Council of Texas

SOUTH TEXAS COLLEGE

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SPECIAL REPORTS SECTION

CRI CARR RIGGS & INGRAM
CPAs and Advisors

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INDEPENDENT AUDITORS' 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, 2023, 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, 2023.

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 opinion 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

Texas Public Funds Investment Act

We also performed tests of the College's compliance with the requirements of the Texas Public Funds Investment Act (the "Act"). The results of our tests disclosed no instances of noncompliance with the Act. However, providing an opinion on compliance with the Act was not an objective of our audit and accordingly, we do not express an opinion.

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, 2023

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INDEPENDENT AUDITORS' 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, 2023. The College's major federal programs are identified in the summary of auditors' 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, 2023.

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 Auditors' 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.

Auditors' 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 Auditors' 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, 2023

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

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

Report on Compliance for Each Major State Program

Opinion on Each 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 each of the College's major state programs for the year ended August 31, 2023. The College's major state programs are identified in the summary of auditors' 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 state program for the year ended August 31, 2023.

Basis for Opinion on Each 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 Auditors' 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 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.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above have 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 auditing standards, *Government Auditing Standards*, and *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 to be material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and *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 State Comptroller's Office, *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 Auditors' 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 *Texas Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

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

McAllen, Texas
December 19, 2023

SOUTH TEXAS COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2023

Section I - Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:
   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

   c. Noncompliance material to financial statements noted? _____yes ___X__ no

Federal Awards

1. Type of auditors' 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:

Assistance Listing number	Name of Federal program or cluster
84.425	COVID-19 Education Stabilization Fund – HEERF
84.007, 84.033, 84.063	Student Financial Assistance Cluster

Dollar threshold used to distinguish between type A and type B programs: **$2,652,258**

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, 2023

Section I - Summary of Auditors' Results (Continued)

State Awards

1. Type of auditors' 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 *Texas Grant Management Standards* (TxGMS)? _____yes___X___no

4. Identification of major state programs:

Name of state program or cluster
Texas Educational Opportunity Grant
Jobs and Education for Texas

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**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None noted that were required to be reported.

Section IV – State Award Findings and Questioned Costs

None noted that were required to be reported.

SOUTH TEXAS COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
Status of Prior Year Findings
For the Year Ended August 31, 2023

Financial Statement Findings:

None

Federal Award Findings:

None

State Award Findings:

None

SOUTH TEXAS COLLEGE DISTRICT
Schedule of Findings and Questioned Costs
Corrective Action Plan
For the Year Ended August 31, 2023

Financial Statement Findings:

Not applicable

Federal Award Findings:

Not applicable

State Award Findings:

Not applicable

SOUTH TEXAS COLLEGE