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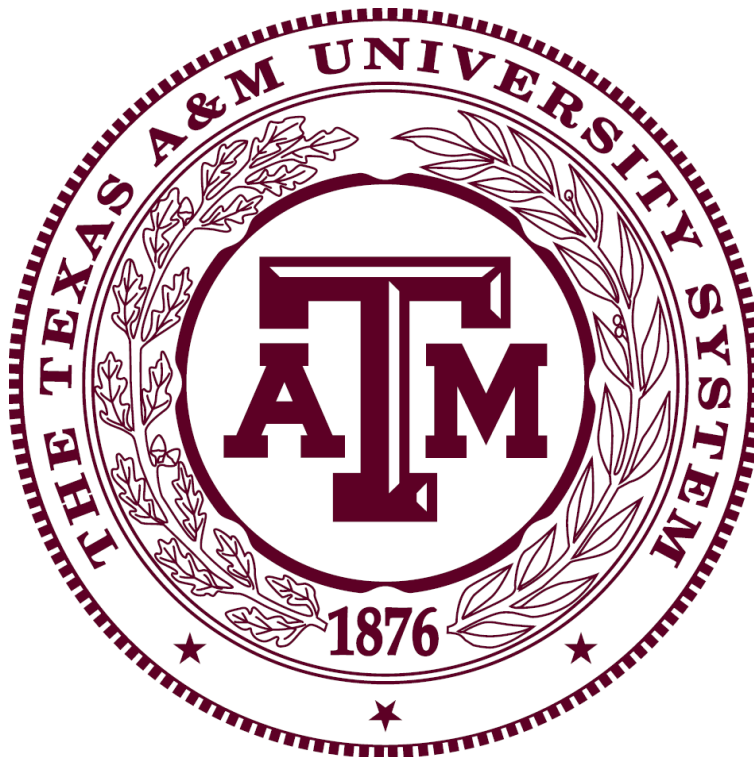
# ANNUAL FINANCIAL REPORT

of

**The Texas A&M University System**

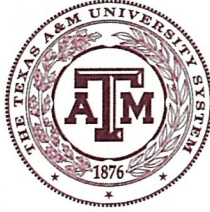
*For the Year Ended August 31, 2024*

*With Comparative Totals for the Year Ended August 31, 2023*



Texas A&M University ■ Texas A&M University at Galveston ■ Texas A&M University Health Science Center ■ Prairie View A&M University ■ Tarleton State University ■ Texas A&M International University ■ Texas A&M University-Central Texas ■ Texas A&M University-Commerce ■ Texas A&M University-Corpus Christi ■ Texas A&M University-Kingsville ■ Texas A&M University-San Antonio ■ Texas A&M University-Texarkana ■ West Texas A&M University ■ Texas A&M AgriLife Research ■ Texas A&M AgriLife Extension Service ■ Texas A&M Forest Service ■ Texas A&M Veterinary Medical Diagnostic Laboratory ■ Texas A&M Engineering Experiment Station ■ Texas A&M Engineering Extension Service ■ Texas A&M Transportation Institute ■ Texas Division of Emergency Management ■ Texas A&M University System Offices ■ Texas A&M System Shared Services Center ■ Texas A&M Research Foundation ■





System Office of Budgets and Accounting

**THE TEXAS A&M UNIVERSITY SYSTEM**

November 20, 2024

John Sharp  
Chancellor  
The Texas A&M University System  
301 Tarrow  
College Station, Texas 77845

Dear Mr. Sharp,

We are submitting herewith the Annual Financial Report of The Texas A&M University System for the fiscal year ended August 31, 2024.

This report has been prepared in conformity with *Texas Government Code* §2101.011, and in accordance with the Annual Financial Reporting Requirements of the Texas Comptroller of Public Accounts.

The accompanying Annual Financial Report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Respectfully submitted,

Teresa Edwards, CPA  
Controller

Joseph Duron, CPA  
Chief Administrative Officer



# **The Texas A&M University System**

## **Board of Regents**

Jay Graham	Term Expires February 1, 2025
Mike Hernandez	Term Expires February 1, 2025
Michael J. Plank	Term Expires February 1, 2025
Robert L. Albritton	Term Expires February 1, 2027
Randy Brooks	Term Expires February 1, 2027
Bill Mahomes	Term Expires February 1, 2027
David Baggett	Term Expires February 1, 2029
John Bellinger	Term Expires February 1, 2029
Sam Torn	Term Expires February 1, 2029
Cage Sawyers (Student Regent)	Term Expires May 31, 2025

## **Officers of the Board**

Bill Mahomes	Chairman
Robert L. Albritton	Vice Chairman

## **Administrative Officers**

John Sharp	Chancellor
Billy C. Hamilton	Deputy Chancellor and Chief Financial Officer
Joseph Duron	Chief Administrative Officer
Teresa L. Edwards	Controller

# **The Texas A&M University System**

## **Chief Executive Officers**

Texas A&M University	General (Ret.) Mark A. Welsh III, President
Texas A&M University at Galveston	Col. Michael Fossum (Retired)
Texas A&M Health Science Center	Dr. Indra K. Reddy
Prairie View A&M University	Dr. Tomikia P. LeGrande, President
Tarleton State University	Dr. James L. Hurley, President
Texas A&M International University	Dr. Pablo Arenaz, President, (Deceased on October 2024)  Juan J. Castillo Jr., acting President and Vice President for Finance and Administration
Texas A&M University - Central Texas	Dr. Richard M. Rhodes, Interim President
Texas A&M University - Commerce	Dr. Mark Rudin, President
Texas A&M University - Corpus Christi	Dr. Kelly M. Miller, President
Texas A&M University - Kingsville	Dr. Robert H. Vela Jr., President
Texas A&M University - San Antonio	Dr. Salvador H. Ochoa, President
Texas A&M University - Texarkana	Dr. Ross C. Alexander, President
West Texas A&M University	Dr. Walter V. Wendler, President

# **The Texas A&M University System**

## **Chief Executive Officers**

Texas A&M AgriLife	Dr. Jeffrey W. Savell, Vice Chancellor and Dean of Agriculture and Life Sciences
Texas A&M AgriLife Research	Cliff Lamb, Director
Texas A&M AgriLife Extension Service	Dr. Rick Avery, Director
Texas A&M Forest Service	Al Davis, Director
Texas A&M Veterinary Medical Diagnostic Laboratory	Amy K. Swinford, DVM, Director
Texas A&M Engineering Experiment Station	Robert H. Bishop, Vice Chancellor and Dean of Engineering
Texas A&M Engineering Extension Service	David Coatney, Director
Texas A&M Transportation Institute	Gregory D. Winfree, Director
Texas Division of Emergency Management	W. Nim Kidd, Chief and Vice Chancellor for Disaster and Emergency Services
Texas A&M University System Offices	John Sharp, Chancellor
Texas A&M System Shared Services Center	Billy Hamilton, Deputy Chancellor and Chief Financial Officer
Texas A&M Research Foundation	Dr. Jack G. Baldauf, Vice President for Research





# The Texas A&M University System

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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#### ***Introduction***

The Texas Legislature created The Texas A&M University System (A&M System) in 1948 to manage the evolution of a statewide educational, research and service system. Its roots lie in the founding of what are now Texas A&M University and Prairie View A&M University as land-grant colleges in 1876. The A&M System provides oversight and leadership for eleven universities, eight state agencies, a comprehensive health science center, a service unit for shared services and the System administrative offices. The A&M System includes the Texas A&M Research Foundation as a blended component unit.

The agencies of the A&M System include both engineering and agricultural research and extension agencies plus the Texas A&M Forest Service and the Texas Division of Emergency Management. The agencies provide research, public service, and instruction to benefit the state.

The A&M System educates over 165,000 students and reaches 21 million additional educational contacts through service and outreach programs each year. With more than 26,000 faculty and staff, the A&M System has a physical presence in 250 of the state's 254 counties and a programmatic presence in every county in Texas. The A&M System has real property holdings totaling more than 62,000 surface acres and 64,000 mineral acres.

A nine-member Board of Regents governs the A&M System with a total operating budget of \$7.8 billion. There is also a non-voting student member. The regents appoint the chancellor, who is the chief executive officer, who oversees the direction and operation of the system.

The A&M institutions of higher education offer a broad range of undergraduate and graduate degrees. The A&M System has many locations across Texas including Amarillo, Bryan, Canyon, College Station, Commerce, Corpus Christi, Corsicana, Dallas, Fort Worth, Frisco, Galveston, Houston, Killeen, Kingsville, Laredo, McAllen, McKinney, Mesquite, Prairie View, Round Rock, San Antonio, Stephenville, Temple, Texarkana, and Waco. In addition, A&M institutions have several international locations including Costa Rica, Mexico, and Qatar.

#### ***Overview of the Financial Statements and Financial Analysis***

The objective of the Management's Discussion and Analysis (MD&A) is to provide an overview of the A&M System's financial position and activities for the fiscal year ended August 31, 2024, with comparative data to fiscal year 2023 and some data for fiscal year 2022. The emphasis of discussion will be on the current year. The MD&A should be reviewed in conjunction with the accompanying financial statements and notes. The financial section of this report includes:

- MD&A (this section)
- Basic Proprietary Financial Statements
  - Statement of Net Position,
  - Statement of Revenues, Expenses and Changes in Net Position, and
  - Statement of Cash Flows
- Basic Fiduciary Financial Statements

## UNAUDITED

### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

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- Statement of Fiduciary Net Position, and
  - Statement of Changes in Fiduciary Net Position
  - Note disclosures related to the financial statements
  - Required Supplementation Information

The Texas A&M University System operational activity is included in the Texas Annual Comprehensive Financial Report (ACFR) in both the Proprietary or Business-Type Activity and the Fiduciary Activity financial statements. A&M System reports fiduciary activity for custodial funds. These fiduciary activities are reported separately from other financial activities since the A&M System cannot access these assets.

The accompanying financial statements for the A&M System are prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) pronouncements, the financial reporting requirements of the Texas Comptroller of Public Accounts, and the guidelines from the National Association of College and University Business Officers (NACUBO).

#### ***Financial Highlights for Proprietary Funds***

Below are financial highlights for fiscal year 2024 for the proprietary funds.

- Noncurrent investment balances reported on the Proprietary Statement of Net Position are \$6.688 billion, which was an increase of \$761 million from 2023's \$5.927 billion balance. Equity markets generated strong positive gains over the past twelve months as global economies proved to be resilient despite a prolonged period of tight monetary policy. (See the *Economic Outlook section* for more details).
- Investment Income was \$1.069 billion on the Proprietary funds, which was a \$510 million increase from 2023. The investment income components include the items below.
  - \$650 million in unrealized gain on investments,
  - \$293 million in interest, dividend, and royalty income, plus
  - \$126 million in realized gains on investments.
- The Non-State Funded portion of the *Other Post-Employment Benefits* (OPEB) 2024 current and non-current liability balance is \$1.88 billion, which was a material decrease of \$441.2 million from the prior year.
  - OPEB expenses were \$11.9 million, which was a material decrease compared to the prior year OPEB expense of \$118.28 million.
  - The main factor related to the reduction in this liability is the System Office implementing the 65 Plus Medicare Advantage plan, effective January 1, 2024, to help manage the increase in health costs.
  - Another reason for the reduction in the liability is related to an increase in the investment discount rate from 3.64% to 3.81%.
  - Contrasting with a 6% increase in the non-state funded percentage due to the employer contribution increasing at a higher rate than the state's contributions.

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

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- The Non-State Funded *Pension* liability increased by \$194 million totaling \$965 million for 2024 compared to \$771 million Pension liability reported in 2023. (See Note 9 *Pension and ORP*.)
    - There was a \$68.6 million increase to deferred outflows of resources related to the changes in pension assumptions, the difference between actual and expected experiences and current year TRS contributions.
    - There was a \$32.6 million decrease in deferred inflows of resources, which reflects the difference between projected and actual investment returns.
  - Total bonds payable and notes payable increased by \$342.9 million in 2024 totaling \$5.327 billion. See Note 5 Long-term Liabilities for more information.
    - There was a \$157.4 million increase in commercial paper.
    - Bonds payable increased by \$185.5 million.
  - Operating Revenues increased by 2.9% or \$104 million.
    - Net Tuition and Fee revenue remained stable, reporting a slight increase of \$28 million, for fiscal year 2024, net tuition and fee revenue was \$1.382 billion compared with \$1.354 billion in the prior year, which matches with the increased enrollment of over 7,600 students.
    - Net Auxiliary enterprise revenue, which includes dorms and bookstores, reporting a \$29.3 million increase related to an increase in students living in dorms on campus and the completion of several dorm facilities.
    - Net Other Sales of Goods and Services increased \$30.7 million, for fiscal year 2024 reporting net amount of \$403.2 million compared with the prior year of \$372.5 million.
  - Operating expenses decreased by 5.7% or \$454 million, primarily related to the decrease in disaster funding; although, there were also increases on certain expenses related to the increase in state funding for existing and new programs.
    - Salaries and Wages plus benefits increased by \$323 million due to the state mandated 5% salary increase and the additional state funding.
    - Operating federal pass-through expenses decreased by \$440 million where the need for disaster funding was reduced for other state agencies.
    - Other Operating Expenses decreased by \$610 million decrease primarily related to a reduction in need of Texas Cities and Counties for disaster funding.
  - Federal and State Operating and Non-Operating Revenue decreased by \$1.16 billion as the need for COVID and federal subsidies decreased.
  - State appropriations including legislative revenue, capital appropriations and legislative transfers-in reported a slight increase of \$53.8 million increasing the total to over \$1.93 billion for 2024. These state appropriations are a vital part of the A&M System's funding for operations and defraying tuition costs for students.
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## UNAUDITED

### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

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- The A&M System's net position totaled \$10.146 billion, which is a \$1.206 billion increase from 2023, which was \$8.940 billion, due to several factors.
    - A \$463.5 million increase in Cash and Cash Equivalents, plus an increase in Noncurrent Investments of \$761 million and an increase for Deferred Outflows of \$162 million.
    - An increase in Capital Assets, net, of \$336.7 million.
    - An increase of \$202.8 million in Current and Noncurrent Liabilities and a \$510 million increase in Deferred Inflows of Resources primarily related to OPEB Deferred Inflows.

#### *Statement of Net Position*

The Statement of Net Position presents a snapshot of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for the A&M System as of the end of the fiscal year. The Statement of Net Position assets and liabilities are presented in the current and non-current format.

Increases or decreases in net position are one indicator of the overall condition of the A&M System's financial health when considered with nonfinancial factors such as enrollment, research, public service, patient levels, and the condition of facilities. The statement provides a picture of net position and the availability of funds for use by the A&M System.

The net position reports three major categories.

The first category, Net Investment in Capital Assets, provides equity in property, plant and equipment owned by the A&M System less the related debt.

The second category, Restricted, is divided into two categories, expendable and non-expendable. Expendable restricted resources are available for use by the A&M System but must be spent for purposes determined by donors and/or external entities who have placed time or purpose restrictions on the use of the assets. The corpus of the non-expendable restricted resources is available for investment purposes and the earnings are used to support the institutions or agencies.

The third category, Unrestricted, is available for any lawful purpose. Although Unrestricted Net Position is not subject to externally imposed stipulations, it has been internally designated for various academic and research programs and initiatives.

See the table on the following page for details.

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**The Texas A&M University System  
Management's Discussion and Analysis  
For the Year Ended August 31, 2024**

<b>Statement of Net Position (in millions)</b>			
<b>Assets and Deferred Outflows of Resources</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Current Assets	\$4,774	\$4,084	\$3,193
Capital Assets, Net	7,930	7,593	7,371
Non-Current Investments	6,688	5,928	5,461
Other Assets	1,992	2,022	1,829
Deferred Outflows	1,293	1,131	1,106
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$22,677</b>	<b>\$20,758</b>	<b>\$18,960</b>
<b>Liabilities and Deferred Inflows of Resources</b>			
Current Liabilities	\$2,604	\$2,449	\$2,286
Non-Current Liabilities	8,200	8,152	7,988
Deferred Inflows	1,727	1,217	969
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$12,531</b>	<b>\$11,818</b>	<b>\$11,243</b>
<b>Net Position</b>			
Net Investment in Capital Assets	\$2,368	\$2,359	\$2,133
Restricted			
Expendable	1,835	1,637	1,517
NonExpendable	477	467	458
Unrestricted	5,466	4,477	3,609
<b>Total Net Position</b>	<b>\$10,146</b>	<b>\$8,940</b>	<b>\$7,717</b>

The Statement of Net Position reported an increase in total assets and deferred outflows of 9.2%. This was a \$1.9 billion increase, primarily attributable to a \$761 million increase in non-current investments; and an increase of \$336.7 million in net capital assets.

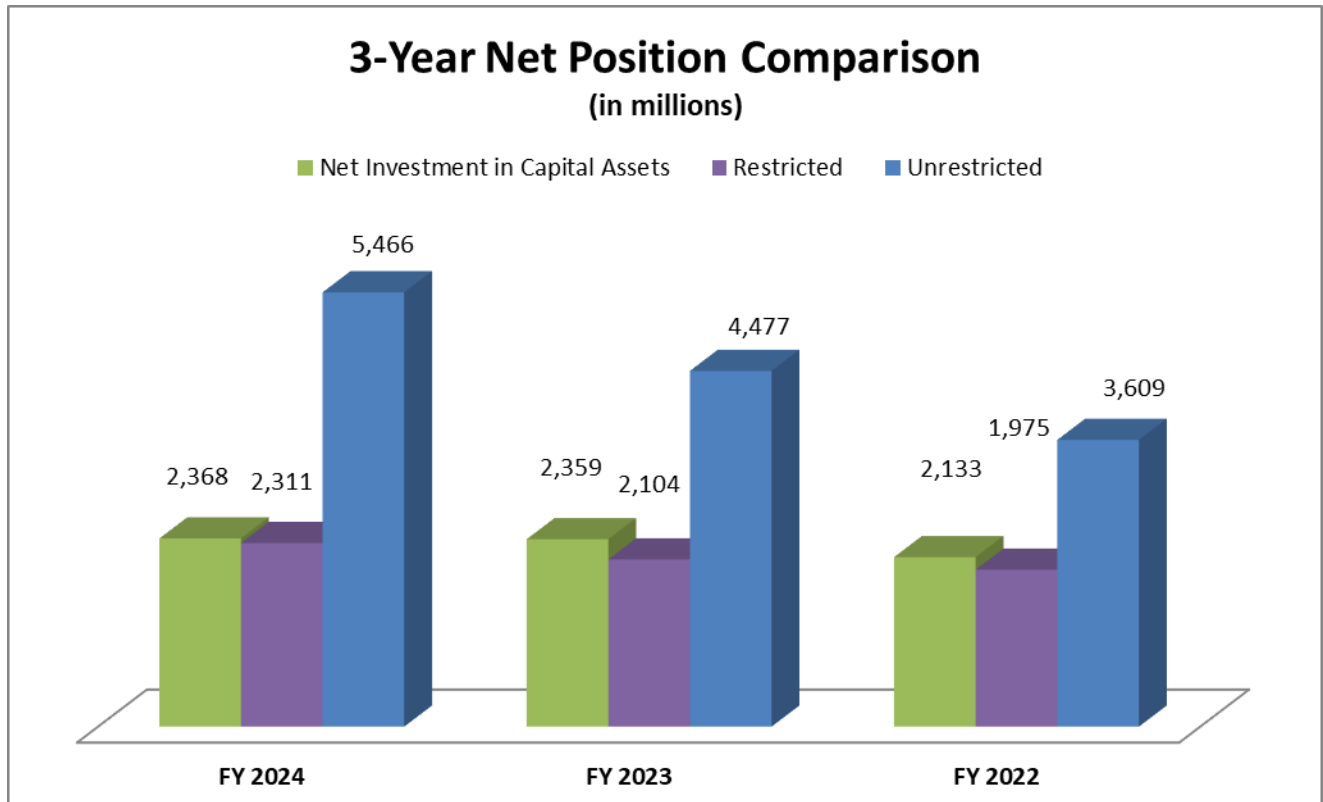
Total liabilities and deferred inflows of resources increased by 6% or \$713 million from the previous year. There was a \$35.2 million increase in payables. Bonds and Notes payable increased by \$343 million while the OPEB Liability decreased by \$441.2 million. Deferred Inflows of Resources increased by \$510 million, primarily related to OPEB. (See *Note 5 Long-term Liabilities for more details.*)

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**The Texas A&M University System  
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The final section of the statement reports on the net position of the A&M System totaling \$10.1 billion. Total net position reported an increase of \$1.2 billion or 13.5% from the 2023 balance.

Below is a graph with a 3-year net position comparison.



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**The Texas A&M University System  
Management's Discussion and Analysis  
For the Year Ended August 31, 2024**

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The balances defined as unrestricted net position contain reserves and internal restrictions (allocations), as defined in the table below.

<b>Reserves and Allocations for Unrestricted Net Position (in millions)</b>	
<b>Reserves For</b>	
Receivables	\$271
Encumbrances	848
Unrealized Gain on Investments	1,140
Portion of Annual Debt Service Payment	245
Inventories	30
Higher Education Fund	37
Self-Insured Plans	96
Prepaid Expenses, Tuition Set Asides and Other Reserves	152
Other State Funds	171
<b>Allocations For</b>	
Capital Projects	1,048
Funds Functioning as Endowments	446
Scholarships and Faculty Initiatives	868
Operations	114
<b>Total Unrestricted Reserves</b>	<b>\$5,466</b>

The overall *unrestricted* net position was \$5.466 billion for fiscal year 2024 compared to \$4.477 billion in 2023.

***Statement of Revenues, Expenses and Changes in Net Position***

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as operating or non-operating. The Governmental Accounting Standards Board (GASB) requires state appropriations (Legislative Revenue), Federal Pell Grants and stimulus funding be reported as non-operating revenue. This will generally result in an operating deficit for most public institutions. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation or amortization, which amortizes the cost of an asset over its expected useful life.

The purpose of this statement is to present the revenues of the A&M System, and the expenses incurred by the A&M System, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent. The change in total net position as presented in the Statement of Net Position is a result of these activities.



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**The Texas A&M University System  
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For the Year Ended August 31, 2024**

Generally, operating revenues are received for providing goods and services to the various students, customers and constituencies of the A&M System. Operating expenses include instruction costs, research expertise plus costs for goods and services provided in return for operating revenues. Non-operating revenues are derived from sources not considered primary operations for an institution of higher education or state agency. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "Income (Loss) Before Other Revenues and Transfers".

<b>Statement of Revenues, Expenses and Changes in Net Position (in millions)</b>			
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Operating Revenues and Expenses</b>			
Operating Revenues	\$3,644	\$3,540	\$3,394
Operating Expenses	(7,482)	(7,936)	(9,562)
<b>Operating (Loss)</b>	<b>(3,838)</b>	<b>(4,396)</b>	<b>(6,168)</b>
Non-Operating Revenues	4,214	4,962	4,780
<b>Income (Loss) Before Other Revenues and Transfers</b>	<b>376</b>	<b>566</b>	<b>(1,388)</b>
Other Revenues and Transfers	830	657	616
<b>Change in Net Position</b>	<b>1,206</b>	<b>1,223</b>	<b>(772)</b>
Net Position, Beginning of Year	\$8,940	\$7,717	\$8,490
Restatement	0	0	(1)
Net Position as Restated	8,940	7,717	8,489
<b>Net Position, End of Year</b>	<b>\$10,146</b>	<b>\$8,940</b>	<b>\$7,717</b>

The condensed Statement of Revenues, Expenses and Changes in Net Position reflects a \$1.2 billion increase in net position which is similar to the prior year.

During the 2024 fiscal year, the explanations for the changes are listed below.

- Operating revenues reported a slight increase of 2.9% or \$104 million, primarily related to an increase in the number of enrolled students; contrasting with a \$17 million decrease in Federal funding as the COVID funding decreased.
- Non-Operating revenues decreased by \$785.9 million due to a reduction in stimulus funding of \$1.16 billion contrasting with an increase in investment income of \$510 million.

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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During the 2024 fiscal year, operating expenses reported a decrease of 5.7% or \$454 million, totaling \$7.482 billion compared to \$7.936 billion from the prior year. The most significant changes are listed below.

- Operating federal pass-through expenses decreased by \$440 million due to a reduction in COVID funding needs by other state agencies.
- Other Operating Expenses decreased by \$610 million, primarily attributable to the reduced need for funding to Texas cities, counties and other governmental entities for COVID, wildfires and other disaster funding needs.
- Professional fees and services increased by \$100 million.
- Salaries & Wages increased by 11.1% or \$257 million due to employees hired to ensure institutions and agencies were able to assist students on campus and assist the public.
- Non-state funded OPEB expenses reported a decrease of \$106.3 million based upon the A&M System's actuary report.
- Non-state funded pension expense increased by \$68.6 million based upon the Teacher's Retirement System's actuary report.
- Depreciation and amortization expense was \$586 million, an increase of \$28.3 million, which is consistent with the prior year.

Other Revenues and Transfers increased by \$173 million from \$657 million to \$830 million in 2024. The main factor for the increase was related to the transfer from the University of Texas System, which increased by \$123 million.

Certain internal activities embedded in the Statement of Revenues, Expenses and Changes in Net Position provide goods and services to internal customers and to other A&M System members. These activities include self-insured programs (health, dental, auto, etc.), repairs & maintenance, utilities, computer services, and other interdepartmental activities. The net operating revenues for these internal activities were eliminated to the extent of operating expenses.

The total elimination of expenses against revenues was approximately \$1 billion. Most of this activity relates to the self-insured programs, which reported operating expenses of approximately \$553 million. Of the remaining \$447 million in operating expenses eliminated, \$237 million were professional fees & services; \$97 million included utilities, communications, and \$82 million in repairs and maintenance. When reviewing the expenses by natural classification approximately \$132.2 million represented salaries and wages and \$37.5 million represented other payroll related costs.

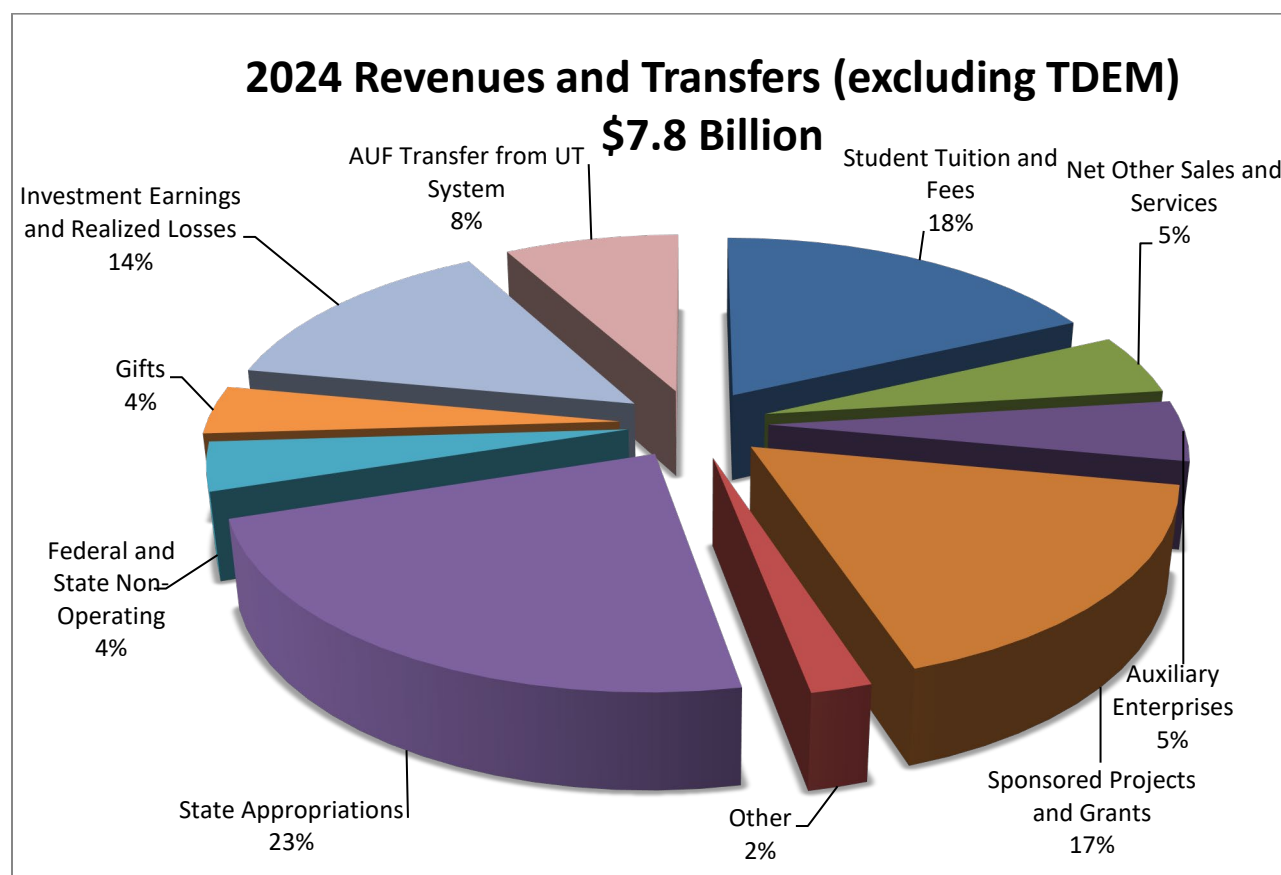
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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

To analyze the A&M System institutions and agencies, the graph below excludes the Texas Division of Emergency Management (TDEM) who receives various funding to assist the public with disasters; therefore, TDEM experiences unpredictable fluctuations.

There was a \$600 million increase in revenue totaling \$7.8 billion compared to \$7.2 billion in the prior year. The increases are related to the increase in investment income and legislative revenue.

TDEM's total revenues were \$1 billion for 2024 compared to \$2.2 billion for 2023. As the state of Texas continues to recover from the COVID pandemic, there is a reduction in the need for COVID disaster funding.



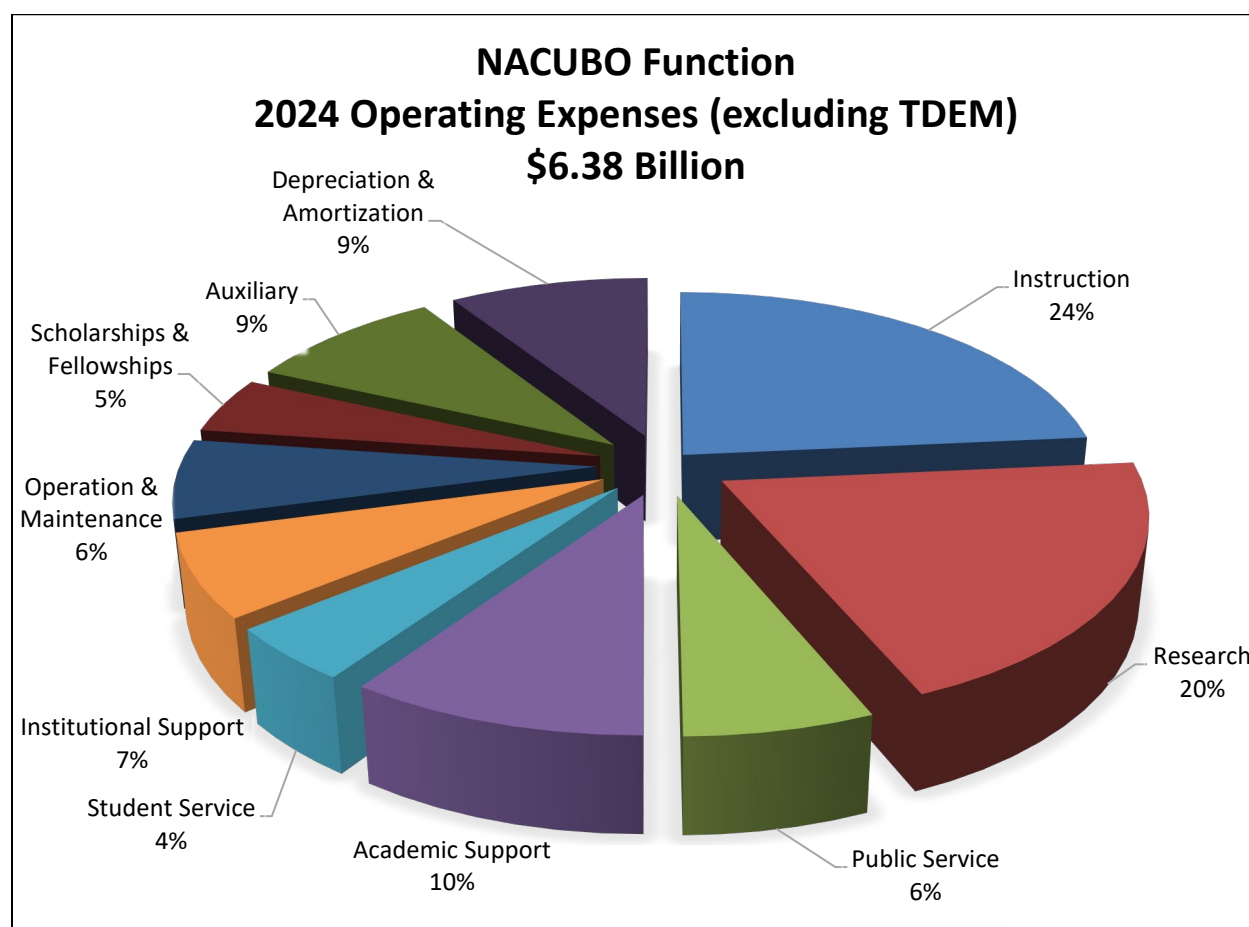
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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

To analyze the A&M System institutions and agencies, the graph below excludes the Texas Division of Emergency Management (TDEM).

The first graph presents the operating expenses in the National Association of College and University Business Officers (NACUBO) functional classification and the second graph presents operating expenses in the natural classification. As presented below, instruction, research, academic support, auxiliary, depreciation/amortization of capital assets and institutional support are the primary expenses for the A&M System. For fiscal year 2024, total operating expenses were \$6.38 billion; instruction and research are the primary functions for A&M members.

TDEM reported \$1.1 billion Public Service operating expenses, \$641 million was sent to other Texas state agencies and governmental entities; \$157 million was used for rental and lease expenses and \$153 million was spent on professional fees and services.

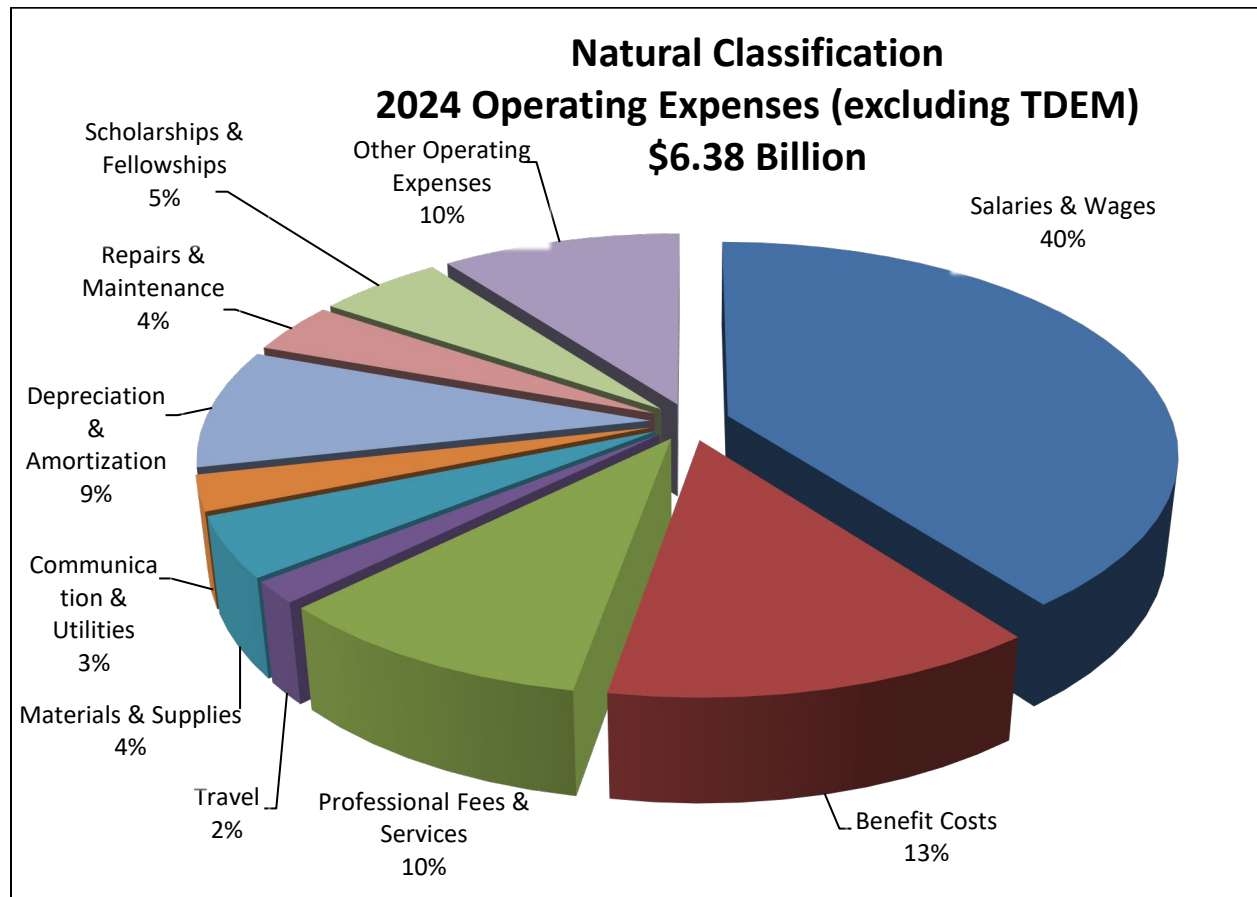


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**The Texas A&M University System  
Management's Discussion and Analysis  
For the Year Ended August 31, 2024**

To analyze the A&M System institutions and agencies, the graph below excludes the Texas Division of Emergency Management (TDEM) who receives various funding to assist the public with disasters; therefore, TDEM experiences unpredictable fluctuations.

For 2024, total operating expenses were \$6.38 billion. The A&M System salaries, wages and benefits are a critical part of the success of our students and the services provided. Each A&M member continues to analyze operating costs and ensure these expenses are appropriate.



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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

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#### *Statement of Cash Flows*

The final statement presented is the Statement of Cash Flows. This statement presents detailed information on the cash activity during the year. The first section presents operating cash flows, and the net cash used for operating activities. The next section presents the results of non-capital financing activities. This section includes the cash flows from state appropriations and other non-operating activities. The capital and related financing activities section includes cash used for acquisition and construction of capital assets. The investing activities section reports purchases, proceeds, and earnings from investments.

<b>Statement of Cash Flows</b>			
<b>(in millions)</b>			
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Cash Flows From</b>			
Operating Activities	\$(3,091)	\$(3,519)	\$(5,599)
Non-Capital Financing Activities	3,997	4,770	6,411
Capital and Related Financing Activities	(720)	(985)	(782)
Investing Activities	277	64	(149)
Net Change in Cash & Cash Equivalents	463	330	(119)
Cash & Cash Equivalents, Beginning of Year	2,372	2,042	2,161
<b>Cash &amp; Cash Equivalents, End of Year</b>	<b>\$2,835</b>	<b>\$2,372</b>	<b>\$2,042</b>

#### *Capital Assets*

The A&M System is committed to continuous improvements in the quality of its academic, research, and service programs through the development and renewal of its capital assets and infrastructure. The A&M System continues to implement its long-range plan to modernize existing teaching and research facilities along with plans for new construction.

Construction in progress for 2024 was \$1.6 billion, which is a \$334 million increase from the prior year. Completed projects totaled \$420.9 million.

There are many construction projects in various stages of completion including major projects mostly managed by the System Offices and minor projects managed by the members.

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## The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

Below and on the next few pages are a list of major construction projects exceeding \$4 million in total project costs, some of these projects are debt financed. This list includes over \$2.8 billion in construction projects in various stages of completion.

These projects are in progress and scheduled to be completed over the next two to three years.

Texas A&M Member and Project Name	Projected Fiscal Year Completion	Projected Budget (in Dollars)
<b>Texas A&amp;M University System</b>		
Ft. Worth Law & Education Building	2026	\$ 185,000,000
STEM Education Center at RELIS	2025	43,425,406
<b>Sub-total</b>		<b>\$ 228,425,406</b>
<b>Texas A&amp;M University</b>		
Utility Plant Control Upgrade	2024	\$ 7,500,000
HVAC Replacement Walton Hall	2024	8,794,068
CUP Structural Repairs	2024	6,700,000
Interior Finishes Renovation Dunn Hall Phase II	2024	6,947,609
Railroad Quiet Zone	2024	5,500,000
Outdoor Competition Throws and Warm-up Track	2024	9,559,456
Moses Hall HVAC Renovations	2024	9,218,500
Davis-Gary Hall HVAC Renovations	2024	9,218,500
Academic Building Renovations	2024	9,800,000
Space Collaboration Facility	2026	200,000,000
Clinical Veterinary Teaching and Research Complex	2027	181,000,000
CUP Generator Replacement Project	2026	26,500,000
Bright Area Development	2024	237,735,000
Business Education Complex	2025	84,197,309
<b>Sub-total</b>		<b>\$ 802,670,442</b>
<b>Tarleton State University</b>		
Inter-professional Education Building	2024	\$ 66,745,000
Parking Garage	2024	40,000,000
Research Administration Building	2024	7,000,000
Convocation Center	2025	110,000,000
Health Sciences & Human Services Building	2025	80,000,000
<b>Sub-total</b>		<b>\$ 303,745,000</b>

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**The Texas A&M University System  
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<b>Texas A&amp;M Member and Project Name</b>	<b>Projected Fiscal Year Completion</b>	<b>Projected Budget (in Dollars)</b>
<b>Prairie View A&amp;M University</b>		
Teaching and Academic Student Support Services Facility	2027	\$ 44,922,833
Campus Wide Fire Alarm System Replacement	2025	11,302,000
<b>Sub-total</b>		<b>\$ 56,224,833</b>
<b>Texas A&amp;M Agrilife Research</b>		
Meat Sciences & Technology Center	2025	\$ 114,604,906
Animal Reproductive Biotechnology Center	2025	13,386,800
Borlaug Center Renovation and Addition	2024	56,700,000
AgriLife Vernon Campus Storm Repairs	2025	15,570,330
Amarillo Research & Extension Center at Canyon	2025	30,580,000
<b>Sub-total</b>		<b>\$ 230,842,036</b>
<b>Texas A&amp;M Engineering Extension Service</b>		
RELLIS Training Props	2024	\$ 25,300,000
South Texas Workforce Development	2024	30,000,000
<b>Sub-total</b>		<b>55,300,000</b>
<b>Texas A&amp;M University-Galveston</b>		
Infrastructure, Dock Improvements, and Ship FF&E - Phase II	2027	\$ 72,500,000
Infrastructure, Dock Improvements, and Ship FF&E-Phase I	2025	37,208,966
Engineering Classroom & Research Building	2026	50,992,125
<b>Sub-total</b>		<b>\$ 160,701,091</b>
<b>Texas A&amp;M Forest Service</b>		
Hudson Office	2024	\$ 5,000,000
<b>Texas A&amp;M University-Corpus Christi</b>		
Chaparral Renovation - Phase I	2024	\$ 8,500,000
Arts & Media Building	2026	80,922,833
<b>Sub-total</b>		<b>\$ 89,422,833</b>
<b>Texas A&amp;M University-Kingsville</b>		
Deferred Maintenance	2025	\$ 45,172,833
<b>Texas A&amp;M International University</b>		
Health Sciences Edu & Rsrch Cntr & Western Hemispheric Trade Center	2026	\$ 71,200,000
<b>Texas A&amp;M University-Commerce</b>		
Student Services Building	2024	\$ 19,500,000
Ag Multi-purpose Education & Training Center	2026	47,322,833
New Event Center/Arena	2026	70,400,000
Morris Recreation Center Expansion	2026	17,500,000
Student Dining Facility	2025	7,400,000
<b>Sub-total</b>		<b>\$ 162,122,833</b>



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**The Texas A&M University System  
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<b>Texas A&amp;M Member and Project Name</b>	<b>Projected Fiscal Year Completion</b>	<b>Projected Budget (in Dollars)</b>
<b>West Texas A&amp;M University</b>		
Renovation of Education Bldg and Health/Safety Upgrade	2025	\$ 44,922,833
<b>Texas A&amp;M University-Texarkana</b>		
Business, Engineering, & Technology Building	2026	\$ 44,922,833
<b>Texas A&amp;M University Health Science Center</b>		
Texas A&M Health ESCO 2023	2024	\$ 14,745,526
EnMED Discovery Tower Labs & Office Buildout - Phase 1	2025	15,000,000
Nursing Education & Research Building-McAllen	2026	49,948,556
School of Dentistry Main Building Renovation	2026	22,400,000
Alkek Building Roof & Exhaust Fan Replacement (Houston)	2025	6,865,000
<b>Sub-total</b>		<b>\$ 108,959,082</b>
<b>Texas A&amp;M University-Central Texas</b>		
Central Operational Reliability & Efficiency Facility	2026	\$ 49,900,000
<b>Texas A&amp;M University-San Antonio</b>		
Educare Building	2024	\$ 21,690,000
Multipurpose Field, Competition Track & Softball Field Upgrades	2024	10,000,000
New Recreation Center	2024	19,200,000
TAMU-San Antonio Housing Phase II	2024	34,100,000
Public Health & Education Building	2026	54,922,833
		<b>\$ 139,912,833</b>
<b>Texas A&amp;M University System Shared Services</b>		
RELLIS Avenue D South Extension and Utility Upgrades	2025	\$ 13,500,000
<b>Texas A&amp;M Engineering Experiment Station</b>		
Propulsion Test Facility at TEES Turbomachinery Lab	2024	\$ 6,400,000
Ballistic Aero Optics Materials Facility	2024	60,088,600
Hypersonic Wind Tunnel	2024	10,000,000
<b>Sub-total</b>		<b>\$ 76,488,600</b>
<b>Texas Division of Emergency Management</b>		
TDEM Headquarters and State Emergency Operations Center	2026	\$ 423,241,463
<b>TOTAL</b>		<b>\$ 2,808,929,951</b>

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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#### ***Debt Administration***

The A&M System understands its role of financial stewardship and works to manage its resources effectively, including the prudent use of debt to finance capital projects.

During fiscal year 2024, the A&M System issued tax-exempt bonds under the Revenue Financing System debt program to refund previously outstanding commercial paper, to provide funding for eligible projects, and to pay the costs of issuing the bonds. The Revenue Financing System Bonds, Series 2024 had a par amount of approximately \$427.4 million with a true interest cost of 3.73%.

In fiscal year 2024, there was a total of \$470 million in commercial paper issued. Revenue Financing System Commercial Paper Notes in the amount of \$180 million, Revenue Financing System Taxable Commercial Paper Notes in the amount of \$145 million, Permanent University Fund Commercial Paper Notes in the amount of \$60 million and Permanent University Fund Taxable Commercial Paper Notes in the amount of \$85 million were issued to fund eligible projects.

The A&M System has sufficient debt capacity to finance planned facilities and other capital improvements. In addition, the State appropriated amounts are sufficient for the reimbursement of debt service on all outstanding and planned Capital Construction Assistance Program debt for the 2024-2025 biennium. For additional information concerning Capital Assets and Debt Administrations, *see the Notes to the Financial Statements*.

#### ***Economic Outlook***

Equity markets generated strong positive gains over the past twelve months as global economies proved to be resilient despite a prolonged period of tight monetary policy. Fixed income markets also rallied as markets began pricing in future interest rate cuts. The Federal Reserve maintained the Federal Funds rate in the range of 5.25 to 5.50% during the period. Inflation trends have continued to moderate, with inflation indicators slowly trending towards the Federal Reserve's target.

The US economy is expected to grow modestly despite a slight increase in the unemployment rate. Consumer confidence levels have been strong and spending trends have been positive. The geopolitical environment continues to be uncertain, driven by significant conflicts in Ukraine and the Middle East.

The A&M System has invested in a diversified portfolio that has the potential to grow over the long term. During shorter time periods, the portfolios may be impacted by market conditions and negative changes in sentiment. The A&M System will continue to position the portfolios to take advantage of market volatility by acquiring assets at discounted valuations, which will help to enhance the long-term returns of the portfolios.

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

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#### ***Fiduciary Funds***

##### ***Statement of Net Fiduciary Net Position***

The Statement of Fiduciary Net Position presents a snapshot of assets, liabilities, and net fiduciary position for the A&M System as of the end of the fiscal year. The Statement of Fiduciary Net Position assets and liabilities are presented in the liquidity format.

##### ***Statement of Changes in Fiduciary Net Position***

The Statement of Changes in Fiduciary Net Position presents the additions and deductions incurred during the year. This statement reports on the contributions, investment earnings, additions and deductions which occurred in the custodial funds for the fiscal year.

##### ***Financial Highlights for Fiduciary Funds***

Below are financial highlights for fiduciary funds for fiscal year 2024. The A&M System Fiduciary statements include balances from several types of entities including Investments Held for Non-A&M Entities, Student Organizations, Foundation/Alumni Associations, Public Private Partnership entities and Other Entities.

- Investments in the Fiduciary Statement of Net Position are \$425 million, which was a decrease of \$60 million from the prior year's total of \$365 million. The investment activity reported a \$49.9 million gain due to the unrealized increases in fair value totaling \$38.4 million, \$8.3 million interest earnings and \$3.2 million realized gains.
- Fiduciary funds reported an ending *Restricted for Other Individuals, Organizations and Other Entities* net position of \$510 million which was an increase of \$57 million from the prior year's net position of \$453 million.
- Contributions from various entities accounted for \$23.4 million.
- Other Additions totaled \$34.7 million, primarily from sales revenue from Public Private Partnerships and revenues from Student Organizations.
- Other Deductions totaled \$49 million from various entities.

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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#### ***Leadership Changes in Fiscal Year 2024***

Several leadership changes occurred in the A&M System during fiscal year 2024; these changes are included below.

- On December 12, 2023, the Board approved General (Retired) Mark A. Welsh, III as the 27<sup>th</sup> President of Texas A&M University.
- On February 8, 2024, the Board named Richard Rhodes as President of the Texas A&M University-Central Texas.
- On February 26, 2024, the Board approved Robert H. Bishop as Vice Chancellor and Dean of the College of Engineering at the Texas A&M University.
- On May 7, 2024, the Board approved Dr. Roderic Pettigrew as the Texas A&M University System's Vice Chancellor for Health and Strategic Initiatives.
- On May 10, 2024, the Governor appointed Cage Sawyers who is a third-year Texas A&M Law School student as the student regent.
- On May 10, 2024, the Governor appointed Luke Schwartz, both an Aggie and an Air Force veteran, to serve as the student representative on the Texas Higher Education Coordinating Board; his term begins June 1, 2024, and ends May 31, 2025.
- On June 27, 2024, Dr. E. Steve Putna was appointed as the inaugural director of the Texas A&M Semiconductor Institute to begin July 1, 2024.

#### ***Leadership Changes in Fiscal Year 2025***

- On October 9, 2024, Texas A&M University System Chancellor John Sharp appointed Juan J. Castillo as the Acting President of Texas A&M International University in Laredo, effective immediately. Castillo has served as the Vice President for Finance and Administration at TAMIU since 2008, will oversee the university's operations following the unexpected passing of President Pablo Arenaz.

#### ***Fiscal Year 2024 Announcements***

During September 2023, the Texas A&M University System's Board of Regents approved a motion to nearly double Texas A&M-Commerce's educational space in a Dallas high-rise. Since 2021, the university has offered courses in business, education, visual communications and agriculture in the building at 8750 North Central Expressway in Dallas. The Regents authorized adding 41,944 square feet of leased space to the original 51,515 square feet. The additional space will allow the university to expand its academic offerings.

During October 2023, Rebecca A. Seguin-Fowler, Ph.D., R.D.N., L.D., C.S.C.S., was elected to the most prestigious society in the field of nutrition: the National Academy of Medicine. Seguin-Fowler is Co-Director for the Texas A&M Institute for Advancing Health Through Agriculture (IHA) and Professor of Nutrition. Seguin-Fowler is a leading authority on community-engaged diet and physical activity interventions for obesity and chronic disease prevention among rural, low-income, minority, and other at-risk populations. Her work has advanced knowledge related to

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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social and environmental contextual factors to advance implementation and dissemination research to achieve health equity.

During November 2023, the Texas A&M University System Board of Regents voted to begin construction of the State Emergency Operations Center and agency headquarters for the Texas Division of Emergency Management (TDEM) just east of Austin's Bergstrom International Airport.

On April 11, 2024, the Texas A&M University System was named the winner of the 2023 Elastic Excellence in Security Business Transformation Award. Andrew Stokes director of cyber operations for the Texas A&M University System stated, "I am pleased to receive the Elastic Excellence in Security Business Transformation award and am proud of my team and the work that this award represents".

On June 14, 2024, the Texas A&M University System was chosen by the U.S. Department of Energy's National Nuclear Security Administration as part of a group to manage and operate the Pantex Plant, which maintains the safety, security, and effectiveness of the nation's nuclear weapons stockpile. "It is a privilege to be part of the management of another component of the country's nuclear deterrent," John Sharp, chancellor of the Texas A&M System, said. "We take our national security responsibilities seriously, and we will bring the same level of care and expertise to Pantex as we have done for the past several years to Los Alamos."

On July 1, 2024, Chancellor Sharp announced his retirement effective June 30, 2025; he became the Chancellor in September 2011. "Leading this grand enterprise has been one of the great privileges of my life," Sharp said. "I feel a deep sense of gratitude to all of you who have shown confidence in me and contributed to our collective endeavor. Together we have lifted the Texas A&M System to historic heights." "Texas is grateful for Chancellor John Sharp's unwavering commitment to improving higher education in the State of Texas," Governor Greg Abbott said. "His extraordinary leadership throughout his time as Chancellor of the Texas A&M University System provided young Texans with the tools they need to thrive in our booming economy." The Board of Regents will conduct a national search in the coming months for Sharp's successor, said Chairman Bill Mahomes.

#### ***Upcoming Accounting Pronouncements***

GASB is continuing their research on modifying the financial reporting model; an exposure draft is being developed and is scheduled to be released in the first quarter of 2025. The A&M System accounting staff is involved with GASB and NACUBO to ensure we understand the impacts of these future pronouncements.

#### ***Contact Information for the Texas A&M University System Office of Budgets and Accounting Team***

This annual financial report is designed to provide citizens, taxpayers, students, customers, investors and creditors with a general overview of the A&M System's finances and to demonstrate the A&M System's accountability for the funding it receives.



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**The Texas A&M University System  
Management's Discussion and Analysis  
For the Year Ended August 31, 2024**

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If you have questions about this report or need additional financial information, contact the Texas A&M University System Office, Budgets and Accounting Office, located at 301 Tarrow Street, College Station, Texas 77840-7896.

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**Exhibit III**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Assets and Deferred Outflows</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents (Schedule Three)	\$2,256,474,582.32	\$2,136,899,689.95
Restricted		
Cash and Cash Equivalents (Schedule Three)	578,484,840.52	234,606,730.85
Legislative Appropriations	900,901,134.09	731,764,023.28
Receivables, Net (Note 24)		
Federal	263,021,707.35	247,572,277.59
Other Intergovernmental	10,898,389.82	5,828,881.03
Interest and Dividends	19,268,385.08	22,171,650.75
Gifts	31,817,386.15	34,861,458.27
Self-Insured Health and Dental	46,730,689.15	41,678,440.92
Student	62,244,061.50	54,923,713.42
Investment Trades	11,069,968.13	4,404,908.91
Accounts	187,884,590.46	186,774,936.06
Other	11,396,517.69	3,712,218.54
Lease Receivable (Note 8)	4,649,989.53	5,550,272.42
Due from Other Agencies	67,432,977.91	67,848,503.47
Consumable Inventories	21,599,599.42	17,784,558.73
Merchandise Inventories	8,106,233.78	7,478,817.04
Loans and Contracts	19,291,742.30	17,270,720.36
Interfund Receivables (Note 12)	67,028,256.87	65,118,657.82
Other Current Assets	205,650,262.51	197,377,024.77
<b>Total Current Assets</b>	<b>\$4,773,951,314.58</b>	<b>\$4,083,627,484.18</b>
<b>Non-Current Assets</b>		
Restricted		
Investments (Note 3)	\$1,292,970,981.98	\$1,233,617,010.75
Loans, Contracts and Other	5,419,806.35	6,319,125.88
Gifts Receivable	251,998,343.65	272,491,997.99
Public Private Partnership Asset Receivable	26,091,695.25	26,091,695.25
Loans and Contracts	12,844,473.57	11,568,281.14
Investments (Note 3)	5,394,590,970.96	4,693,472,052.88
Lease Receivable (Note 8)	199,528,781.09	202,659,904.52
Interfund Receivables (Note 12)	1,495,390,326.30	1,502,418,583.17
Capital Assets, Net (Note 2)	7,930,019,778.05	7,593,351,363.22
Assets Held in Trust	367,100.00	362,100.00
Other Non-Current Assets	1,051,316.83	974,428.58
<b>Total Non-Current Assets</b>	<b>\$16,610,273,574.03</b>	<b>\$15,543,326,543.38</b>



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**Exhibit III**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Deferred Outflows of Resources (Note 28)</b>		
Unamortized Loss on Refunding Debt	\$53,299,741.39	\$56,845,765.23
Pension	425,256,135.00	356,787,499.00
Other Post Employment Benefits	814,650,175.00	717,580,049.00
<b>Total Deferred Outflows of Resources (Note 28)</b>	<b>\$1,293,206,051.39</b>	<b>\$1,131,213,313.23</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$22,677,430,940.00</b>	<b>\$20,758,167,340.79</b>
<b>Liabilities and Deferred Inflows</b>		
<b>Current Liabilities</b>		
Payables		
Accounts	\$500,319,168.58	\$481,702,560.84
Payroll	219,050,634.93	199,136,676.75
Investment Trade	12,163,122.82	11,714,539.90
Self-Insured Health and Dental	21,804,000.00	24,922,000.00
Student	6,572,995.96	5,098,088.63
Other	7,669,501.05	9,759,367.77
Interfund Payable (Note 12)	1,178,919.44	1,423,436.41
Due to Other Agencies	278,880,086.90	340,655,397.24
Unearned Revenue	1,005,163,176.82	889,858,198.31
Employees Compensable Leave	16,894,365.89	16,315,326.61
Other Post Employment Benefits (Note 11)	61,207,877.00	63,084,598.00
Claims and Judgments	3,394,786.00	1,312,021.00
Notes and Loans Payable (Note 5)	9,895,000.00	4,157,000.00
Notes From Direct Borrowings (Note 5)	3,504,316.33	3,452,375.56
Bonds Payable (Note 6)	322,615,109.72	282,666,412.44
Lease Liability (Note 8)	18,700,018.57	17,627,207.15
Right to Use Software Subscription Liability (Note 8)	18,413,835.19	15,933,987.73
Liabilities Payable from Restricted Assets	45,050,456.00	24,442,235.73
Other Current Liabilities	51,494,476.33	55,643,183.56
<b>Total Current Liabilities</b>	<b>\$2,603,971,847.53</b>	<b>\$2,448,904,613.63</b>

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**Exhibit III**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Non-Current Liabilities</b>		
Interfund Payable (Note 12)	\$12,103,599.27	\$3,410,278.91
Employees Compensable Leave	120,719,740.21	110,883,913.45
Other Post Employment Benefits (Note 11)	1,821,247,256.00	2,260,576,516.00
Pension Liability (Note 9)	965,213,562.00	771,327,658.00
Claims and Judgments	11,411,799.00	12,251,671.00
Notes and Loans Payable (Note 5)	270,529,000.00	118,857,000.00
Notes From Direct Borrowings (Note 5)	47,751,918.63	51,322,631.37
Bonds Payable (Note 6)	4,724,219,144.15	4,578,623,302.12
Assets Held in Trust	362,100.00	362,100.00
Liabilities Payable from Restricted Assets	10,137,393.28	9,166,189.23
Lease Liability (Note 8)	170,640,337.48	178,388,482.43
Right to Use Software Subscription Liability (Note 8)	9,320,179.13	21,727,081.73
Asset Retirement Obligations (Note 5)	13,326,635.27	12,426,635.27
Other Non-Current Liabilities	23,118,482.76	23,054,318.07
<b>Total Non-Current Liabilities</b>	<b>\$8,200,101,147.18</b>	<b>\$8,152,377,777.58</b>
<b>Deferred Inflows of Resources (Note 28)</b>		
Pension	\$73,445,773.00	\$106,067,301.00
Other Post Employment Benefits	1,431,360,344.00	881,131,703.00
Split-Interest Agreement	1,032,256.08	955,368.83
Lease Income	197,851,974.43	204,189,181.71
Public Private Partnership Asset	23,779,888.93	24,935,792.13
<b>Total Deferred Inflows of Resources (Note 28)</b>	<b>\$1,727,470,236.44</b>	<b>\$1,217,279,346.67</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>\$12,531,543,231.15</b>	<b>\$11,818,561,737.88</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$2,368,525,633.36	\$2,358,670,589.73
<b>Restricted for</b>		
Capital Projects	841,838,129.05	576,421,017.89
Education	528,034,127.18	660,248,176.56
Endowment and Permanent Funds		
Nonexpendable	476,718,961.77	467,520,171.36
Expendable	465,238,531.78	400,217,577.29
Unrestricted	5,465,532,325.71	4,476,528,070.08
<b>Total Proprietary Net Position (Exhibit IV)</b>	<b>\$10,145,887,708.85</b>	<b>\$8,939,605,602.91</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.

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**Exhibit IV**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Operating Revenues</b>		
Tuition and Fees	\$1,924,048,753.49	\$1,856,353,253.61
Discounts and Allowances	(542,179,993.84)	(502,074,031.06)
Professional Fees	1,030,588.04	1,031,220.57
Auxiliary Enterprises	486,071,690.31	445,349,357.75
Discounts and Allowances	(66,229,537.38)	(54,790,343.84)
Other Sales of Goods and Services	414,356,604.87	381,448,584.53
Discounts and Allowances	(11,152,826.36)	(8,929,859.55)
Interest Revenue - Loans	752,130.96	676,852.44
Federal Revenue	766,104,484.89	702,554,356.18
Federal Pass Through Revenue	48,854,824.49	130,667,097.07
State Grant Revenue	6,685,716.76	6,868,508.53
State Pass Through Revenue	149,624,960.10	148,228,507.94
Other Grants and Contracts	321,874,184.18	335,876,410.58
Other Operating Revenue	144,395,816.18	97,011,997.57
<b>Total Operating Revenues</b>	<b>\$3,644,237,396.69</b>	<b>\$3,540,271,912.32</b>
<b>Operating Expenses</b>		
Instruction	\$1,499,163,753.40	\$1,459,082,436.37
Research	1,291,325,626.67	1,172,588,821.88
Public Service	1,487,152,988.96	2,372,558,463.44
Academic Support	617,106,911.49	561,577,852.81
Student Service	282,430,498.38	267,114,777.13
Institutional Support	433,159,867.87	389,761,054.62
Operation & Maintenance of Plant	412,821,783.12	373,012,977.61
Scholarships & Fellowships	295,956,651.76	280,447,107.77
Auxiliary	576,937,882.67	502,246,467.60
Depreciation / Amortization	586,407,632.07	558,093,162.64
<b>Total Operating Expenses (Schedule IV-1)</b>	<b>\$7,482,463,596.39</b>	<b>\$7,936,483,121.87</b>
<b>Total Operating Loss</b>	<b>(\$3,838,226,199.70)</b>	<b>(\$4,396,211,209.55)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Legislative Revenue	\$1,843,224,694.22	\$1,820,839,369.72
Federal Revenue	857,202,242.42	1,530,785,248.83
Federal Pass Through Revenue	25,829,734.81	656,163,329.47
State Pass Through Revenue	372,527,728.29	226,841,522.55
Gifts	283,196,995.99	389,708,349.01
Investment Income	1,068,460,789.30	558,834,005.04
Investing Activities Expense	(26,453,977.40)	(22,358,104.22)

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**Exhibit IV**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
Interest Expense	(\$197,250,330.38)	(\$188,745,671.84)
Borrower Rebates and Agent Fees	(2,262,903.51)	(2,454,338.04)
Gain (Loss) on Sale or Disposal of Capital Assets	(11,262,747.91)	2,714,888.47
Settlement of Claims	(4,238,071.32)	(811,823.70)
Other Nonoperating Revenues	62,407,448.41	115,586,311.78
Other Nonoperating Expenses	(57,464,044.96)	(124,758,290.80)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$4,213,917,557.96</b>	<b>\$4,962,344,796.27</b>
<b>Income Before Other Revenues and Transfers</b>	<b>\$375,691,358.26</b>	<b>\$566,133,586.72</b>
<b>Capital Contributions, Endowments and Transfers</b>		
Capital Contributions	\$29,314,020.48	\$11,546,181.21
Capital Appropriation - Higher Education Fund	49,880,728.00	48,419,905.00
Additions to Permanent and Term Endowments	6,189,746.07	12,110,247.28
Transfers In		
Transfers From State Agencies	714,179,447.80	579,996,181.48
Transfers From State Agencies - Capital Assets	769,553.74	6,906.18
Transfers Out		
Transfers To State Agencies	(8,939,143.55)	(1,838,305.70)
Transfers To State Agencies - Capital Assets	(150,477.58)	
Legislative Transfers - In	38,263,643.00	8,330,711.71
Legislative Appropriations Lapsed	1,083,229.72	(1,866,738.77)
<b>Total Capital Contributions, Endowments and Transfers</b>	<b>\$830,590,747.68</b>	<b>\$656,705,088.39</b>
<b>Change in Net Position</b>	<b>\$1,206,282,105.94</b>	<b>\$1,222,838,675.11</b>
<b>Net Position, Beginning of Year</b>	<b>\$8,939,605,602.91</b>	<b>\$7,716,766,927.80</b>
<b>Net Position, End of Year (Exhibit III)</b>	<b>\$10,145,887,708.85</b>	<b>\$8,939,605,602.91</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.

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Schedule IV-1

The Texas A University System

Combined Proprietary Statement of NACUBO Function to Natural Classification Matrix  
For the Year Ended August 31, 2024

	Instruction	Research	Public Service	Academic Support
<b>Natural Classification</b>				
Salaries and Wages	\$947,715,454.19	\$550,030,654.58	\$222,487,265.89	\$305,499,951.74
Payroll Related Costs	296,292,337.18	163,494,061.45	95,670,984.88	97,120,429.33
Cost of Goods Sold	1,305,219.51	376,349.06	224,077.16	251,077.08
Professional Fees and Services	74,373,259.18	159,997,830.96	174,543,941.42	66,578,734.03
Travel	23,877,193.66	27,634,675.58	10,768,996.36	10,604,057.38
Materials and Supplies	49,270,328.26	88,236,914.69	98,137,609.99	56,717,748.70
Communications and Utilities	4,718,008.24	15,905,937.38	9,950,936.52	13,646,635.69
Repairs and Maintenance	9,145,276.03	33,032,087.63	5,942,787.21	13,434,523.30
Rentals and Leases	34,313,838.45	20,793,197.41	167,020,891.52	16,602,027.78
Printing and Reproduction	2,278,797.35	3,418,960.72	1,034,533.59	1,726,488.64
Federal Pass Through	2,134,060.78	20,533,076.50	139,288,968.68	65,836.87
State Pass Through		1,713,624.33	1,510,143.79	
Depreciation and Amortization				
Bad Debt Expense				
Interest	25,812.29	70,106.79	73,132.65	14,516.86
Scholarships	3,340,813.31	52,131,831.96	1,572,724.15	2,300,269.09
Claims and Losses				
Other Operating Expenses	50,373,354.97	153,956,317.63	558,925,995.15	32,544,615.00
<b>Total Proprietary Operating Expenses</b>	<b>\$1,499,163,753.40</b>	<b>\$1,291,325,626.67</b>	<b>\$1,487,152,988.96</b>	<b>\$617,106,911.49</b>

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Schedule IV-1

The Texas A University System

Combined Proprietary Statement of NACUBO Function to Natural Classification Matrix  
For the Year Ended August 31, 2024

	Student Service	Institutional Support	Operation & Maintenance of Plant	Scholarships & Fellowships
<b>Natural Classification</b>				
Salaries and Wages	\$118,750,113.76	\$191,682,520.49	\$38,756,434.31	\$26,691,576.74
Payroll Related Costs	46,414,209.70	88,912,683.16	16,442,530.12	3,423,209.07
Cost of Goods Sold	25,323.83	44,103.03	(132,075.35)	6,799.45
Professional Fees and Services	30,941,712.15	69,485,141.64	80,483,355.60	9,835,504.00
Travel	6,612,705.88	3,044,133.50	286,365.37	1,853,066.76
Materials and Supplies	18,280,029.65	12,590,209.28	13,042,229.21	1,959,420.58
Communications and Utilities	3,324,839.56	2,912,740.74	89,480,176.81	1,051,095.00
Repairs and Maintenance	6,069,315.89	8,840,704.50	136,626,513.52	1,243,579.16
Rentals and Leases	14,269,881.36	11,317,986.49	6,596,612.17	1,779,421.10
Printing and Reproduction	1,959,477.40	1,125,754.97	39,107.89	73,561.97
Federal Pass Through				
State Pass Through		47,291.30		46,126.42
Depreciation and Amortization				
Bad Debt Expense	537,330.15			
Interest	9,323.88	17,541.62	9,207.92	254.51
Scholarships	2,946,109.61	15,001,762.86	139,548.85	241,880,014.90
Claims and Losses			41,999.83	
Other Operating Expenses	32,290,125.56	28,137,294.29	31,009,776.87	6,113,022.10
<b>Total Proprietary Operating Expenses</b>	<b>\$282,430,498.38</b>	<b>\$433,159,867.87</b>	<b>\$412,821,783.12</b>	<b>\$295,956,651.76</b>

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Schedule IV-1

The Texas A University System

Combined Proprietary Statement of NACUBO Function to Natural Classification Matrix  
For the Year Ended August 31, 2024

	Auxiliary	Depreciation / Amortization	Current Year	Prior Year
<b>Natural Classification</b>				
Salaries and Wages	\$173,792,027.73	\$0.00	\$2,575,405,999.43	\$2,318,371,271.78
Payroll Related Costs	35,292,733.25		843,063,178.14	815,191,232.92
Cost of Goods Sold	3,158,860.20		5,259,733.97	6,578,265.48
Professional Fees and Services	114,976,854.07		781,216,333.05	681,292,339.29
Travel	22,627,175.79		107,308,370.28	95,952,703.57
Materials and Supplies	29,551,269.83		367,785,760.19	328,737,969.66
Communications and Utilities	35,618,897.63		176,609,267.57	159,241,033.41
Repairs and Maintenance	34,289,613.55		248,624,400.79	205,134,624.14
Rentals and Leases	27,832,142.44		300,525,998.72	213,659,139.80
Printing and Reproduction	1,000,853.60		12,657,536.13	13,469,062.98
Federal Pass Through			162,021,942.83	602,132,693.85
State Pass Through			3,317,185.84	4,134,938.22
Depreciation and Amortization		586,407,632.07	586,407,632.07	558,093,162.64
Bad Debt Expense			537,330.15	375,184.82
Interest	12,204.17		232,100.69	181,324.65
Scholarships	19,354,640.54		338,667,715.27	321,193,346.15
Claims and Losses			41,999.83	29,683,198.09
Other Operating Expenses	79,430,609.87		972,781,111.44	1,583,061,630.42
<b>Total Proprietary Operating Expenses</b>	<b>\$576,937,882.67</b>	<b>\$586,407,632.07</b>	<b>\$7,482,463,596.39</b>	<b>\$7,936,483,121.87</b>

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Exhibit V  
The Texas A&M University System  
Combined Proprietary Statement of Cash Flows  
For the Year Ended August 31, 2024

	Current Year	Prior Year
<b>Cash Flows From Operating Activities</b>		
Proceeds Received From Tuition and Fees	\$1,454,079,341.45	\$1,359,429,801.00
Proceeds Received From Customers	364,147,370.12	444,939,241.76
Proceeds From Grants and Contracts	1,326,332,047.30	1,255,124,489.11
Proceeds From Auxiliary Enterprises	426,373,483.39	386,912,735.02
Proceeds From Loan Programs	637,069,704.49	615,009,692.77
Proceeds From Other Operating Revenues	144,789,683.64	108,793,657.36
Payments to Suppliers for Goods and Services	(2,935,336,329.89)	(3,336,642,307.87)
Payments to Employees	(3,269,797,041.50)	(2,948,826,617.07)
Payments for Loans Provided	(641,522,756.93)	(623,389,275.71)
Payments for Other Operating Expenses	(597,561,828.97)	(780,038,167.16)
<b>Net Cash Used By Operating Activities</b>	<b>(\$3,091,426,326.90)</b>	<b>(\$3,518,686,750.79)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Proceeds From State Appropriations	\$1,757,742,642.73	\$1,437,633,060.91
Proceeds From Gifts	305,255,739.75	399,807,545.45
Proceeds From Endowments	6,189,746.07	12,110,247.28
Proceeds From Transfers From Other Funds	740,037,864.70	512,379,566.80
Proceeds From Other Grant Receipts	1,205,946,777.87	2,409,131,756.81
Proceeds From Other Noncapital Financing Activities	48,830,239.12	120,929,389.83
Payments for Transfers to Other Funds	(18,743,105.26)	(2,322,291.71)
Payments for Other Noncapital Financing Uses	(47,961,891.75)	(119,792,789.38)
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>\$3,997,298,013.23</b>	<b>\$4,769,876,485.99</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds From Sale of Capital Assets	\$1,597,780.72	\$5,924,232.97
Proceeds From Debt Issuance	956,820,491.06	633,625,395.95
Proceeds From Interfund Payables	10,007,803.99	
Proceeds From Other Financing Activities	28,282,147.69	11,755,585.39
Payments for Additions to Capital Assets	(920,150,736.05)	(709,783,577.51)
Payments of Principal On Debt	(613,865,951.75)	(712,981,967.60)
Payments for Leases/SBITA	(8,781,129.00)	(15,719,055.76)
Payments of Interest On Debt Issuance	(168,471,512.49)	(183,022,710.07)
Payments for Interfund Receivables	(1,551,196.61)	(11,612,292.82)
Payments of Other Costs On Debt Issuance	(3,592,937.89)	(3,606,873.76)
<b>Net Cash Used By Capital &amp; Related Financing Activities</b>	<b>(\$719,705,240.33)</b>	<b>(\$985,421,263.21)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds From Sales of Investments	\$2,769,437,574.47	\$2,070,604,185.06
Proceeds From Interest and Investment Income	270,810,874.80	198,839,661.14
Payments to Acquire Investments	(2,762,961,893.23)	(2,206,032,736.24)
<b>Net Cash Provided By Investing Activities</b>	<b>\$277,286,556.04</b>	<b>\$63,411,109.96</b>
<b>Net Increase In Cash and Cash Equivalents</b>	<b>\$463,453,002.04</b>	<b>\$329,179,581.95</b>
Proprietary Cash and Cash Equivalents, Beginning of Year	\$2,371,506,420.80	\$2,042,326,838.85
<b>Proprietary Cash and Cash Equivalents, End of Year (Schedule Three)</b>	<b>\$2,834,959,422.84</b>	<b>\$2,371,506,420.80</b>



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Exhibit V  
The Texas A&M University System  
Combined Proprietary Statement of Cash Flows  
For the Year Ended August 31, 2024

	Current Year	Prior Year
<b>Reconciliation of Operating Loss to Net Cash Used By Operating Activities</b>		
Operating Loss	(\$3,838,226,199.70)	(\$4,396,211,209.55)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used By Operating Activities</b>		
Amortization and Depreciation	\$586,407,632.07	\$558,093,162.64
Bad Debt Expense	9,611,806.97	4,922,989.79
Pension Expense	176,508,587.00	94,504,755.00
OPEB Expense	68,337,135.00	171,048,559.00
Changes In Assets and Liabilities		
(Increase) Decrease In Receivables	20,859,048.02	(58,996,505.36)
(Increase) Decrease In Due From Agencies/Funds	(737,783.52)	(20,629,409.24)
(Increase) Decrease In Inventories	(4,442,457.43)	3,152,134.29
(Increase) Decrease In Prepaid Expenses	(4,579,261.93)	(23,881,913.17)
(Increase) Decrease In Loans and Contracts	(2,999,965.60)	(7,113,033.16)
(Increase) Decrease In Other Assets	(2,734,855.81)	512,458.05
(Increase) Decrease In Deferred Outflows - Pensions	(68,468,637.00)	(172,309,364.00)
(Increase) Decrease In Deferred Outflows - OPEB	(97,070,126.00)	16,825,109.00
Increase (Decrease) In Payables	(6,707,704.87)	65,408,853.22
Increase (Decrease) In Due to Other Agencies/Funds	(61,506,050.54)	172,320,634.77
Increase (Decrease) In Unearned Revenue	105,043,900.48	38,027,460.50
Increase (Decrease) In Deposits	518,645.39	(192,649.75)
Increase (Decrease) In Employees Compensable Leave	10,414,866.04	7,765,529.54
Increase (Decrease) In OPEB Liability	(453,158,515.00)	(494,842,582.00)
Increase (Decrease) In Pension Liability	101,090,162.00	401,789,991.00
Increase (Decrease) In Self Insured Accrued Liability	(1,875,107.00)	(1,263,058.00)
Increase (Decrease) In Other Liabilities	2,266,329.48	(125,930,467.13)
Increase (Decrease) In Deferred Inflows - Pensions	(116,334,373.00)	(299,827,844.00)
Increase (Decrease) In Deferred Inflows - OPEB	493,844,040.00	425,248,673.00
Increase (Decrease) in Deferred Inflows of Resources – Leases	(7,487,441.95)	97,955,182.64
Increase (Decrease) in Deferred Inflows of Resources – PPP Assets		24,935,792.13
<b>Total Adjustments</b>	<b>\$746,799,872.80</b>	<b>\$877,524,458.76</b>
<b>Net Cash Used By Operating Activities</b>	<b>(\$3,091,426,326.90)</b>	<b>(\$3,518,686,750.79)</b>
<b>Non-Cash Transactions</b>		
Donation of Capital Assets	\$29,314,020.48	\$11,546,181.21
Net Change In Fair Value of Investments	649,630,815.00	351,449,853.11
Amortization of Bond Premiums and Discounts	22,206,412.44	22,185,539.25
Borrowing Under Lease Purchase	21,980,860.81	95,052,474.94
Other	(1,754,485.00)	2,422,674.62

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.

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**Exhibit VI**  
**The Texas A&M University System**  
**Combined Statement of Fiduciary Net Position - Custodial Funds**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Assets</b>		
Cash and Cash Equivalents (Schedule Three-F)	\$1,295,364.92	\$9,138,214.53
Investments (Note 3)	1,970,940.91	1,713,821.37
Restricted Cash and Cash Equivalents		
Cash and Cash Equivalents (Schedule Three-F)	40,995,403.17	32,076,668.65
Investments (Note 3)	422,700,456.75	363,081,270.63
Receivables, Net (Note 24)		
Interest and Dividends	1,024,403.32	1,050,461.00
Gifts	46,934,516.40	46,596,038.35
Student	1,416,669.02	1,386,143.11
Investment Trades	691,125.50	258,268.33
Accounts	590,710.43	3,457,398.94
Other	411,739.08	2,250,111.98
Other Assets	12,452.05	677.60
<b>Total Assets</b>	<b>\$518,043,781.55</b>	<b>\$461,009,074.49</b>
<b>Liabilities</b>		
Payables (Note 24)		
Accounts	\$1,280,682.05	\$1,416,807.48
Investment Trades	767,610.47	676,182.85
Other	345,422.20	448,357.56
Other Liabilities	5,511,537.94	5,259,669.52
<b>Total Liabilities</b>	<b>\$7,905,252.66</b>	<b>\$7,801,017.41</b>
<b>Net Position</b>		
Restricted for		
Individuals, Organizations, & Other Entities	\$510,138,528.89	\$453,208,057.08
<b>Total Fiduciary Net Position (Exhibit VII)</b>	<b>\$510,138,528.89</b>	<b>\$453,208,057.08</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.

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**Exhibit VII**  
**The Texas A&M University System**  
**Combined Statement of Changes in Fiduciary Net Position - Custodial Funds**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Additions</b>		
<b>Contributions</b>		
Contributions from Foundations/Alumni Associations	\$18,824,205.67	\$24,212,811.50
Contributions from External Entities to Student Organizations	4,184,142.11	3,077,711.87
Contributions from Other Organizations	374,486.36	886,651.99
<b>Total Contributions</b>	<b>\$23,382,834.14</b>	<b>\$28,177,175.36</b>
<b>Investment Income</b>		
Interest/Dividends/Other Income	\$8,289,571.73	\$7,081,564.18
Realized Gain Sale of Investments	3,243,453.72	9,532,051.64
Net Increase (Decrease) in Fair Value of Investments	38,389,228.76	12,210,991.30
Total Investment Income	\$49,922,254.21	\$28,824,607.12
Less: Investment Activity Costs	(2,180,528.42)	(2,007,576.97)
<b>Total Net Investment Income</b>	<b>\$47,741,725.79</b>	<b>\$26,817,030.15</b>
<b>Other Additions</b>		
Receipts for Sales Revenue from Public Private Partnerships	\$13,126,528.95	\$12,230,305.04
Receipts for Dues and Event Revenues from Student Organizations	16,907,920.84	13,233,433.83
Receipts from Other Organizations	1,980,193.26	2,009,110.72
Miscellaneous Additions	2,657,317.99	2,578,236.95
<b>Total Other Additions</b>	<b>\$34,671,961.04</b>	<b>\$30,051,086.54</b>
<b>Total Additions</b>	<b>\$105,796,520.97</b>	<b>\$85,045,292.05</b>
<b>Deductions</b>		
Refunds of Contributions for Investments Held for Non A&M Entities	\$0.00	\$81,118,970.20
Payments of Operational Costs for Public Private Partnerships	8,753,879.72	13,307,639.13
Payments of Operational and Event Costs for Student Organizations	18,461,555.74	16,094,904.35
Payments of Operational Costs for Foundations/Alumni Associations	17,421,159.95	15,290,994.72
Miscellaneous Deductions	4,229,453.75	4,267,282.21
<b>Total Deductions</b>	<b>\$48,866,049.16</b>	<b>\$130,079,790.61</b>
<b>Net Decrease in Fiduciary Net Position</b>	<b>\$56,930,471.81</b>	<b>(\$45,034,498.56)</b>
Net Position, Beginning of Year	\$453,208,057.08	\$498,242,555.64
<b>Fiduciary Net Position, End of Year (Exhibit VI)</b>	<b>\$510,138,528.89</b>	<b>\$453,208,057.08</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.



## UNAUDITED

### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Notes to the Combined Financial Statements

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Note 1 - Summary of Significant Accounting Policies**

The accompanying financial statements of the A&M System are prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) pronouncements, the requirements of the Texas Comptroller of Public Accounts, and the guidelines from the National Association of College and University Business Officers.

#### **Financial Reporting Structure, Basis of Accounting and Measurement Focus**

##### **Proprietary Funds**

For financial reporting purposes, the A&M System is considered a special-purpose government engaged in business-type activities for the State of Texas Annual Comprehensive Financial Report (ACFR). Accordingly, the A&M System's proprietary financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. Operating items are distinguished from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with ongoing operations.

##### **Fiduciary Funds**

The A&M System is a fiduciary entity for several different types of custodial funds. These fiduciary activities are reported separately from other financial activities since the A&M System cannot access the assets to finance its operations. The A&M System's fiduciary responsibilities include ensuring assets reported in these funds are secure and outflows occur based upon the custodial entity's intended purposes. Fiduciary funds also use the economic resources measurement focus and the full accrual basis of accounting; additions are recognized in the reporting period they are earned, and deductions are recognized in the reporting period they are incurred.

The A&M System reports on several types of fiduciary custodial funds: investments held for other non-A&M institutions, student organizations, foundation/alumni associations, public private partnerships and other.

#### **Assets**

##### **Cash and Cash Equivalents**

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash and cash equivalents. With the exception of residual cash which results from the management of investment portfolios, the A&M System maintains cash and cash equivalents for the purpose of meeting short-term disbursement requirements.

##### **Investments**

Current and non-current investments are reported at fair value. Fair value is defined as the price received if an investment were sold in an orderly transaction between market participants at the measurement date. Measuring fair value requires gathering information, or inputs, about the asset or liability being measured. The fair value hierarchy categorizes the inputs used to measure fair value into three levels. Level 1 inputs

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

are quoted prices in active markets for assets or liabilities identical to the ones being measured, Level 2 inputs are observable for similar assets or liabilities, and Level 3 inputs are unobservable inputs.

The notes to the financial statements disclose the input levels used to determine fair value, and also display the deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

#### **Current Assets**

On the proprietary Statement of Net Position, items classified as current are defined as resources expected to be realized or consumed within one year.

#### **Receivables**

Receivable balances are grouped into several receivable categories. Accounts receivable reflect amounts owed for goods and services provided, or the value of a Public Private Partnership (P3) Asset to be transferred. Refer to Note 27 - Public-Private and Public-Public Partnerships for additional details.

Self-insured health and dental receivable represents August premiums for the A&M System's self-insured arrangement for group health and dental plan insurance coverage. The investment trades category reports pending security sales which have been traded and not settled as of the end of the reporting period. Other receivables include items such as travel advances, returned checks, and various items accrued.

Receivable balances are presented net of an allowance for uncollectible accounts. The allowance is based on management's judgment of potential uncollectible amounts, which includes such factors as historical experience and type of receivable. Refer to Note 24 - Disaggregation of Receivable and Payable Balances, for additional details.

#### **Lease Receivables**

Lease receivables are recorded by the A&M System as the present value of lease payments expected to be received under leases meeting the \$100,000 threshold per contract excluding short-term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short-term leases, those with a maximum period of 12 months, are recognized as collected. Additional details are provided in Note 8 – Leases.

#### **Other Assets**

Balances reported as Other Assets consist mostly of prepaid expenses along with other miscellaneous deposit balances. The Other Assets reported in the Non-Current section include the A&M System's share of a split interest agreement.

#### **Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Livestock held for educational purposes is recorded at estimated fair value. The capitalization threshold for personal property is \$5,000. The capitalization threshold is \$100,000 for buildings and building improvements, facilities and other improvements, purchased software, land use rights with terms, and leasehold improvements. Infrastructure has a capitalization threshold of \$500,000. Internally developed software has a capitalization threshold of \$1,000,000. All land, land improvements, permanent land use rights, library books/materials, museums/collections, and works of art/historical treasures are capitalized.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets; generally, 10 to 30 years for buildings and building improvements, 10 to 45 years for infrastructure, 4 to 15 years for equipment, and 15 years for library books.

#### **Right-to-Use-Assets**

Right-to-Use (RTU) assets represent the right to use another entity's nonfinancial asset (building, land, equipment, subscription software, etc.) for a specified period of time as defined in the lease contract. RTU assets and the related lease liability are recognized at the lease commencement date and measured based on the present value of future lease payments. The minimum threshold for capitalizing RTU assets is based on the net present value of future payments, \$100,000 per unit for leases (building, land, equipment) and \$500,000 per contract for software-based information technology arrangements (SBITA).

#### **Liabilities**

##### **Payables**

Payable balances are grouped into various payable categories on the Statement of Net Position. Accounts payable represents the liability for the value of assets or services received, as of the date of the financial statements, for which payment is pending. Payroll payable includes accrued salary, wages, and benefits. The investment trades category reports pending security purchases traded and not settled as of the end of the reporting period. Self-insured health and dental payable represents a liability for self-insured group health and dental insurance plan coverage. Other payables include a variety of items, including payables for investment manager fees, sales taxes, and student liabilities.

##### **Lease Liabilities**

Lease liabilities represent the A&M System's obligation to make lease payments arising from leases meeting the \$100,000 threshold per RTU asset, excluding short-term leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted based on a borrowing rate determined by the A&M System. Short-term leases, those with a maximum period of 12 months, are expensed as incurred. Additional details are provided in Note 8 - Leases and Software Subscriptions.

##### **Software Subscriptions**

Subscription-Based Information Technology Arrangements (SBITA) are contracts that involve control over the right to use another party's IT software or IT software combined with tangible capital assets for a specified period. Software subscription liabilities represent the A&M System's obligation to make software payments arising from contracts meeting the \$500,000 threshold per contract, excluding short-term contracts with a term of less than 12 months.

Software subscription liabilities are recognized at the commencement date based on the present value of future payments over the remaining term of the contract. The present value of future payments is discounted based on a borrowing rate determined by the A&M System. Short-term leases, those with a maximum period of 12 months, are expensed as incurred. See Note 8 - Leases and Software Subscriptions for additional details.



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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Asset Retirement Obligations (AROs)**

An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. AROs result from the normal operations of tangible capital assets and include legally enforceable liabilities associated with the asset's retirement, disposal, and any associated environmental remediation. The A&M System is reporting AROs related to radioactive material licenses and nuclear research facilities, as detailed in Note 5 - Long-Term Liabilities.

#### **Notes from Direct Borrowings**

Notes from Direct Borrowings are reported in the liabilities section of the proprietary Statement of Net Position and represent debt from contractual obligations to make one or more payments over time to settle a contractual obligation. For the A&M System, this is for financed purchases for capital assets. See Note 5 - Long-Term Liabilities for additional details.

#### **Pension Liability, and related Deferred Outflows and Deferred Inflows of Resources**

The pension values provided by the Texas Comptroller's Office define the Texas A&M System's proportional share of the Teacher Retirement System of Texas (TRS) unfunded pension liability. TRS is a public employee retirement system (PERS) which is a multiple-employer, cost sharing, defined benefit pension plan. The plan is administered through a trust. For more information, see Note 9 - Pension Plans and Optional Retirement Program.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TRS plan and additions to/deductions from TRS' fiduciary net position have been determined on the full accrual basis. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

#### **Other Post-Employment Benefits (OPEB), and related Deferred Outflows and Deferred Inflows of Resources**

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees in accordance with State statutes. These benefits are provided to the A&M System's retirees under the A&M System group insurance program, which is a single-employer defined benefit Other Post-Employment (OPEB) plan. The State contributes to the cost of each participant's insurance coverage.

The total current and non-current OPEB liability, deferred outflows of resources and deferred inflows of resources is measured based on a calculation prepared by the A&M System's actuary. For more information, see Note 11 – Postemployment Health Care and Life Insurance Benefits.

#### **Unearned Revenue**

The A&M System members record receivables when revenue is earned but not collected. Unearned revenue is recognized when cash is received prior to revenue recognition, and is considered a liability.

#### **Deferred Outflows of Resources and Deferred Inflows of Resources**

The proprietary Statement of Net Position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period, and have a positive effect on net position, similar to assets. Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period, and have a negative effect on net position, similar to liabilities.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Revenues and Expenses**

Operating revenues include activities such as student tuition and fees, net sales and services of auxiliary enterprises, and most federal, state and local grants and contracts. Operating expenses include salaries and wages, payroll related costs, professional fees and services, materials and supplies, and scholarships.

Nonoperating revenues include activities such as State appropriations, gifts and contributions, investment income and other revenue sources which are defined as nonoperating revenues by the GASB (Governmental Accounting Standards Board). Nonoperating expenses include activities such as interest expense on capital asset financings, and other expenses.

#### **Net Position**

Net Position is the difference between assets plus deferred outflows of resources, less liabilities plus deferred inflows of resources.

#### **Net Investment in Capital Assets**

Net investment in capital assets, consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bond, notes and other debt attributed to the acquisition, construction or improvement of those assets.

#### **Restricted Net Position**

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted assets are available for use, restricted resources are used first, then unrestricted resources are used as needed.

#### **Unrestricted Net Position**

Unrestricted net position consists of net resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management but can be removed or modified.

#### **Other Significant Accounting Policies**

The combined financial statements for the A&M System include the proprietary and fiduciary financial statements of each member of the A&M System, including the A&M System Offices, as well as the Texas A&M Research Foundation (Research Foundation). Due to/from, transfers, federal and state pass throughs between A&M System members have been eliminated.

Certain operations provide goods and services to internal customers. These operations include activities such as self-insured programs, repairs & maintenance, utilities, computer services, and other services with interdepartmental activities. The revenues were eliminated to the extent of expenses for these internal transactions in the proprietary Statement of Revenues, Expenses, and Changes in Net Position to avoid inflating revenues and expenses. Receivables and payables between A&M System members were eliminated except those arising from service department operations and auxiliary enterprises, which are considered to be exchange in nature.

An endowment appreciation reserve was created in the fiscal year 1997 for the purpose of providing a consistent and predictable income stream for the System Endowment Fund. The appreciation reserve is

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

administered by the A&M System Offices. All realized gains and losses are deposited to or funded from the appreciation reserve, and distributions from the reserve are used to supplement current income when the income received is insufficient to meet the required distribution in accordance with the System Endowment Fund spending policy.

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

### Note 2 - Capital Assets

The proprietary fund summary of changes in Capital Assets for the year ended August 31, 2024 is presented below.

Capital Asset Activity							
	Beginning Balance	Adjustments	Completed CIP	Interagency Transactions	Additions	Deletions	Ending Balance
<b>Non-Depreciable/Amortizable Assets</b>							
Land and Land Improvements	\$ 246,526,429.10	\$ -	\$ 584,000.28	\$ -	\$ 24,811,436.56	\$ (89,035.22)	\$ 271,832,830.72
Construction in Progress	1,305,189,261.79	-	(420,873,057.29)	-	755,185,279.16	(2,921.00)	1,639,498,562.66
Other Tangible Capital Assets	73,752,373.75	-	25,540.96	-	896,093.19	(793,541.00)	73,880,466.90
Land Use Rights	119,070.00	-	-	-	-	-	119,070.00
<b>Non-Depreciable/Amortizable Assets</b>	<b>1,625,587,134.64</b>	<b>-</b>	<b>(420,263,516.05)</b>	<b>-</b>	<b>780,892,808.91</b>	<b>(885,497.22)</b>	<b>1,985,330,930.28</b>
<b>Depreciable Assets</b>							
Buildings	8,333,970,582.33	176,820.01	332,183,666.09	8,357,295.91	9,732,881.12	(43,703,803.78)	8,640,717,441.68
Infrastructure	1,118,192,752.28	-	39,583,385.09	-	890,026.62	(797,692.51)	1,157,868,471.48
Facilities and Other Improvements	1,142,621,334.55	-	21,163,304.67	-	684,772.38	(421,599.85)	1,164,047,811.75
Furniture and Equipment	1,242,011,177.95	66,825.79	20,973,907.42	860,634.29	115,011,102.11	(44,542,417.29)	1,334,381,230.27
Vehicles, Boats and Aircraft	180,865,471.54	(5,018.81)	1,401,428.00	(101,023.60)	27,449,791.77	(4,792,059.64)	204,818,589.26
Other Capital Assets	221,529,238.39	(176,820.01)	7,350.00	-	7,702,433.46	(10,099,104.23)	218,963,097.61
<b>Total Depreciable Assets</b>	<b>12,239,190,557.04</b>	<b>61,806.98</b>	<b>415,313,041.27</b>	<b>9,116,906.60</b>	<b>161,471,007.46</b>	<b>(104,356,677.30)</b>	<b>12,720,796,642.05</b>
<b>Less Accumulated Depreciation</b>							
Buildings	(4,198,655,386.61)	(4,018.62)	-	(7,804,891.10)	(343,147,863.35)	25,513,968.73	(4,524,098,190.95)
Infrastructure	(590,350,898.16)	-	-	-	(45,825,991.28)	-	(636,176,889.44)
Facilities and Other Improvements	(501,671,771.45)	-	-	-	(38,882,798.47)	66,035.25	(540,488,534.67)
Furniture and Equipment	(921,875,668.28)	(66,825.79)	-	(758,479.24)	(89,957,618.66)	27,434,495.74	(985,224,096.23)
Vehicles, Boats and Aircraft	(133,800,253.29)	5,018.81	-	65,539.90	(13,516,538.09)	4,027,211.73	(143,219,020.94)
Other Capital Assets	(171,315,970.83)	4,018.62	-	-	(7,268,551.59)	5,744,405.62	(172,836,098.18)
<b>Total Accumulated Depreciation</b>	<b>(6,517,669,948.62)</b>	<b>(61,806.98)</b>	<b>-</b>	<b>(8,497,830.44)</b>	<b>(538,599,361.44)</b>	<b>62,786,117.07</b>	<b>(7,002,042,830.41)</b>
<b>Depreciable Assets, Net</b>	<b>5,721,520,608.42</b>	<b>-</b>	<b>415,313,041.27</b>	<b>619,076.16</b>	<b>(377,128,353.98)</b>	<b>(41,570,560.23)</b>	<b>5,718,753,811.64</b>
<b>Amortizable Assets - Intangible</b>							
Land Use Rights	255,457.00	-	-	-	-	-	255,457.00
Computer Software	128,251,575.81	-	4,950,474.78	-	1,443,507.45	(156,976.39)	134,488,581.65
<b>Total Intangible Assets- Amortizable</b>	<b>128,507,032.81</b>	<b>-</b>	<b>4,950,474.78</b>	<b>-</b>	<b>1,443,507.45</b>	<b>(156,976.39)</b>	<b>134,744,038.65</b>
<b>Less Accumulated Amortization</b>							
Land Use Rights	(255,457.00)	-	-	-	-	-	(255,457.00)
Computer Software	(118,774,442.62)	-	-	-	(4,926,829.02)	156,976.39	(123,544,295.25)
<b>Total Accumulated Amortization</b>	<b>(119,029,899.62)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,926,829.02)</b>	<b>156,976.39</b>	<b>(123,799,752.25)</b>
<b>Amortizable Intangible Assets, Net</b>	<b>9,477,133.19</b>	<b>-</b>	<b>4,950,474.78</b>	<b>-</b>	<b>(3,483,321.57)</b>	<b>-</b>	<b>10,944,286.40</b>
<b>Total Capital Assets, Net</b>	<b>\$7,356,584,876.25</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 619,076.16</b>	<b>\$ 400,281,133.36</b>	<b>\$(42,456,057.45)</b>	<b>\$ 7,715,029,028.32</b>

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**The Texas A&M University System  
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For the Year Ended August 31, 2024**

<b>Capital Asset Activity-Continued</b>								
	<b>Beginning Balance</b>	<b>Adjustments</b>	<b>Completed CIP</b>	<b>Interagency Transactions</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	
<b>Right-to-Use Assets</b>								
RTU-Land and Land								
Improvements	\$ 123,522.07	\$ -	\$ -	\$ -	\$ 5,031,259.28	\$ -	\$ 5,154,781.35	
RTU-Building and Building								
Improvements	225,182,303.97	-	-	-	8,178,200.23	(6,002,967.62)	227,357,536.58	
RTU-Equipment	2,419,254.42	-	-	-	742.48	(329,815.92)	2,090,180.98	
RTU-Software Subscription	62,451,034.36				8,632,705.66	(952,158.91)	70,131,581.11	
Total Right-to-Use Assets	290,176,114.82	-	-	-	21,842,907.65	(7,284,942.45)	304,734,080.02	
Less Accumulated Amortization for RTU Assets								
RTU-Land and Land								
Improvements	(33,686.64)	-	-	-	(142,642.86)	-	(176,329.50)	
RTU-Building and Building								
Improvements	(35,551,886.95)	-	-	-	(22,860,662.05)	5,265,764.34	(53,146,784.66)	
RTU-Equipment	(639,112.32)				(494,691.48)	329,815.92	(803,987.88)	
RTU-Software Subscription	(17,184,941.94)	-	-	-	(19,383,445.22)	952,158.91	(35,616,228.25)	
Total Accumulated Amortization-RTU Assets	(53,409,627.85)	-	-	-	(42,881,441.61)	6,547,739.17	(89,743,330.29)	
<b>Right-to-Use Assets, Net</b>	<b>\$ 236,766,486.97</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (21,038,533.96)</b>	<b>\$ (737,203.28)</b>	<b>\$ 214,990,749.73</b>	
<b>Total Capital and Right-to-Use Assets, Net</b>								
	<b>\$7,593,351,363.22</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 619,076.16</b>	<b>\$ 379,242,599.40</b>	<b>\$ (43,193,260.73)</b>	<b>\$ 7,930,019,778.05</b>	

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Note 3 - Deposits, Investments and Repurchase Agreements

The *Texas Education Code*, Title III, Chapter 51.0031 grants authority for a governing board to invest funds under prudent person standards “if a governing board has under its control at least \$25 million in book value of endowment funds.”

The A&M System’s investment policy authorizes the following types of investments: U.S. Government obligations, U.S. Government Agency obligations, other government obligations, corporate obligations, equity, international obligations, international equity, certificates of deposit, banker’s acceptances, negotiable certificates of deposit, money market mutual funds, mutual funds, repurchase agreements, venture capital, private equity, hedge funds, Real Estate Investment Trusts (REITs), securities lending, derivatives, timber, bank loans, energy and real estate.

#### Deposits of Cash in Bank

Cash in bank consists of all cash in local and foreign banks. These amounts are reported on the Proprietary and Fiduciary Combined Statements of Net Position as part of the “Cash and Cash Equivalents” line items. The table below summarizes cash balances as of August 31, 2024.

Cash in Bank		
Balance	Proprietary Funds	Fiduciary Funds
Bank Balance	\$12,969,595.35	\$443,916.36
Carrying Amount	\$12,148,339.33	\$443,916.36

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The A&M System’s policy requires collateral of 102% pledged against all deposits and limits the amounts of funds which may be deposited with any bank to the lesser of \$100,000,000 or 10% of total deposits. The A&M System regulation applicable to working fund bank accounts requires the Chancellor, or designee, to approve a working fund in any bank with which the A&M System does not have a depository agreement. As permitted by the Texas Education Code, Title III, Chapter 51.003, the A&M System maintained foreign bank accounts to accommodate operational needs for educational programs in Qatar. During fiscal year 2024, the A&M System held bank accounts in Doha, Qatar for the operation of Texas A&M University at Qatar and Texas A&M Engineering Experiment Station research centers that have locations in Qatar. The daily average exposure during fiscal year 2024 was \$1,342,472.16. No appropriated or tuition funds other than those collected from students enrolled in the affected programs are deposited with the foreign bank. The funds held in Qatar were not insured or collateralized. As of August 31, 2024, the balance was \$439,931.24, all of which is proprietary and included in the Bank Balances Exposed to Custodial Credit Risk table on the following page.

Incidental amounts of various foreign currencies are temporarily held through Bank of New York (BNY), its foreign branches, and/or foreign sub-custodian banks. These amounts represent funds related to trade settlement, interest, and/or dividend payments received in foreign currencies that are not yet converted to U.S. dollars. Such deposits of foreign currency are not insured or collateralized and are subject to custodial risk and the risk of fluctuations in exchange rates. As of August 31, 2024, uncollateralized foreign currency

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

held by or through BNY included proprietary funds of \$3,506,262.15 and fiduciary funds of \$223,793.46. These amounts are included in the Bank Balances Exposed to Custodial Credit Risk table below.

Funds received by the A&M System's investment custodian after the cut-off time for investment in the money market fund (due to late wire deposits and/or failed transactions) remain as cash and are not invested until the following business day. For each occurrence during fiscal year 2024, the first \$250,000.00 of uninvested cash was insured by the FDIC. All balances in excess of the FDIC coverage, were fully collateralized by pledged securities held in a separate pool by the pledging financial institution, BNY. As of August 31, 2024, the uninvested cash balance included \$1,907,799.64 of proprietary funds and \$119,869.46 of fiduciary funds, of which \$250,000.00 was covered by FDIC insurance and the remaining was collateralized as described above.

The bank balances (including foreign currency balances), exposed to custodial credit risk as of August 31, 2024, are presented in the table below.

<b>Bank Balances Exposed to Custodial Credit Risk</b>	
	<b>Uninsured and Uncollateralized</b>
Proprietary Funds	\$3,946,193.39
Fiduciary Funds	\$223,793.46

Foreign currency risk for deposits is the risk that changes in exchange rates will adversely affect the deposits. The A&M System does not have a deposit policy for foreign currency risk. The exposure to foreign currency risk for deposits as of August 31, 2024, is presented in the following table.

<b>Bank Balances Exposed to Foreign Currency Risk</b>		
<b>Currency</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Brazilian Real	\$ 56,923.18	\$ 3,633.39
British Pound	69.88	7.75
Euro	1,908,656.03	121,813.57
Hong Kong Dollar	752,443.47	48,026.79
Qatar Riyal	439,931.24	-
Swiss Franc	788,169.59	50,311.96
Total	<u>\$ 3,946,193.39</u>	<u>\$ 223,793.46</u>

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Investments**

Investments are presented according to the hierarchy of inputs used to measure fair value.

- Level 1 has been assigned to investments for which quoted prices (unadjusted) are available for identical assets in active markets on the measurement date. These assets include equities (common stock, listed ADRs and listed preferred stock), exchange-traded mutual funds, exchange-traded options, money market funds and U.S. Treasury securities.
- Level 2 has been assigned to investments for which there are inputs, other than quoted prices, that are observable for an asset or liability, either directly or indirectly. These assets include cash equivalents, collateralized mortgage obligations, corporate bonds, mortgage-backed securities, municipal bonds, non-exchange traded options, short-term obligations, U.S. agency securities.
- Level 3 has been assigned to assets to which there are unobservable inputs. Examples of these assets are certain commingled funds and private equity partnerships (discussed below).

The net asset value per share (NAV), or its equivalent, may be used for an investment that does not have a readily determined fair value, provided the NAV is calculated consistent with the Financial Accounting Standards Board's (FASB) measurement principles for investment companies. The NAV is commonly used for certain alternative investments (such as private equity funds, hedge funds and certain commingled funds). The A&M System invests in private investments and limited partnerships including hedge funds, private equity, commingled funds, venture capital, natural resources, energy, and real estate. The fair value of these investments is based on the investment manager determined NAV as allowed by the standard. The valuations at the date provided by the investment managers have been adjusted by rolling forward to August 31, 2024, to include the following events: capital contributions or distributions since the most recent investment manager valuation date reported to the A&M System, changes in the composition of assets or liabilities reported by the investment manager since the valuation date of the NAV, and fair value changes of assets or liabilities reported since the investment manager valuation date. In the case of certain hedge funds, the A&M System has adjusted the reported July 31, 2024, NAV by the estimated performance as of August 31, 2024, as reported by the investment manager and by any cash inflows and outflows since the investment manager valuation date.

The repurchase agreements held by Texas Treasury Safekeeping Trust Company (TTSTC) are reported at amortized cost.

Mineral rights held for the purpose of generating income are reported at fair value based on three times the previous twelve months of income. The fair value reported as of August 31, 2024, is \$140,023,507.77 (\$139,984,959.06 Proprietary and \$38,548.71 Fiduciary).

The A&M System invests in private equity technology partnerships through A&M System Technology Commercialization. The fair value of these investments is estimated based on the cost (pro-rata share of contributed capital based on percentage ownership in the company) or 3<sup>rd</sup> party pricing of stock (based on fund raising). Adjustments are made for impairments, such as the termination of a license agreement or inactivity of the company. The fair value reported as of August 31, 2024, is \$4,951,740.52, all of which is proprietary.

Texas Woman's University (TWU) invests in the A&M System investment pools as authorized by Chapter 51.0031 of the Texas Education Code. As of August 31, 2024, the A&M System Cash Concentration Pool



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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

and System Endowment Fund included investments valued at \$239,968,191.56 for TWU. These amounts are categorized as fiduciary funds.

The following tables display the fair value of investments as of August 31, 2024, as reported in the financial statements and detailed by investment type. The investment type table includes categories to show the level of inputs used in determining the fair value of investments.

#### Proprietary Investments per Financial Statements

##### Schedule of Cash & Cash Equivalents

Cash Equivalents	\$	717,375,071.51
Restricted Cash Equivalents		571,616,472.18

##### Statement of Net Position

Non-Current Investments	5,394,590,970.96
Non-Current Restricted Investments	1,292,970,981.98
Total Investments	<u>\$ 7,976,553,496.63</u>

#### Fiduciary Investments per Financial Statements

##### Schedule of Cash & Cash Equivalents

Cash Equivalents	\$	1,288,575.03
Restricted Cash Equivalents		40,548,276.70

##### Statement of Net Position

Investments	1,970,940.91
Restricted Investments	422,700,456.75
Total Investments	<u>\$ 466,508,249.39</u>

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

Proprietary Funds - Investment Fair Value						
Investment Type	Fair Value Hierarchy					Total Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	
U.S. Treasury Securities	\$ 273,204,114.30	\$ -	\$ -	\$ -	\$ -	\$ 273,204,114.30
U.S. Treasury TIPS	2,226,807.30	-	-	-	-	2,226,807.30
U.S. Government Agency Obligations	-	250,728,304.11	-	-	-	250,728,304.11
Corporate Obligations	-	430,028,327.21	49,483,996.72	-	-	479,512,323.93
Corporate Asset and Mortgage Backed Securities	-	119,482,881.50	-	-	-	119,482,881.50
U.S. Equity	1,308,061,923.63	-	-	-	-	1,308,061,923.63
International Obligations	-	193,461,363.86	3,972,478.67	-	-	197,433,842.53
International Equity	599,852,537.84	-	-	-	-	599,852,537.84
Repurchase Agreements - TTSTC	-	-	-	405,889.72	-	405,889.72
Fixed Income Money Market & Bond Mutual Fund	1,723,293,652.02	-	-	-	-	1,723,293,652.02
Mutual Funds - U.S. Equity	58,460.78	-	-	-	-	58,460.78
Mutual Funds - International Equity	17,764.24	-	-	-	-	17,764.24
Other Commingled Funds - Fixed Income	21,459,075.44	-	19,322,413.76	-	-	40,781,489.20
International Other Commingled Funds - Equity	511,179,773.65	-	287,805,977.64	-	235,886,770.81	1,034,872,522.10
Real Estate - Mineral Rights	-	-	139,984,959.06	-	-	139,984,959.06
Alternative Investments - Hedge Funds						
Domestic	-	-	-	-	886,486,526.46	886,486,526.46
International	-	-	-	-	514,411,273.70	514,411,273.70
Alternative Investments - Limited Partnerships and Research Commercialization						
Private Equity	-	-	4,951,740.52	-	116,373,972.12	121,325,712.64
International Private Equity	-	-	-	-	93,075,244.90	93,075,244.90
Real Estate	-	-	-	-	38,151,356.77	38,151,356.77
International Real Estate	-	-	-	-	21,127,038.16	21,127,038.16
Natural Resources	-	-	-	-	89,249,508.94	89,249,508.94
International Natural Resources	-	-	-	-	33,054,468.61	33,054,468.61
Other Investments						
Political Subdivisions	-	9,754,894.19	-	-	-	9,754,894.19
Total Investments	\$ 4,439,354,109.20	\$ 1,003,455,770.87	\$ 505,521,566.37	\$ 405,889.72	\$ 2,027,816,160.47	\$ 7,976,553,496.63

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

Fiduciary Funds - Investment Fair Value					
Investment Type	Fair Value Hierarchy				Total Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value	
U.S. Treasury Securities	\$ 14,506,439.76	\$ -	\$ -	\$ -	\$ 14,506,439.76
U.S. Treasury - TIPS	127,146.33	-	-	-	127,146.33
U.S. Government Agency Obligations	-	14,447,656.11	-	-	14,447,656.11
Corporate Obligations	-	24,385,430.72	3,080,208.75	-	27,465,639.47
Corporate Asset and Mortgage Backed Securities	-	6,050,121.65	-	-	6,050,121.65
U.S. Equity	83,110,018.79	-	-	-	83,110,018.79
International Obligations	-	11,022,096.43	250,292.90	-	11,272,389.33
International Equity	38,189,868.72	-	-	-	38,189,868.72
Fixed Income Money Market & Bond Mutual Fund	67,000,913.03	-	-	-	67,000,913.03
Mutual Funds - U.S. Equity	1,530,647.33	-	-	-	1,530,647.33
Mutual Funds - International Equity	52,582.48	-	-	-	52,582.48
Other Commingled Funds - Fixed Income	1,373,976.07	-	1,236,173.15	-	2,610,149.22
International Other Commingled Funds - Equity	32,390,461.35	-	18,052,265.05	15,123,901.85	65,566,628.25
Real Estate - Mineral Rights	-	-	38,548.71	-	38,548.71
Alternative Investments - Hedge Funds					
Domestic	-	-	-	54,400,905.94	54,400,905.94
International	-	-	-	31,661,542.99	31,661,542.99
Alternative Investments - Limited Partnerships					
Private Equity	-	-	-	14,222,435.07	14,222,435.07
International Private Equity	-	-	-	11,375,023.15	11,375,023.15
Real Estate	-	-	-	4,662,599.24	4,662,599.24
International Real Estate	-	-	-	2,582,002.86	2,582,002.86
Natural Resources	-	-	-	10,907,467.74	10,907,467.74
International Natural Resources	-	-	-	4,039,692.25	4,039,692.25
Other Investments					
Political Subdivisions	-	518,572.25	-	-	518,572.25
Annuity	169,258.72	-	-	-	169,258.72
Total Investments	\$ 238,451,312.58	\$ 56,423,877.16	\$ 22,657,488.56	\$ 148,975,571.09	\$ 466,508,249.39

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

The investments measured at Net Asset Value (NAV) as of August 31, 2024, including unfunded commitments, are presented in the following tables.

Proprietary Funds - Investments Reported at Net Asset Value (NAV)						
		Redemption				
Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
<b>Commingled Funds</b>						
International Equity	\$ 235,886,770.81	Monthly	Monthly	3 days	10 days	
<b>Hedge Funds*</b>						
Domestic	886,486,526.46	Quarterly	Semi-Annually	65 days	1.75 years	
International	514,411,273.70	Quarterly	Semi-Annually	65 days	1.75 years	
<b>Limited Partnerships</b>						
Private Equity	116,373,972.12	N/A	N/A	N/A	N/A	\$ 64,442,549.14
International Private Equity	93,075,244.90	N/A	N/A	N/A	N/A	48,741,096.76
Real Estate	38,151,356.77	N/A	N/A	N/A	N/A	23,885,422.11
International Real Estate	21,127,038.16	N/A	N/A	N/A	N/A	8,590,083.55
Natural Resources	89,249,508.94	N/A	N/A	N/A	N/A	45,899,474.70
International Natural Resources	33,054,468.61	N/A	N/A	N/A	N/A	15,646,843.10
Total	<u>\$2,027,816,160.47</u>					<u>\$207,205,469.36</u>

\*Of the total Hedge Fund Fair Value, \$38,900,032.82 is invested in funds that are considered illiquid and not immediately eligible for redemption. The Frequency Range and Notice Period ranges for this portion of Hedge Funds are not applicable. The illiquid portion of Hedge Funds is fully funded.

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

Fiduciary Funds - Investments Reported at Net Asset Value (NAV)						
		Redemption				
Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
<b>Commingled Funds</b>						
International Equity	\$ 15,123,901.85	Monthly	Monthly	3 days	10 days	
<b>Hedge Funds*</b>						
Domestic	54,400,905.94	Quarterly	Semi-Annually	65 days	1.75 years	
International	31,661,542.99	Quarterly	Semi-Annually	65 days	1.75 years	
<b>Limited Partnerships</b>						
Private Equity	14,222,435.07	N/A	N/A	N/A	N/A	\$ 7,875,729.89
International Private Equity	11,375,023.15	N/A	N/A	N/A	N/A	5,956,805.21
Real Estate	4,662,599.24	N/A	N/A	N/A	N/A	2,919,113.78
International Real Estate	2,582,002.86	N/A	N/A	N/A	N/A	1,049,821.56
Natural Resources	10,907,467.74	N/A	N/A	N/A	N/A	5,609,521.50
International Natural Resources	4,039,692.25	N/A	N/A	N/A	N/A	1,912,250.70
Total	<u>\$ 148,975,571.09</u>					<u>\$ 25,323,242.64</u>

\*Of the total Hedge Fund Fair Value, \$2,855,700.18 is invested in funds that are considered illiquid and not immediately eligible for redemption. The Frequency Range and Notice Period ranges for this portion of Hedge Funds are not applicable. The illiquid portion of Hedge Funds is fully funded.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The A&M System's investment policy requires that direct repurchase agreements and security lending transactions be fully collateralized by obligations authorized under the A&M System investment policy and such collateral be held by a third party. There was no custodial credit risk related to securities lending or repurchase agreements as of August 31, 2024. The A&M System did not participate in a securities lending program during fiscal year 2024 and the only direct repurchase agreement investments were held through Texas Treasury Safekeeping Trust Company.

Foreign investments are administered in book entry form by the A&M System's custodian, Bank of New York (BNY) Asset Servicing, through a network of international securities depositories and subcustodians. Non-U.S. securities held at international securities depositories are processed through those entities (Euroclear Bank and Clearstream). Securities held at local non-U.S. market depositories are processed through BNY's subcustodian network. Subcustodians settle transactions based on instructions from BNY Asset Servicing. BNY Asset Servicing settles transactions directly in the U.K., the U.S., Germany, France, the Netherlands, Ireland, Italy, Belgium, the Cayman Islands and the Channel Islands. Funds are received upon the delivery of securities in connection with sale transactions and funds are paid in connection with purchase transactions upon receipt of securities, unless contrary to market practice or client instruction. In the event that funds are not received or delivered on the settlement date, the settlement "fails." Failed trades are monitored daily, weekly, or monthly (as appropriate) via the applicable custody system to help facilitate resolution in a timely manner. On a daily basis, the subcustodians send confirmations of settlement to the

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

custodian which are reconciled to the custody system. Subcustodians are evaluated by the custodian prior to selection and reviewed throughout the year to ensure overall service performance is maintained and verify compliance with various regulatory requirements. Subcustodians must meet high standards and have stringent controls. BNY identifies subcustodians who are leaders in the securities processing industry in their respective countries. Subcustodians are initially selected and annually monitored on operational risk, financial risk, legal/regulatory risk and reputational risk. A full credit review is performed prior to selection and annually thereafter.

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investments. The A&M System's policy authorizes the utilization of derivatives for the purpose of hedging currency risk but does not otherwise address foreign currency risk. The exposure to foreign currency risk as of August 31, 2024, is presented in the following tables.

<b>Proprietary Funds - Investments Exposed to Foreign Currency Risk</b>					
<b>Currency</b>	<b>International Obligations</b>	<b>International Equity</b>	<b>International Equity Mutual Funds</b>	<b>International Equity Commingled Funds</b>	<b>International Alternative Investments</b>
U.S. Dollar Foreign Securities	\$ 197,433,842.53	\$ 284,335,309.80	\$ 17,764.24	\$ 1,034,872,522.10	\$ 652,579,830.45
Brazil Real		8,256,612.72			
British Pound		33,916,218.81			3,556,179.48
Euro		136,708,696.36			5,532,015.44
Hong Kong Dollar		14,579,690.92			
Japanese Yen		61,425,086.89			
Mexican Peso		9,757,184.08			
Singapore Dollar		5,688,579.04			
South Korean Won		17,899,808.34			
Swiss Franc		27,285,350.88			
<b>Total</b>	<b>\$ 197,433,842.53</b>	<b>\$ 599,852,537.84</b>	<b>\$ 17,764.24</b>	<b>\$ 1,034,872,522.10</b>	<b>\$ 661,668,025.37</b>

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

<b>Fiduciary Funds - Investments Exposed to Foreign Currency Risk</b>					
<b>Currency</b>	<b>International Obligations</b>	<b>International Equity</b>	<b>International Equity Mutual Funds</b>	<b>International Equity Commingled Funds</b>	<b>International Alternative Investments</b>
U.S. Dollar Foreign Securities	\$ 11,272,389.33	\$ 18,052,501.29	\$ 52,582.48	\$ 65,566,628.25	\$ 48,547,563.91
Brazil Real		527,019.50			
British Pound		2,164,146.94			434,612.06
Euro		8,725,603.81			676,085.28
Hong Kong Dollar		930,594.53			
Japanese Yen		3,920,687.73			
Mexican Peso		622,786.73			
Singapore Dollar		363,101.49			
South Korean Won		1,142,563.02			
Swiss Franc		1,740,863.68			
<b>Total</b>	<u><u>\$ 11,272,389.33</u></u>	<u><u>\$ 38,189,868.72</u></u>	<u><u>\$ 52,582.48</u></u>	<u><u>\$ 65,566,628.25</u></u>	<u><u>\$ 49,658,261.25</u></u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The A&M System's investment policy requires that traditional fixed income securities have a long-term rating of B or better at the time of purchase and traditional fixed income portfolios maintain an overall credit rating of A or better. Securities using short-term credit ratings must be rated at least A-2, P-2, F-2 or equivalent. As of August 31, 2024, the A&M System's credit quality distribution for securities with credit risk exposure is presented in the following tables.

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

<b>Proprietary Funds</b>								
<b>Investments Exposed to Credit Risk - Standard &amp; Poor's (in thousands)</b>								
<b>Investment Type</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>B</b>	<b>CCC</b>	<b>Not Rated by S&amp;P</b>
U.S. Government Agency Obligations	283	233,792		5,709	4,939			6,005
Corporate Obligations	2,674	14,935	79,745	238,432	82,735	53,259	1,185	6,547
Corporate Asset and Mortgage Backed Securities	52,348	18,445	10,893	3,559	430			33,808
International Obligations		601	42,717	114,544	28,149	2,401		9,022
Repurchase Agreements (TTSTC)		406						
Fixed Income Money Market and Bond Mutual Fund	1,723,294							
Other Commingled Funds - Fixed Income								40,781
Other Investments (Municipals)		3,193	3,304					3,258

<b>Fiduciary Funds</b>								
<b>Investments Exposed to Credit Risk - Standard &amp; Poor's (in thousands)</b>								
<b>Investment Type</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>B</b>	<b>CCC</b>	<b>Not Rated by S&amp;P</b>
U.S. Government Agency Obligations	14	13,619		279	242			294
Corporate Obligations	131	806	4,445	13,336	4,915	3,287	74	471
Corporate Asset and Mortgage Backed Securities	2,581	1,037	547	174	29			1,682
International Obligations		29	2,309	6,580	1,715	153		487
Fixed Income Money Market and Bond Mutual Fund	67,001							
Other Commingled Funds - Fixed Income								2,610
Other Investments (Municipals)		184	176					159

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2024, no single issuer represented more than 4.9% of the A&M System's total investments.



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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

The A&M System's investment policy states that no more than 4.9% of the voting stock of any one corporation be owned by the A&M System at any given time. The A&M System maintained compliance with this policy throughout fiscal year 2024.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the A&M System manages its exposure to fair value losses arising from changing interest rates by requiring traditional fixed income managers to maintain duration of +/- 30% of the effective duration of the appropriate index. In addition, the A&M System's policy limits the duration of its short-term investment portfolio to a maximum of one year. The A&M System's exposure to interest rate risk is presented on the following page using the effective duration method.

Investments Exposed to Interest Rate Risk				
Investment Type	Proprietary Funds		Fiduciary Funds	
	Effective Duration	Fair Value	Effective Duration	Fair Value
U.S. Treasury Securities	6.244	\$ 273,204,114.30	6.575	\$14,506,439.76
U.S. Treasury TIPS	22.340	2,226,807.30	22.340	127,146.33
U.S. Government Agency Obligations	5.378	250,728,304.11	5.460	14,447,656.11
Corporate Obligations	3.911	479,512,323.93	4.009	27,465,639.47
Corporate Asset and Mortgage Backed Securities	2.520	119,482,881.50	2.472	6,050,121.65
International Obligations	4.361	197,433,842.53	4.466	11,272,389.33
Repurchase Agreements (TTSTC)	0.003	405,889.72	-	-
Other Commingled Funds - Fixed Income	2.699	40,781,489.20	2.662	2,610,149.22
Other Investments - Municipals	7.117	9,754,894.19	7.198	518,572.25
Total		<u>\$ 1,373,530,546.78</u>		<u>\$76,998,114.12</u>

#### Securities Lending

The A&M System did not participate in any securities lending programs during fiscal year 2024.

#### Derivative Investing

The A&M System Investment Policy allows investment in certain derivative securities to modify risk/return characteristics or to cost-effectively implement a change in asset allocation. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index.

The A&M System entered into forward currency contracts for the purpose of hedging international currency risk on certain non-U.S. dollar denominated investment securities. When entering into a forward currency contract, the A&M System agrees to receive or deliver a fixed quantity of foreign currency for an agreed-

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

upon price on a certain future date. These contracts are valued daily and the A&M System's net equity in the contracts, representing unrealized gain or loss on the contracts, as measured by the differences between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date is recognized on the Statement of Revenues, Expenses, and Changes in Net Position as investment income or loss. The unrealized gain on open foreign currency exchange contracts is reported as an investment derivative and the unrealized loss is included with trade payables. The foreign currency forwards are traded over-the-counter and categorized as Level 2 of the fair value hierarchy.

These investments involve market and/or credit risk in excess of the amount recognized in the consolidated Statement of Net Position. Risks arise from the possibility that counterparties will be unable to meet the terms of their contracts and from movement in currency, securities values and interest rates. There were no open forward currency exchange derivative contracts as of August 31, 2024.

Several investment strategies in which the A&M System invests may employ the use of forward currency exchange contracts as a hedge in connection with portfolio purchases and sales of securities denominated in foreign currencies. Risks are consistent with those described in the above paragraph regarding direct currency hedging. The contracts are valued at the prevailing forward exchange rate of the underlying currencies and the unrealized gain (loss) is recorded daily. Unrealized gains and losses that represent the difference between the value of the forward contract to buy and the forward contract to sell are included in the net unrealized gain (loss) from the forward contracts.

During the fiscal year the A&M System has also invested in Treasury futures. The instruments are used only for the purpose of managing interest rate risk in the fixed income portfolios. As of August 31, 2024, there were no open Treasury futures in the portfolios.

The A&M System has invested in hedge funds with external managers who invest in equity and fixed income securities of both domestic and international entities. These investment managers may invest in both long-term and short-term securities and may utilize leverage in their portfolios. They may also utilize credit default swaps and total return swaps as part of their investment strategies. The investments may be subject to a lock-up restriction of one or more years before the investment may be withdrawn from the manager without penalty, which in some cases may be significant. There are certain risks associated with these private funds, some of which include investment manager risk, market risk and liquidity risk, as well as the risk of utilizing leverage in the portfolios. When credit default swaps or total return swaps are used, there is additional risk of counterparty non-performance and unanticipated movements in the fair value of the underlying securities.

The A&M System's investment in hedge funds as of August 31, 2024, is presented in the table below:

<b>Hedge Fund Investments</b>		
<b>Net Asset Value</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Hedge Funds	\$ 1,400,897,800.16	\$ 86,062,448.93

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Private Investments

Private investments in limited partnerships are managed by external investment managers or general partners who invest primarily in private companies. These investments, both domestic and international, are illiquid and may not be realized for a period of several years after the investments are made. There are certain risks associated with these investments, some of which are liquidity risk, market risk, event risk and investment manager risk. As of August 31, 2024, the A&M System has committed to various private investments as shown in the table below. The valuations for the limited partnerships are based on the most recent investment manager determined Net Asset Value (NAV) rolled forward to August 31, 2024, to include the following events: capital contributions or distributions, changes in the composition of assets or liabilities, and fair value changes reported since the last valuation date of the NAV.

The A&M System has also invested directly in companies and partnerships to promote research commercialization. The fair value of the investments in research commercialization is estimated based on the cost (pro-rata share of contributed capital based on percentage ownership in the company) or third-party pricing of stock (based on fund raising). Adjustments are made for impairments, such as the termination of a license agreement or inactivity of the company. Associated risks include those applicable to other private investments as well as the risk of enterprise failure.

Private Investments		
Description	Proprietary Funds	Fiduciary Funds
Commitments to Limited Partnerships	\$ 766,183,423.09	\$ 93,637,724.91
Funded Amount to Limited Partnerships	606,460,845.75	74,117,518.25
Net Asset Value (NAV) of Limited Partnerships	391,031,589.50	47,789,220.31
Research Technology Investments	4,951,740.52	

Hedge funds, private investment and public market funds including investments in private placement vehicles, are subject to risks, which could include the loss of invested capital. The risks include the following:

- Non-regulation risk – The A&M System’s general partners and investment managers are registered as required with the Securities and Exchange Commission (SEC). Seven investment managers are exempt reporting advisers. One investment manager, not registered with the SEC, is a United Kingdom LLP and registered with the Financial Conduct Authority of the United Kingdom.
- Key personnel risk – The success of certain funds is substantially dependent upon key investment professionals and the loss of those individuals may adversely impact the fund’s performance.
- Liquidity risk – The A&M System’s investment funds may impose lock-up periods, which may cause the A&M System to incur penalties to redeem its investment prior to a certain period of time elapsing.
- Limited transparency – As private investment vehicles, these funds may not fully disclose the holdings of their portfolios.
- Investment strategy risk – These funds often employ sophisticated investment strategies and the use of leverage, which could result in the loss of invested capital.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Permanent University Fund**

The Permanent University Fund (PUF) is administered by the University of Texas System and is not reflected in the financial statements of the A&M System. Prior to changes in the arbitrage laws, bond proceeds were appropriated only after the bonds had been sold and cash was on hand. Currently, receipt of cash may or may not precede appropriations of bond or note proceeds.

The total carrying value of the PUF assets at August 31, 2024, was \$31,198,110,732.87, excluding PUF land grants. By acts of the Legislature and provisions of the State Constitution, the net income of the PUF is divided one-third to the A&M System and two-thirds to the University of Texas System. The A&M System's one-third share of the net distributions and other revenues was \$665,017,078.33 for the fiscal year ended August 31, 2024, and was credited to the A&M System Available University Fund.

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

**Note 4 - Short-Term Debt**

There was no reportable activity for short-term debt during the year ended August 31, 2024.

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**The Texas A&M University System  
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**Note 5 - Long-Term Liabilities**

The proprietary funds' long-term liabilities are defined as liabilities whose average maturity is greater than one year. The table below presents a summary of changes in these liabilities.

<b>Long-Term Liabilities Activity</b>						
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due Thereafter</b>
Employees' Compensable Leave	\$ 127,199,240.06	\$ 10,765,855.20	\$ (350,989.16)	\$ 137,614,106.10	\$ 16,894,365.89	\$ 120,719,740.21
Claims & Judgments	13,563,692.00	3,394,786.00	(2,151,893.00)	14,806,585.00	3,394,786.00	11,411,799.00
Notes and Loans Payable	123,014,000.00	470,000,000.00	(312,590,000.00)	280,424,000.00	9,895,000.00	270,529,000.00
Direct Borrowings - Notes	54,775,006.93	-	(3,518,771.97)	51,256,234.96	3,504,316.33	47,751,918.63
Bonds Payable	4,861,289,714.56	446,004,539.31	(260,460,000.00)	5,046,834,253.87	322,615,109.72	4,724,219,144.15
Lease Liability	196,015,689.58	13,170,998.19	(19,846,331.72)	189,340,356.05	18,700,018.57	170,640,337.48
Subscription Liability	37,661,069.46	8,809,862.62	(18,736,917.76)	27,734,014.32	18,413,835.19	9,320,179.13
Liabilities Payable from Restricted Assets	33,608,424.96	21,579,424.32	-	55,187,849.28	45,050,456.00	10,137,393.28
Asset Retirement Obligations	12,426,635.27	900,000.00	-	13,326,635.27	-	13,326,635.27
Pollution Remediation Obligations (Other Liabilities)	-	16,842.00	-	16,842.00	16,842.00	-
Total	<u>\$ 5,459,553,472.82</u>	<u>\$974,642,307.64</u>	<u>\$(617,654,903.61)</u>	<u>\$5,816,540,876.85</u>	<u>\$ 438,484,729.70</u>	<u>\$ 5,378,056,147.15</u>

**Notes and Loans Payable**

The proprietary funds' notes payable consists of amounts used to make permanent improvements at various institutions in the A&M System, to refund and retire the Board's Permanent University Fund Commercial Paper Notes, to provide interim financing for capital improvements and acquisition of equipment and land, to pay interest on the notes, to refund outstanding notes as they mature and to pay the costs of issuing the notes. In the event of default or failure to make required note payments, the A&M System will be required to perform any conditions or obligations described in the note agreement. The A&M System is responsible for all reasonable expenses related to the enforcement.

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**The Texas A&M University System  
Notes to the Combined Financial Statements  
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<b>Notes and Loans Payable-Debt Service Requirements</b>				
<b>Description</b>	<b>Balances September 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances August 31, 2024</b>
Permanent University Fund Commercial Paper Notes	\$ -	\$ 60,000,000.00	\$ -	\$ 60,000,000.00
Permanent University Fund Commercial Paper Taxable Notes		85,000,000.00	85,000,000.00	
Revenue Financing System Commercial Paper Notes, Series B	26,538,000.00	180,000,000.00	91,764,000.00	114,774,000.00
Revenue Financing System Commercial Paper Taxable Notes, Series B	96,476,000.00	145,000,000.00	135,826,000.00	105,650,000.00
Total	\$ 123,014,000.00	\$ 470,000,000.00	\$ 312,590,000.00	\$ 280,424,000.00

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest*</b>	<b>Total</b>
2025	\$ 9,895,000.00	\$ 9,870,924.80	\$ 19,765,924.80
2026	10,243,000.00	9,522,620.80	19,765,620.80
2027	10,604,000.00	9,162,067.20	19,766,067.20
2028	10,977,000.00	8,788,806.40	19,765,806.40
2029	11,365,000.00	8,402,416.00	19,767,416.00
2030-2034	63,112,000.00	35,722,438.40	98,834,438.40
2035-2039	75,030,000.00	23,804,739.20	98,834,739.20
2040-2044	89,198,000.00	9,636,422.40	98,834,422.40
Total	\$ 280,424,000.00	\$ 114,910,435.20	\$ 395,334,435.20

\* For this schedule, the assumption is that Permanent University Fund Commercial Paper Notes, Revenue Financing System Commercial Paper Notes and Revenue Financing System Commercial Paper Taxable Notes in the amount of \$280.424 million will be refunded into long-term bonds. For estimated debt service on this exhibit, the rate of 3.52% corresponds to the municipal market data published on August 31, 2024. Notes are remarketed in commercial paper mode at current market rates with maturities between 1 and 270 days.

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**The Texas A&M University System  
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**Direct Borrowings – Notes**

The A&M System has various leases for the purchase of capital assets where the A&M System takes ownership at the end of the lease. These direct financing arrangements are reported as Direct Borrowings - Notes. The related assets are capitalized at the present value of future minimum payments. The future payment requirements and the cost of the leased assets are presented in the following tables below.

<b>Future Minimum Payments</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 3,504,316.33	\$ 2,325,736.22	\$ 5,830,052.55
2026	3,539,367.50	2,058,394.99	5,597,762.49
2027	3,711,090.67	1,907,198.46	5,618,289.13
2028	3,944,090.05	1,747,333.08	5,691,423.13
2029	4,188,821.67	1,576,984.04	5,765,805.71
2030-2034	24,325,882.79	4,928,117.85	29,254,000.64
3035-2039	6,346,048.65	1,099,510.22	7,445,558.87
2040-2044	1,696,617.30	244,076.28	1,940,693.58
Total	<u>\$ 51,256,234.96</u>	<u>\$ 15,887,351.14</u>	<u>\$ 67,143,586.10</u>

<b>Cost of Assets Financed with Direct Borrowings</b>			
<b>Asset Description</b>	<b>Cost</b>	<b>Accumulated Depreciation/ Amortization</b>	<b>Total</b>
Buildings	\$ 74,161,534.42	\$ 26,834,386.87	\$ 47,327,147.55
Infrastructure	730,759.97	179,644.97	551,115.00
Facilities & Other Improvements	259,196.66	84,958.82	174,237.84
Equipment	2,257,808.55	1,467,265.57	790,542.98
Total	<u>\$ 77,409,299.60</u>	<u>\$ 28,566,256.23</u>	<u>\$ 48,843,043.37</u>

The outstanding notes from direct borrowings for equipment and facilities contain provisions where, in the event of default, all remaining payments may be declared immediately due or the lessor may repossess the assets or, in the case of software, render the asset unusable, or the lessor may proceed with court action to enforce performance.

The financing arrangements for capital improvements contain provisions that, in the event of default, the lessor has the right to take one or any combination of several options. These options include demand immediate payment for all remaining payments, retake possession of the leased asset, or require the A&M System to return the leased asset at the A&M System's expense. The A&M System has no unused lines of credit.



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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Compensated Absences**

Full-time State employees earn eight to twenty-one hours per month annual leave depending on years of State employment. Under the State's policy, an employee with 35 or more years of State service may carry up to 532 hours accrued leave forward from one fiscal year to another.

Employees with at least six months of State service who terminate employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The A&M System accrues the dollar value of annual leave benefits which are payable upon retirement, termination, or death of its employees. The amounts of these liabilities and their related benefits are reported in the statement of net position. The estimated liability, \$137,614,106.10 as of August 31, 2024, is based on calculations from the A&M System centralized leave tracking system and employer estimates. The A&M System made lump sum payments of \$15,868,076.08 for accrued vacation to employees who separated from State service during the fiscal year ended August 31, 2024.

Sick leave accumulation is not limited. Sick leave is earned at the rate of eight hours per month and is paid only when an employee is absent due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave payment to an employee's estate is the lesser of one-half of the employee's accumulated entitlement or 336 hours. The A&M System policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since the historical use of sick leave has been minimal.

#### **Claims and Judgments**

Claims and judgments related to the A&M System self-insured worker's compensation plan include a current portion of \$3,394,786.00 and a non-current portion of \$11,411,799.00 for a total worker's compensation liability of \$14,806,585.00. This liability represents the current and non-current portion of the incurred but not reported (IBNR) liability based on actuarial analysis of the plan. The IBNR represents claims that will be paid out over future fiscal years. This current portion was estimated based on actual claims paid out over the last five fiscal years.

#### **Asset Retirement Obligations**

An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. The A&M System's non-current liabilities include AROs related to radioactive material licenses and nuclear research facilities.

The A&M System has two nuclear reactors which were placed in service in 1957 and 1965, respectively. The U.S. Nuclear Regulatory Commission (NRC) requires a decommissioning plan for the retirement of these assets. The estimated liability for the decommissioning plan is \$9,724,884.50. The estimate was calculated using NRC publications NUREG/CR-1756 and NUREG-1307 Rev. 15, adjusted using the consumer price index inflation calculator. A 25% contingency is also included in the estimate.

The A&M System has four radioactive material licenses authorizing the possession and use of radioactive materials. The A&M System is financially accountable for any decommissioning or decontamination costs

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

as required by the Texas Department of State Health Services (Texas Administrative Code, Title 25, Part 1, Chapter 289, Subchapter F, Rule 289.252), and the U.S. Nuclear Regulatory Commission (10 CFR 30.35). The estimated liability related to these licenses is \$3,601,750.77.

#### Pollution Remediation Obligations (Other Liabilities)

The A&M System was responsible for asbestos removal in buildings that were demolished or remodeled. The A&M System established a \$16,842.00 current liability for this pollution remediation obligation in the fiscal year 2024 and this amount was paid off during fiscal year 2025.

#### Liabilities Payable from Restricted Assets

Liabilities payable from restricted assets reported on the proprietary Statement of Net Position represent payables at year-end from assets with external restrictions. The balance reported represents payables from bond proceeds.

#### Pledged Future Revenues

Sources of proprietary fund pledged revenues include tuition and fees, auxiliary enterprises, sales of goods and services, and other non-operating activities. The table below provides the pledged future revenue information for the Texas A&M University System Permanent University Fund and Revenue Financing System bonds.

Pledged Future Revenue Information	
Pledged revenue required for future principal and interest on existing revenue bonds	\$6,810,701,171.81
Term of commitment year ending 8/31	2057
Percentage of revenue pledged	100%
Current year pledged revenue	\$4,079,323,870.52
Current year principal and interest paid	\$435,752,101.71

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Note 6 – Bonded Indebtedness

##### A. Financial Reporting

The A&M System has established a financing program known as the Revenue Financing System. Members of the A&M System may use the Revenue Financing System as a long-term debt program to finance capital assets or as a short-term debt program to finance equipment or to interim finance construction projects. Members' financing requests are evaluated for adequate revenue streams and bonding capacity.

Assets created as a result of the expenses of Permanent University Fund and Revenue Financing System Bonds and Notes (see Note 5) proceeds, which are subsequently capitalized, are reported on the applicable members' Statement of Net Position in the Capital Assets category. The associated bond liability is reported in total on the A&M System Offices financial statements.

As of August 31, 2024, \$319,486,786.38 of Revenue Financing System debt proceeds had been appropriated prior to the receipt of the proceeds. As of August 31, 2024, \$315,875,172.52 of Permanent University Fund debt proceeds had been appropriated prior to the receipt of the proceeds.

##### B. General Information

At August 31, 2024, the A&M System had outstanding bonds payable of \$4,896,160,000.00 as detailed below, which does not include unamortized premium of \$150,674,253.87.

Bonds payable are due in annual installments varying from \$60,000.00 to \$55,740,000.00 with interest rates ranging from 0.741% to 5.50%, with the final installment due in 2057. The debt service requirements table summarizes the principal and interest expense for the next five years and beyond for bonds issued and outstanding.

Revenue for debt service on the Permanent University Fund Bonds and Notes is derived from liens on and pledges of payout distributions from the Permanent University Fund allocable to the A&M System.

Sources of revenue for debt service on the Revenue Financing System Bonds and Notes are pledged revenues from any and all of the revenues, funds, and balances now or hereafter lawfully available to the Board and derived from or attributable to any participant of the Revenue Financing System which are lawfully available to the Board for the payment of Parity Obligations, including unrestricted funds and reserve balances.

All bonds are for the benefit of business-type activities. General information related to bonds payable is summarized in the following tables.

<b>Bonds Payable</b>			
	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Outstanding Principal</u>
Permanent University Fund Bonds	1.96-5.50%	2025-2049	\$ 1,464,535,000.00
Revenue Financing System Bonds	0.741-5.25%	2025-2057	3,431,625,000.00
			<u>\$ 4,896,160,000.00</u>

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**The Texas A&M University System  
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<b>Debt Service Requirements</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 298,845,000.00	\$ 185,946,627.05	\$ 484,791,627.05
2026	296,460,000.00	175,262,261.28	471,722,261.28
2027	307,755,000.00	163,609,699.82	471,364,699.82
2028	291,830,000.00	151,929,868.46	443,759,868.46
2029	297,580,000.00	140,770,984.98	438,350,984.98
2030-2034	1,195,795,000.00	548,023,485.16	1,743,818,485.16
2035-2039	990,425,000.00	339,770,505.12	1,330,195,505.12
2040-2044	764,595,000.00	154,513,437.16	919,108,437.16
2045-2049	406,420,000.00	48,136,202.74	454,556,202.74
2050-2054	38,335,000.00	5,919,900.04	44,254,900.04
2055-2057	8,120,000.00	658,200.00	8,778,200.00
Total	<u>\$ 4,896,160,000.00</u>	<u>\$ 1,914,541,171.81</u>	<u>\$ 6,810,701,171.81</u>

**Permanent University Fund Bonds, Series 1998**

- Issued September 9, 1998, to refund \$65,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Variable Rate Notes, Series B, and \$27,860,000.00 of Permanent University Fund Bonds, Series 1992B then outstanding in the aggregate principal amount of \$36,360,000.00; and to pay the costs of issuing the bonds.
- \$92,520,000.00 authorized; all authorized bonds have been issued. \$12,335,000.00 was refunded by Permanent University Fund Bonds, Series 2006. \$9,735,000.00 was refunded by Permanent University Fund Bonds, Series 2009AB. \$1,015,000.00 was refunded by Permanent University Fund Bonds, Series 2011. Outstanding balance at August 31, 2024 was \$13,390,000.00.

**Permanent University Fund Bonds, Series 2009AB**

- Issued April 7, 2009, to refund \$100,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to currently refund \$9,735,000.00 of Permanent University Fund Bonds, Series 1998; to provide funding for project costs of approximately \$113,700,000.00; and to pay the costs of issuing the bonds.
- \$218,895,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$173,525,000.00.

**Permanent University Fund Bonds, Series 2012A**

- Issued July 18, 2012, to refund \$79,715,000.00 of the Board's previously issued and outstanding Permanent University Fund Bonds, Series 2004; and to pay the cost of issuing the bonds.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$70,680,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$0.00.

#### Permanent University Fund Bonds, Taxable Series 2012B

- Issued July 18, 2012, to refund \$125,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; and to pay the cost of issuing the bonds.
- \$125,750,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$56,610,000.00.

#### Permanent University Fund Bonds, Series 2013

- Issued December 11, 2013, to currently refund \$76,965,000.00 of Permanent University Fund Bonds, Series 2003; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$208,465,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$56,160,000.00.

#### Permanent University Fund Bonds, Series 2015A

- Issued April 23, 2015, to advance refund \$103,880,000.00 of Permanent University Fund Bonds, Series 2006; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$143,555,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$132,005,000.00.

#### Permanent University Fund Bonds, Taxable Series 2015B

- Issued April 23, 2015, to advance refund \$8,175,000.00 of Permanent University Fund Bonds, Series 2006; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$145,445,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$78,230,000.00.

#### Permanent University Fund Bonds, Series 2017A

- Issued October 31, 2017, to refund \$30,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to advance refund \$61,760,000.00 of Permanent University Fund Bonds, Series 2011; and to pay the costs of issuing the bonds.
- \$90,365,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$75,685,000.00.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### Permanent University Fund Bonds, Taxable Series 2017B

- Issued October 31, 2017, to refund \$69,350,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to advance refund \$675,000.00 of Permanent University Fund Bonds, Series 2011; to provide funding for eligible projects and to pay the costs of issuing the bonds.
- \$310,515,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$310,280,000.00.

#### Permanent University Fund Bonds, Taxable Series 2019

- Issued December 17, 2019, to refund \$125,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$351,890,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$336,585,000.00.

#### Permanent University Fund Bonds, Series 2023

- Issued March 9, 2023, to refund \$125,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes, Series A; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$245,595,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$232,065,000.00.

#### Revenue Financing System Bonds, Series 2013B

- Issued July 3, 2013, to refund \$267,675,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to refund \$3,989,119.00 of Revenue Financing System Bonds, Series 2002; to refund \$26,775,000.00 of Revenue Financing System Bonds, Series 2003B; to pay capitalized interest; and to pay the costs of issuing the bonds.
- \$265,405,000.00 authorized; all authorized bonds have been issued. \$135,010,000.00 was refunded by Revenue Financing System Bonds, Series 2017E. Outstanding balance at August 31, 2024 was \$27,865,000.00.

#### Revenue Financing System Bonds, Series 2015A

- Issued February 18, 2015, to currently refund \$71,240,000.00 of Revenue Financing System Bonds, Series 2005A and to pay the cost of issuing the bonds.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$64,670,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$5,840,000.00.

#### Revenue Financing System Bonds, Series 2015B

- Issued February 18, 2015, to currently refund \$155,972,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes and to pay the cost of issuing the bonds.
- \$142,155,000.00 authorized; all authorized bonds have been issued. \$65,290,000.00 was refunded by Revenue Financing System Bonds, Series 2017E. Outstanding balance at August 31, 2024 was \$46,775,000.00.

#### Revenue Financing System Bonds, Taxable Series 2015C

- Issued January 27, 2015, to currently refund \$149,395,000.00 of Revenue Financing System Bonds, Series 2005B; to refund \$24,115,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; and to pay the cost of issuing the bonds.
- \$176,925,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$42,070,000.00.

#### Revenue Financing System Bonds, Taxable Series 2015D

- Issued July 23, 2015, to provide funding for eligible projects and to pay the cost of issuing the bonds.
- \$67,250,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$53,395,000.00.

#### Revenue Financing System Bonds, Taxable Series 2016A

- Issued April 12, 2016, to advance refund \$82,670,000.00 of Revenue Financing System Bonds, Series 2008 and to pay the cost of issuing bonds.
- \$91,520,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$37,050,000.00.

#### Revenue Financing System Bonds, Taxable Series 2016B

- Issued April 12, 2016, to refund \$139,405,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to provide funding for eligible projects; and to pay the cost of issuing the bonds.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$325,575,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$247,220,000.00.

#### Revenue Financing System Bonds, Series 2016C

- Issued July 20, 2016, to advance refund \$132,540,000.00 of Revenue Financing System Bonds, Series 2009A; to advance refund \$49,420,000.00 of Revenue Financing System Bonds, Series 2009B; to advance refund \$43,225,000.00 of Revenue Financing System Bonds, Series 2009D; and to pay the cost of issuing the bonds.
- \$207,445,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$132,235,000.00.

#### Revenue Financing System Bonds, Taxable Series 2016D

- Issued July 20, 2016, to advance refund \$13,885,000.00 of Revenue Financing System Bonds, Series 2009A; to advance refund \$2,925,000.00 of Revenue Financing System Bonds, Series 2009B; to advance refund \$5,995,000.00 of Revenue Financing System Bonds, Series 2009C; to advance refund \$60,495,000.00 of Revenue Financing System Bonds, Series 2009D; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$176,860,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$122,080,000.00.

#### Revenue Financing System Bonds, Series 2016E

- Issued July 20, 2016, to advance refund \$21,300,000.00 of Revenue Financing System Bonds, Series 2009C; to advance refund \$122,735,000.00 of Revenue Financing System Bonds, Series 2009D; and to pay the cost of issuing the bonds.
- \$139,350,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$83,495,000.00.

#### Revenue Financing System Bonds, Taxable Series 2017A

- Issued January 31, 2017, to refund approximately \$5,000,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$388,705,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$208,180,000.00.



## UNAUDITED

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### Revenue Financing System Bonds, Taxable Series 2017B

- Issued June 21, 2017, to advance refund \$4,580,000.00 of Revenue Financing System Bonds, Series 2010A; to advance refund \$10,890,000.00 of Revenue Financing System Bonds, Series 2010B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$398,670,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$209,710,000.00.

#### Revenue Financing System Bonds, Series 2017C

- Issued June 21, 2017, to advance refund \$35,915,000.00 of Revenue Financing System Bonds, Series 2010A; to advance refund \$69,965,000.00 of Revenue Financing System Bonds, Series 2010B; to pay the cost of issuing the bonds.
- \$97,425,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$75,825,000.00.

#### Revenue Financing System Bonds, Taxable Series 2017D

- Issued December 20, 2017, to refund \$157,885,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; and to pay the cost of issuing the bonds.
- \$158,680,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$131,970,000.00.

#### Revenue Financing System Bonds, Series 2017E

- Issued December 20, 2017, to advance refund \$83,850,000.00 of Revenue Financing System Bonds, Series 2011B; to advance refund \$135,010,000.00 of Revenue Financing System Bonds, Series 2013B; to advance refund \$46,470,000.00 of Revenue Financing System Bonds, Series 2013D; to advance refund \$65,290,000.00 of Revenue Financing System Bonds, Series 2015B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$341,995,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$301,130,000.00.

#### Revenue Financing System Bonds, Taxable Series 2019A

- Issued January 29, 2019 to refund \$175,215,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to provide funding for eligible projects; and to pay the cost of issuing the bonds.

## UNAUDITED

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$223,730,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$179,220,000.00.

#### Revenue Financing System Bonds, Taxable Series 2019B

- Issued August 14, 2019, to advance refund \$230,525,000.00 of Revenue Financing System Bonds, Taxable Series 2013C; to refund \$159,118,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$429,645,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$389,820,000.00.

#### Revenue Financing System Bonds, Taxable Series 2020A

- Issued July 30, 2020, to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$157,780,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$137,595,000.00.

#### Revenue Financing System Bonds, Taxable Series 2021A

- Issued April 6, 2021, to refund \$141,090,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$189,425,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$175,340,000.00.

#### Revenue Financing System Bonds, Taxable Series 2021B

- Issued April 7, 2021, to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$226,375,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$202,635,000.00.

#### Revenue Financing System Bonds, Series 2022

- Issued October 18, 2022, to refund \$167,784,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$208,520,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$194,780,000.00.

## UNAUDITED

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### Revenue Financing System Bonds, Series 2024A

- Issued May 30, 2024, to refund \$84,552,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$427,395,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$427,395,000.00.

#### **C. Advance Refunding Bonds**

The A&M System has defeased certain revenue bond issues by placing the proceeds of new bond issues in irrevocable trusts to provide for all future debt service payments on the issues. Accordingly, the liability for the bonds is not included in the financial statements. At August 31, 2024, the principal balance outstanding for the defeased bonds is \$0.00.

## **UNAUDITED**

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Note 7 - Derivatives**

The A&M System Investment Policy allows investment in certain derivative securities. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index. Investment derivatives are used to manage transaction, interest rate, or currency exchange risk in purchasing, selling or holding investments.

At the fiscal year-end the A&M System did not have any exchange traded futures contracts or any derivative forward currency contracts.

#### **Hedging Derivatives**

The A&M System did not enter into hedging derivatives in fiscal year 2024.

#### **Investment Derivatives**

Investment derivatives expose the A&M System to certain investment-related risks. More detail about investment derivatives is disclosed in Note 3.

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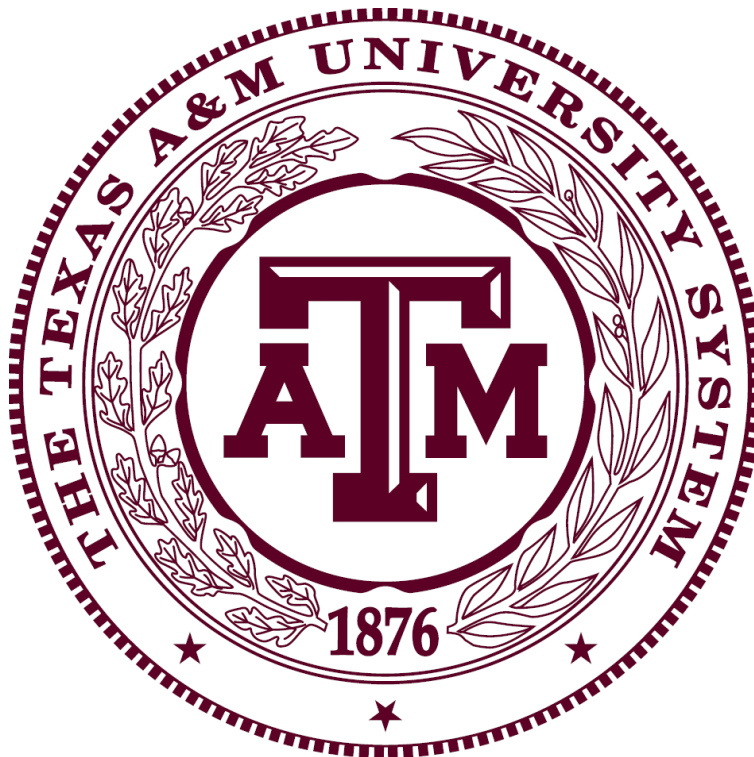
# ANNUAL FINANCIAL REPORT

of

**The Texas A&M University System**

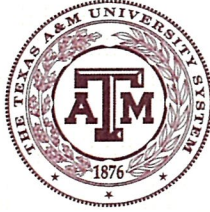
*For the Year Ended August 31, 2024*

*With Comparative Totals for the Year Ended August 31, 2023*



Texas A&M University ■ Texas A&M University at Galveston ■ Texas A&M University Health Science Center ■ Prairie View A&M University ■ Tarleton State University ■ Texas A&M International University ■ Texas A&M University-Central Texas ■ Texas A&M University-Commerce ■ Texas A&M University-Corpus Christi ■ Texas A&M University-Kingsville ■ Texas A&M University-San Antonio ■ Texas A&M University-Texarkana ■ West Texas A&M University ■ Texas A&M AgriLife Research ■ Texas A&M AgriLife Extension Service ■ Texas A&M Forest Service ■ Texas A&M Veterinary Medical Diagnostic Laboratory ■ Texas A&M Engineering Experiment Station ■ Texas A&M Engineering Extension Service ■ Texas A&M Transportation Institute ■ Texas Division of Emergency Management ■ Texas A&M University System Offices ■ Texas A&M System Shared Services Center ■ Texas A&M Research Foundation ■





System Office of Budgets and Accounting

**THE TEXAS A&M UNIVERSITY SYSTEM**

November 20, 2024

John Sharp  
Chancellor  
The Texas A&M University System  
301 Tarrow  
College Station, Texas 77845

Dear Mr. Sharp,

We are submitting herewith the Annual Financial Report of The Texas A&M University System for the fiscal year ended August 31, 2024.

This report has been prepared in conformity with *Texas Government Code* §2101.011, and in accordance with the Annual Financial Reporting Requirements of the Texas Comptroller of Public Accounts.

The accompanying Annual Financial Report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Respectfully submitted,

Teresa Edwards, CPA  
Controller

Joseph Duron, CPA  
Chief Administrative Officer





# **The Texas A&M University System**

## **Board of Regents**

Jay Graham	Term Expires February 1, 2025
Mike Hernandez	Term Expires February 1, 2025
Michael J. Plank	Term Expires February 1, 2025
Robert L. Albritton	Term Expires February 1, 2027
Randy Brooks	Term Expires February 1, 2027
Bill Mahomes	Term Expires February 1, 2027
David Baggett	Term Expires February 1, 2029
John Bellinger	Term Expires February 1, 2029
Sam Torn	Term Expires February 1, 2029
Cage Sawyers (Student Regent)	Term Expires May 31, 2025

## **Officers of the Board**

Bill Mahomes	Chairman
Robert L. Albritton	Vice Chairman

## **Administrative Officers**

John Sharp	Chancellor
Billy C. Hamilton	Deputy Chancellor and Chief Financial Officer
Joseph Duron	Chief Administrative Officer
Teresa L. Edwards	Controller

# **The Texas A&M University System**

## **Chief Executive Officers**

Texas A&M University	General (Ret.) Mark A. Welsh III, President
Texas A&M University at Galveston	Col. Michael Fossum (Retired)
Texas A&M Health Science Center	Dr. Indra K. Reddy
Prairie View A&M University	Dr. Tomikia P. LeGrande, President
Tarleton State University	Dr. James L. Hurley, President
Texas A&M International University	Dr. Pablo Arenaz, President, (Deceased on October 2024)  Juan J. Castillo Jr., acting President and Vice President for Finance and Administration
Texas A&M University - Central Texas	Dr. Richard M. Rhodes, Interim President
Texas A&M University - Commerce	Dr. Mark Rudin, President
Texas A&M University - Corpus Christi	Dr. Kelly M. Miller, President
Texas A&M University - Kingsville	Dr. Robert H. Vela Jr., President
Texas A&M University - San Antonio	Dr. Salvador H. Ochoa, President
Texas A&M University - Texarkana	Dr. Ross C. Alexander, President
West Texas A&M University	Dr. Walter V. Wendler, President

# **The Texas A&M University System**

## **Chief Executive Officers**

Texas A&M AgriLife	Dr. Jeffrey W. Savell, Vice Chancellor and Dean of Agriculture and Life Sciences
Texas A&M AgriLife Research	Cliff Lamb, Director
Texas A&M AgriLife Extension Service	Dr. Rick Avery, Director
Texas A&M Forest Service	Al Davis, Director
Texas A&M Veterinary Medical Diagnostic Laboratory	Amy K. Swinford, DVM, Director
Texas A&M Engineering Experiment Station	Robert H. Bishop, Vice Chancellor and Dean of Engineering
Texas A&M Engineering Extension Service	David Coatney, Director
Texas A&M Transportation Institute	Gregory D. Winfree, Director
Texas Division of Emergency Management	W. Nim Kidd, Chief and Vice Chancellor for Disaster and Emergency Services
Texas A&M University System Offices	John Sharp, Chancellor
Texas A&M System Shared Services Center	Billy Hamilton, Deputy Chancellor and Chief Financial Officer
Texas A&M Research Foundation	Dr. Jack G. Baldauf, Vice President for Research



# The Texas A&M University System

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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#### ***Introduction***

The Texas Legislature created The Texas A&M University System (A&M System) in 1948 to manage the evolution of a statewide educational, research and service system. Its roots lie in the founding of what are now Texas A&M University and Prairie View A&M University as land-grant colleges in 1876. The A&M System provides oversight and leadership for eleven universities, eight state agencies, a comprehensive health science center, a service unit for shared services and the System administrative offices. The A&M System includes the Texas A&M Research Foundation as a blended component unit.

The agencies of the A&M System include both engineering and agricultural research and extension agencies plus the Texas A&M Forest Service and the Texas Division of Emergency Management. The agencies provide research, public service, and instruction to benefit the state.

The A&M System educates over 165,000 students and reaches 21 million additional educational contacts through service and outreach programs each year. With more than 26,000 faculty and staff, the A&M System has a physical presence in 250 of the state's 254 counties and a programmatic presence in every county in Texas. The A&M System has real property holdings totaling more than 62,000 surface acres and 64,000 mineral acres.

A nine-member Board of Regents governs the A&M System with a total operating budget of \$7.8 billion. There is also a non-voting student member. The regents appoint the chancellor, who is the chief executive officer, who oversees the direction and operation of the system.

The A&M institutions of higher education offer a broad range of undergraduate and graduate degrees. The A&M System has many locations across Texas including Amarillo, Bryan, Canyon, College Station, Commerce, Corpus Christi, Corsicana, Dallas, Fort Worth, Frisco, Galveston, Houston, Killeen, Kingsville, Laredo, McAllen, McKinney, Mesquite, Prairie View, Round Rock, San Antonio, Stephenville, Temple, Texarkana, and Waco. In addition, A&M institutions have several international locations including Costa Rica, Mexico, and Qatar.

#### ***Overview of the Financial Statements and Financial Analysis***

The objective of the Management's Discussion and Analysis (MD&A) is to provide an overview of the A&M System's financial position and activities for the fiscal year ended August 31, 2024, with comparative data to fiscal year 2023 and some data for fiscal year 2022. The emphasis of discussion will be on the current year. The MD&A should be reviewed in conjunction with the accompanying financial statements and notes. The financial section of this report includes:

- MD&A (this section)
- Basic Proprietary Financial Statements
  - Statement of Net Position,
  - Statement of Revenues, Expenses and Changes in Net Position, and
  - Statement of Cash Flows
- Basic Fiduciary Financial Statements

## UNAUDITED

### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

- 
- Statement of Fiduciary Net Position, and
  - Statement of Changes in Fiduciary Net Position
  - Note disclosures related to the financial statements
  - Required Supplementation Information

The Texas A&M University System operational activity is included in the Texas Annual Comprehensive Financial Report (ACFR) in both the Proprietary or Business-Type Activity and the Fiduciary Activity financial statements. A&M System reports fiduciary activity for custodial funds. These fiduciary activities are reported separately from other financial activities since the A&M System cannot access these assets.

The accompanying financial statements for the A&M System are prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) pronouncements, the financial reporting requirements of the Texas Comptroller of Public Accounts, and the guidelines from the National Association of College and University Business Officers (NACUBO).

#### ***Financial Highlights for Proprietary Funds***

Below are financial highlights for fiscal year 2024 for the proprietary funds.

- Noncurrent investment balances reported on the Proprietary Statement of Net Position are \$6.688 billion, which was an increase of \$761 million from 2023's \$5.927 billion balance. Equity markets generated strong positive gains over the past twelve months as global economies proved to be resilient despite a prolonged period of tight monetary policy. (See the *Economic Outlook section* for more details).
- Investment Income was \$1.069 billion on the Proprietary funds, which was a \$510 million increase from 2023. The investment income components include the items below.
  - \$650 million in unrealized gain on investments,
  - \$293 million in interest, dividend, and royalty income, plus
  - \$126 million in realized gains on investments.
- The Non-State Funded portion of the *Other Post-Employment Benefits* (OPEB) 2024 current and non-current liability balance is \$1.88 billion, which was a material decrease of \$441.2 million from the prior year.
  - OPEB expenses were \$11.9 million, which was a material decrease compared to the prior year OPEB expense of \$118.28 million.
  - The main factor related to the reduction in this liability is the System Office implementing the 65 Plus Medicare Advantage plan, effective January 1, 2024, to help manage the increase in health costs.
  - Another reason for the reduction in the liability is related to an increase in the investment discount rate from 3.64% to 3.81%.
  - Contrasting with a 6% increase in the non-state funded percentage due to the employer contribution increasing at a higher rate than the state's contributions.

## UNAUDITED

### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

- 
- The Non-State Funded *Pension* liability increased by \$194 million totaling \$965 million for 2024 compared to \$771 million Pension liability reported in 2023. (See Note 9 *Pension and ORP*.)
    - There was a \$68.6 million increase to deferred outflows of resources related to the changes in pension assumptions, the difference between actual and expected experiences and current year TRS contributions.
    - There was a \$32.6 million decrease in deferred inflows of resources, which reflects the difference between projected and actual investment returns.
  - Total bonds payable and notes payable increased by \$342.9 million in 2024 totaling \$5.327 billion. See Note 5 Long-term Liabilities for more information.
    - There was a \$157.4 million increase in commercial paper.
    - Bonds payable increased by \$185.5 million.
  - Operating Revenues increased by 2.9% or \$104 million.
    - Net Tuition and Fee revenue remained stable, reporting a slight increase of \$28 million, for fiscal year 2024, net tuition and fee revenue was \$1.382 billion compared with \$1.354 billion in the prior year, which matches with the increased enrollment of over 7,600 students.
    - Net Auxiliary enterprise revenue, which includes dorms and bookstores, reporting a \$29.3 million increase related to an increase in students living in dorms on campus and the completion of several dorm facilities.
    - Net Other Sales of Goods and Services increased \$30.7 million, for fiscal year 2024 reporting net amount of \$403.2 million compared with the prior year of \$372.5 million.
  - Operating expenses decreased by 5.7% or \$454 million, primarily related to the decrease in disaster funding; although, there were also increases on certain expenses related to the increase in state funding for existing and new programs.
    - Salaries and Wages plus benefits increased by \$323 million due to the state mandated 5% salary increase and the additional state funding.
    - Operating federal pass-through expenses decreased by \$440 million where the need for disaster funding was reduced for other state agencies.
    - Other Operating Expenses decreased by \$610 million decrease primarily related to a reduction in need of Texas Cities and Counties for disaster funding.
  - Federal and State Operating and Non-Operating Revenue decreased by \$1.16 billion as the need for COVID and federal subsidies decreased.
  - State appropriations including legislative revenue, capital appropriations and legislative transfers-in reported a slight increase of \$53.8 million increasing the total to over \$1.93 billion for 2024. These state appropriations are a vital part of the A&M System's funding for operations and defraying tuition costs for students.
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## UNAUDITED

### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

- 
- The A&M System's net position totaled \$10.146 billion, which is a \$1.206 billion increase from 2023, which was \$8.940 billion, due to several factors.
    - A \$463.5 million increase in Cash and Cash Equivalents, plus an increase in Noncurrent Investments of \$761 million and an increase for Deferred Outflows of \$162 million.
    - An increase in Capital Assets, net, of \$336.7 million.
    - An increase of \$202.8 million in Current and Noncurrent Liabilities and a \$510 million increase in Deferred Inflows of Resources primarily related to OPEB Deferred Inflows.

#### *Statement of Net Position*

The Statement of Net Position presents a snapshot of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for the A&M System as of the end of the fiscal year. The Statement of Net Position assets and liabilities are presented in the current and non-current format.

Increases or decreases in net position are one indicator of the overall condition of the A&M System's financial health when considered with nonfinancial factors such as enrollment, research, public service, patient levels, and the condition of facilities. The statement provides a picture of net position and the availability of funds for use by the A&M System.

The net position reports three major categories.

The first category, Net Investment in Capital Assets, provides equity in property, plant and equipment owned by the A&M System less the related debt.

The second category, Restricted, is divided into two categories, expendable and non-expendable. Expendable restricted resources are available for use by the A&M System but must be spent for purposes determined by donors and/or external entities who have placed time or purpose restrictions on the use of the assets. The corpus of the non-expendable restricted resources is available for investment purposes and the earnings are used to support the institutions or agencies.

The third category, Unrestricted, is available for any lawful purpose. Although Unrestricted Net Position is not subject to externally imposed stipulations, it has been internally designated for various academic and research programs and initiatives.

See the table on the following page for details.

**UNAUDITED**

**The Texas A&M University System  
Management's Discussion and Analysis  
For the Year Ended August 31, 2024**

<b>Statement of Net Position</b>			
<b>(in millions)</b>			
<b>Assets and Deferred Outflows of Resources</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Current Assets	\$4,774	\$4,084	\$3,193
Capital Assets, Net	7,930	7,593	7,371
Non-Current Investments	6,688	5,928	5,461
Other Assets	1,992	2,022	1,829
Deferred Outflows	1,293	1,131	1,106
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$22,677</b>	<b>\$20,758</b>	<b>\$18,960</b>
<b>Liabilities and Deferred Inflows of Resources</b>			
Current Liabilities	\$2,604	\$2,449	\$2,286
Non-Current Liabilities	8,200	8,152	7,988
Deferred Inflows	1,727	1,217	969
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$12,531</b>	<b>\$11,818</b>	<b>\$11,243</b>
<b>Net Position</b>			
Net Investment in Capital Assets	\$2,368	\$2,359	\$2,133
Restricted			
Expendable	1,835	1,637	1,517
NonExpendable	477	467	458
Unrestricted	5,466	4,477	3,609
<b>Total Net Position</b>	<b>\$10,146</b>	<b>\$8,940</b>	<b>\$7,717</b>

The Statement of Net Position reported an increase in total assets and deferred outflows of 9.2%. This was a \$1.9 billion increase, primarily attributable to a \$761 million increase in non-current investments; and an increase of \$336.7 million in net capital assets.

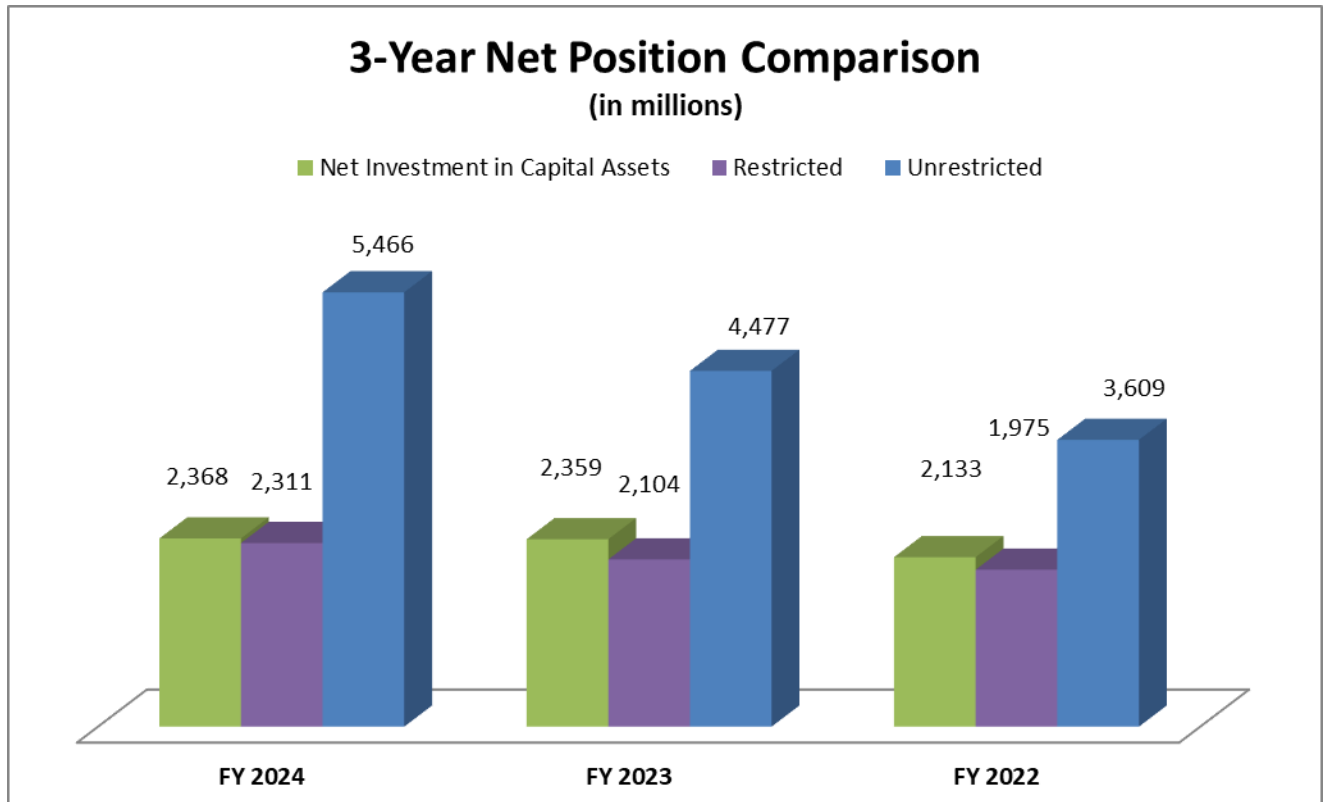
Total liabilities and deferred inflows of resources increased by 6% or \$713 million from the previous year. There was a \$35.2 million increase in payables. Bonds and Notes payable increased by \$343 million while the OPEB Liability decreased by \$441.2 million. Deferred Inflows of Resources increased by \$510 million, primarily related to OPEB. (See *Note 5 Long-term Liabilities for more details.*)

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**The Texas A&M University System  
Management's Discussion and Analysis  
For the Year Ended August 31, 2024**

The final section of the statement reports on the net position of the A&M System totaling \$10.1 billion. Total net position reported an increase of \$1.2 billion or 13.5% from the 2023 balance.

Below is a graph with a 3-year net position comparison.



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**The Texas A&M University System  
Management's Discussion and Analysis  
For the Year Ended August 31, 2024**

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The balances defined as unrestricted net position contain reserves and internal restrictions (allocations), as defined in the table below.

<b>Reserves and Allocations for Unrestricted Net Position (in millions)</b>	
<b>Reserves For</b>	
Receivables	\$271
Encumbrances	848
Unrealized Gain on Investments	1,140
Portion of Annual Debt Service Payment	245
Inventories	30
Higher Education Fund	37
Self-Insured Plans	96
Prepaid Expenses, Tuition Set Asides and Other Reserves	152
Other State Funds	171
<b>Allocations For</b>	
Capital Projects	1,048
Funds Functioning as Endowments	446
Scholarships and Faculty Initiatives	868
Operations	114
<b>Total Unrestricted Reserves</b>	<b>\$5,466</b>

The overall *unrestricted* net position was \$5.466 billion for fiscal year 2024 compared to \$4.477 billion in 2023.

***Statement of Revenues, Expenses and Changes in Net Position***

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as operating or non-operating. The Governmental Accounting Standards Board (GASB) requires state appropriations (Legislative Revenue), Federal Pell Grants and stimulus funding be reported as non-operating revenue. This will generally result in an operating deficit for most public institutions. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation or amortization, which amortizes the cost of an asset over its expected useful life.

The purpose of this statement is to present the revenues of the A&M System, and the expenses incurred by the A&M System, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent. The change in total net position as presented in the Statement of Net Position is a result of these activities.

**UNAUDITED**

**The Texas A&M University System  
Management's Discussion and Analysis  
For the Year Ended August 31, 2024**

Generally, operating revenues are received for providing goods and services to the various students, customers and constituencies of the A&M System. Operating expenses include instruction costs, research expertise plus costs for goods and services provided in return for operating revenues. Non-operating revenues are derived from sources not considered primary operations for an institution of higher education or state agency. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "Income (Loss) Before Other Revenues and Transfers".

<b>Statement of Revenues, Expenses and Changes in Net Position (in millions)</b>			
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Operating Revenues and Expenses</b>			
Operating Revenues	\$3,644	\$3,540	\$3,394
Operating Expenses	(7,482)	(7,936)	(9,562)
<b>Operating (Loss)</b>	<b>(3,838)</b>	<b>(4,396)</b>	<b>(6,168)</b>
Non-Operating Revenues	4,214	4,962	4,780
<b>Income (Loss) Before Other Revenues and Transfers</b>	<b>376</b>	<b>566</b>	<b>(1,388)</b>
Other Revenues and Transfers	830	657	616
<b>Change in Net Position</b>	<b>1,206</b>	<b>1,223</b>	<b>(772)</b>
Net Position, Beginning of Year	\$8,940	\$7,717	\$8,490
Restatement	0	0	(1)
Net Position as Restated	8,940	7,717	8,489
<b>Net Position, End of Year</b>	<b>\$10,146</b>	<b>\$8,940</b>	<b>\$7,717</b>

The condensed Statement of Revenues, Expenses and Changes in Net Position reflects a \$1.2 billion increase in net position which is similar to the prior year.

During the 2024 fiscal year, the explanations for the changes are listed below.

- Operating revenues reported a slight increase of 2.9% or \$104 million, primarily related to an increase in the number of enrolled students; contrasting with a \$17 million decrease in Federal funding as the COVID funding decreased.
- Non-Operating revenues decreased by \$785.9 million due to a reduction in stimulus funding of \$1.16 billion contrasting with an increase in investment income of \$510 million.

## UNAUDITED

### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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During the 2024 fiscal year, operating expenses reported a decrease of 5.7% or \$454 million, totaling \$7.482 billion compared to \$7.936 billion from the prior year. The most significant changes are listed below.

- Operating federal pass-through expenses decreased by \$440 million due to a reduction in COVID funding needs by other state agencies.
- Other Operating Expenses decreased by \$610 million, primarily attributable to the reduced need for funding to Texas cities, counties and other governmental entities for COVID, wildfires and other disaster funding needs.
- Professional fees and services increased by \$100 million.
- Salaries & Wages increased by 11.1% or \$257 million due to employees hired to ensure institutions and agencies were able to assist students on campus and assist the public.
- Non-state funded OPEB expenses reported a decrease of \$106.3 million based upon the A&M System's actuary report.
- Non-state funded pension expense increased by \$68.6 million based upon the Teacher's Retirement System's actuary report.
- Depreciation and amortization expense was \$586 million, an increase of \$28.3 million, which is consistent with the prior year.

Other Revenues and Transfers increased by \$173 million from \$657 million to \$830 million in 2024. The main factor for the increase was related to the transfer from the University of Texas System, which increased by \$123 million.

Certain internal activities embedded in the Statement of Revenues, Expenses and Changes in Net Position provide goods and services to internal customers and to other A&M System members. These activities include self-insured programs (health, dental, auto, etc.), repairs & maintenance, utilities, computer services, and other interdepartmental activities. The net operating revenues for these internal activities were eliminated to the extent of operating expenses.

The total elimination of expenses against revenues was approximately \$1 billion. Most of this activity relates to the self-insured programs, which reported operating expenses of approximately \$553 million. Of the remaining \$447 million in operating expenses eliminated, \$237 million were professional fees & services; \$97 million included utilities, communications, and \$82 million in repairs and maintenance. When reviewing the expenses by natural classification approximately \$132.2 million represented salaries and wages and \$37.5 million represented other payroll related costs.

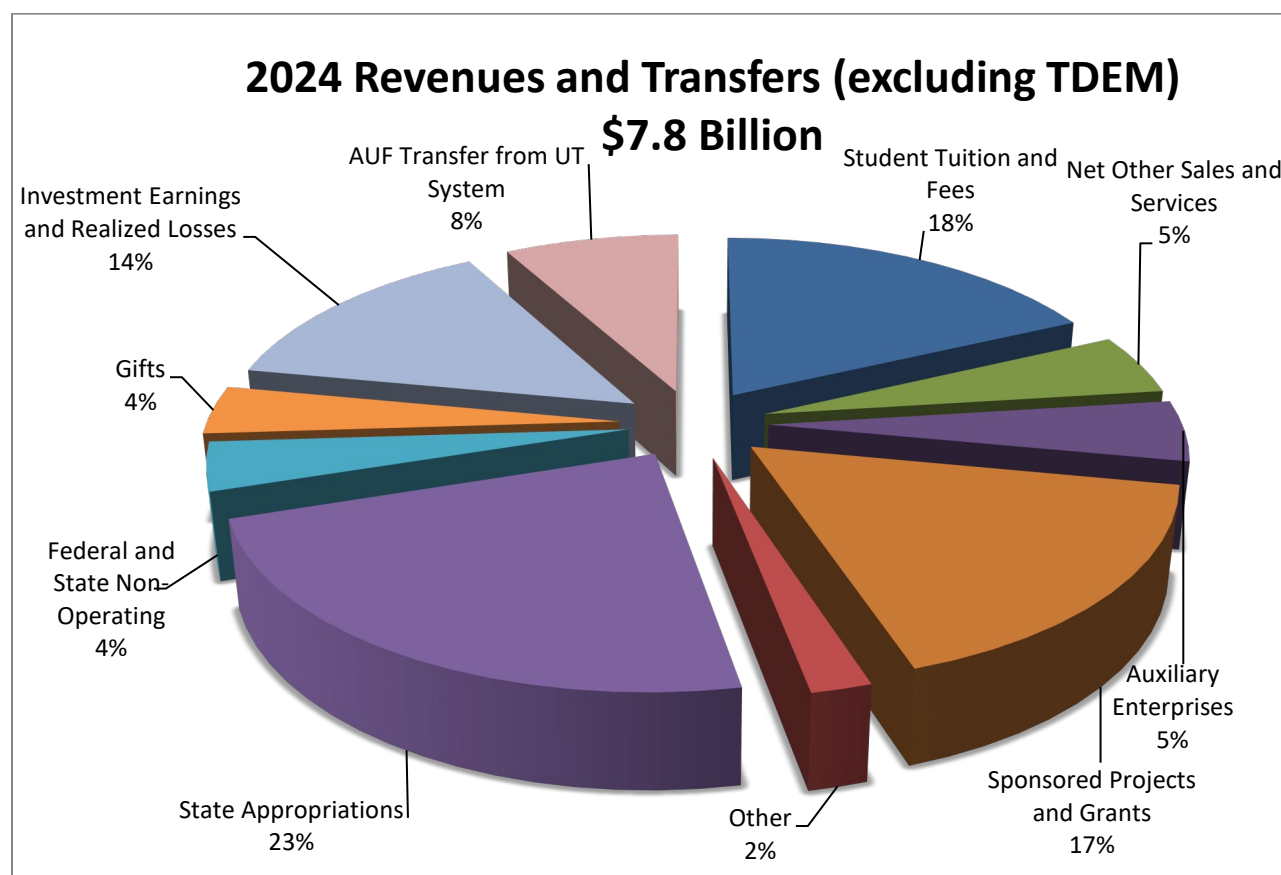
## UNAUDITED

### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

To analyze the A&M System institutions and agencies, the graph below excludes the Texas Division of Emergency Management (TDEM) who receives various funding to assist the public with disasters; therefore, TDEM experiences unpredictable fluctuations.

There was a \$600 million increase in revenue totaling \$7.8 billion compared to \$7.2 billion in the prior year. The increases are related to the increase in investment income and legislative revenue.

TDEM's total revenues were \$1 billion for 2024 compared to \$2.2 billion for 2023. As the state of Texas continues to recover from the COVID pandemic, there is a reduction in the need for COVID disaster funding.



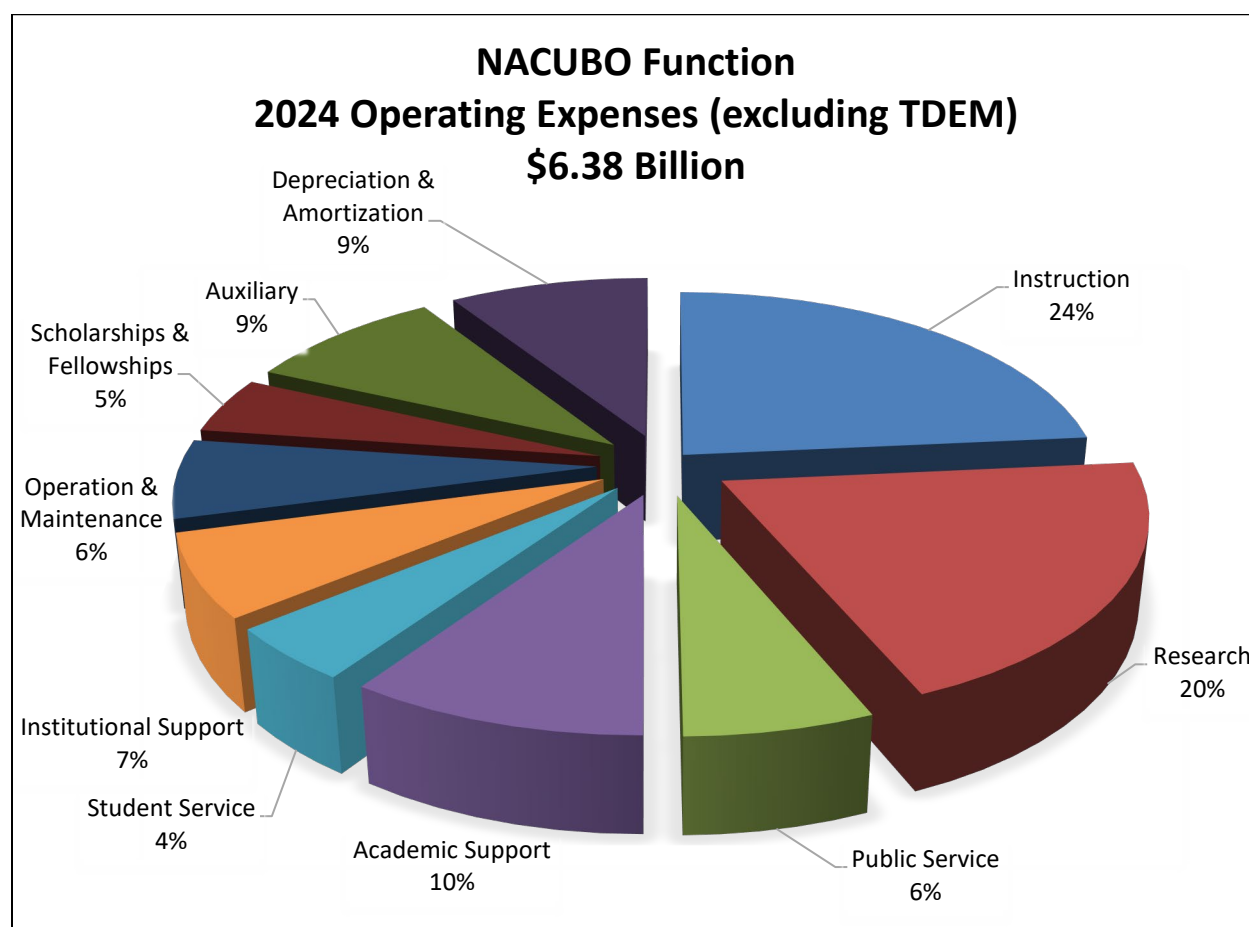
## UNAUDITED

### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

To analyze the A&M System institutions and agencies, the graph below excludes the Texas Division of Emergency Management (TDEM).

The first graph presents the operating expenses in the National Association of College and University Business Officers (NACUBO) functional classification and the second graph presents operating expenses in the natural classification. As presented below, instruction, research, academic support, auxiliary, depreciation/amortization of capital assets and institutional support are the primary expenses for the A&M System. For fiscal year 2024, total operating expenses were \$6.38 billion; instruction and research are the primary functions for A&M members.

TDEM reported \$1.1 billion Public Service operating expenses, \$641 million was sent to other Texas state agencies and governmental entities; \$157 million was used for rental and lease expenses and \$153 million was spent on professional fees and services.



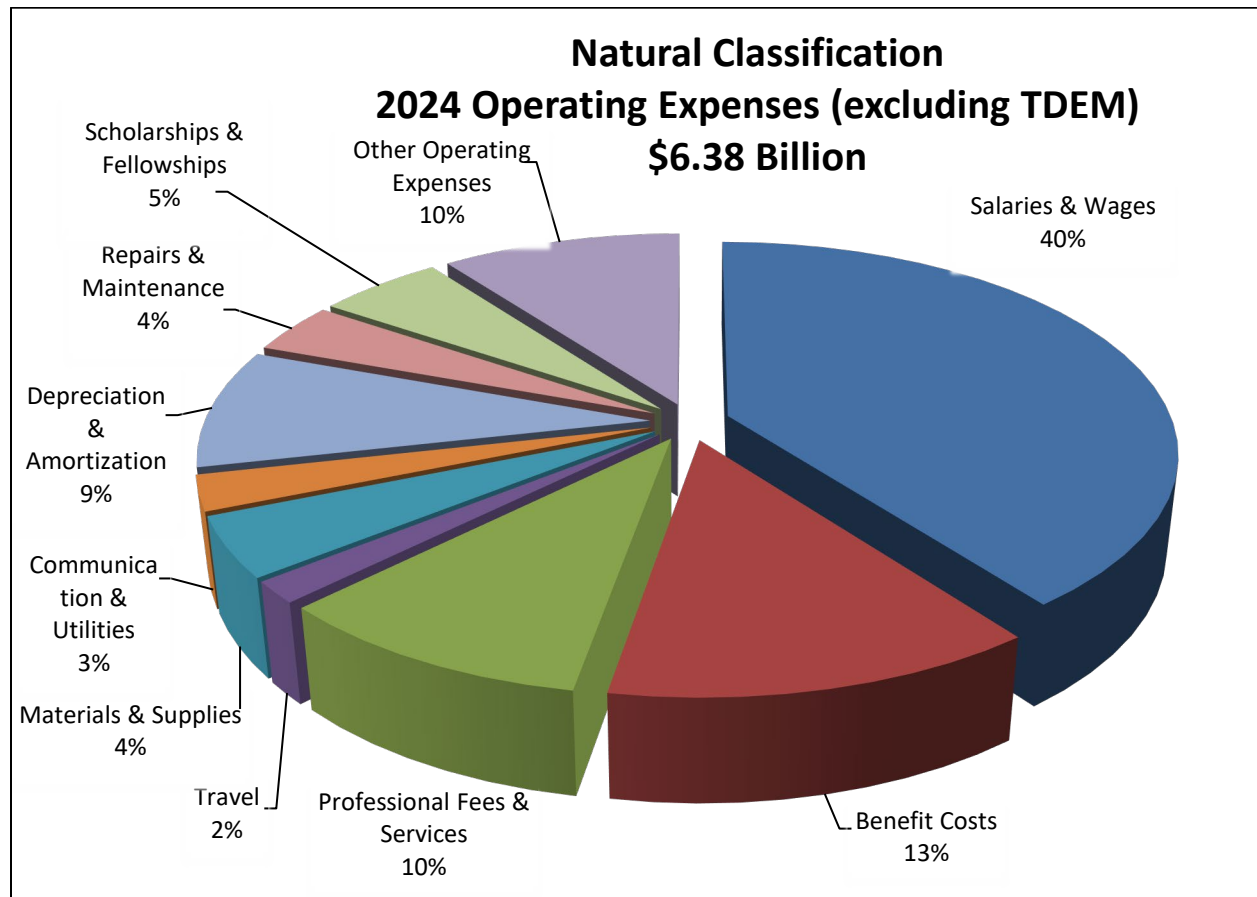


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**The Texas A&M University System  
Management's Discussion and Analysis  
For the Year Ended August 31, 2024**

To analyze the A&M System institutions and agencies, the graph below excludes the Texas Division of Emergency Management (TDEM) who receives various funding to assist the public with disasters; therefore, TDEM experiences unpredictable fluctuations.

For 2024, total operating expenses were \$6.38 billion. The A&M System salaries, wages and benefits are a critical part of the success of our students and the services provided. Each A&M member continues to analyze operating costs and ensure these expenses are appropriate.



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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

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#### *Statement of Cash Flows*

The final statement presented is the Statement of Cash Flows. This statement presents detailed information on the cash activity during the year. The first section presents operating cash flows, and the net cash used for operating activities. The next section presents the results of non-capital financing activities. This section includes the cash flows from state appropriations and other non-operating activities. The capital and related financing activities section includes cash used for acquisition and construction of capital assets. The investing activities section reports purchases, proceeds, and earnings from investments.

<b>Statement of Cash Flows</b>			
<b>(in millions)</b>			
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Cash Flows From</b>			
Operating Activities	\$(3,091)	\$(3,519)	\$(5,599)
Non-Capital Financing Activities	3,997	4,770	6,411
Capital and Related Financing Activities	(720)	(985)	(782)
Investing Activities	277	64	(149)
Net Change in Cash & Cash Equivalents	463	330	(119)
Cash & Cash Equivalents, Beginning of Year	2,372	2,042	2,161
<b>Cash &amp; Cash Equivalents, End of Year</b>	<b>\$2,835</b>	<b>\$2,372</b>	<b>\$2,042</b>

#### *Capital Assets*

The A&M System is committed to continuous improvements in the quality of its academic, research, and service programs through the development and renewal of its capital assets and infrastructure. The A&M System continues to implement its long-range plan to modernize existing teaching and research facilities along with plans for new construction.

Construction in progress for 2024 was \$1.6 billion, which is a \$334 million increase from the prior year. Completed projects totaled \$420.9 million.

There are many construction projects in various stages of completion including major projects mostly managed by the System Offices and minor projects managed by the members.

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## The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

Below and on the next few pages are a list of major construction projects exceeding \$4 million in total project costs, some of these projects are debt financed. This list includes over \$2.8 billion in construction projects in various stages of completion.

These projects are in progress and scheduled to be completed over the next two to three years.

Texas A&M Member and Project Name	Projected Fiscal Year Completion	Projected Budget (in Dollars)
<b>Texas A&amp;M University System</b>		
Ft. Worth Law & Education Building	2026	\$ 185,000,000
STEM Education Center at RELIS	2025	43,425,406
<b>Sub-total</b>		<b>\$ 228,425,406</b>
<b>Texas A&amp;M University</b>		
Utility Plant Control Upgrade	2024	\$ 7,500,000
HVAC Replacement Walton Hall	2024	8,794,068
CUP Structural Repairs	2024	6,700,000
Interior Finishes Renovation Dunn Hall Phase II	2024	6,947,609
Railroad Quiet Zone	2024	5,500,000
Outdoor Competition Throws and Warm-up Track	2024	9,559,456
Moses Hall HVAC Renovations	2024	9,218,500
Davis-Gary Hall HVAC Renovations	2024	9,218,500
Academic Building Renovations	2024	9,800,000
Space Collaboration Facility	2026	200,000,000
Clinical Veterinary Teaching and Research Complex	2027	181,000,000
CUP Generator Replacement Project	2026	26,500,000
Bright Area Development	2024	237,735,000
Business Education Complex	2025	84,197,309
<b>Sub-total</b>		<b>\$ 802,670,442</b>
<b>Tarleton State University</b>		
Inter-professional Education Building	2024	\$ 66,745,000
Parking Garage	2024	40,000,000
Research Administration Building	2024	7,000,000
Convocation Center	2025	110,000,000
Health Sciences & Human Services Building	2025	80,000,000
<b>Sub-total</b>		<b>\$ 303,745,000</b>

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**The Texas A&M University System  
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<b>Texas A&amp;M Member and Project Name</b>	<b>Projected Fiscal Year Completion</b>	<b>Projected Budget (in Dollars)</b>
<b>Prairie View A&amp;M University</b>		
Teaching and Academic Student Support Services Facility	2027	\$ 44,922,833
Campus Wide Fire Alarm System Replacement	2025	11,302,000
<b>Sub-total</b>		<b>\$ 56,224,833</b>
<b>Texas A&amp;M Agrilife Research</b>		
Meat Sciences & Technology Center	2025	\$ 114,604,906
Animal Reproductive Biotechnology Center	2025	13,386,800
Borlaug Center Renovation and Addition	2024	56,700,000
AgriLife Vernon Campus Storm Repairs	2025	15,570,330
Amarillo Research & Extension Center at Canyon	2025	30,580,000
<b>Sub-total</b>		<b>\$ 230,842,036</b>
<b>Texas A&amp;M Engineering Extension Service</b>		
RELLIS Training Props	2024	\$ 25,300,000
South Texas Workforce Development	2024	30,000,000
<b>Sub-total</b>		<b>55,300,000</b>
<b>Texas A&amp;M University-Galveston</b>		
Infrastructure, Dock Improvements, and Ship FF&E - Phase II	2027	\$ 72,500,000
Infrastructure, Dock Improvements, and Ship FF&E-Phase I	2025	37,208,966
Engineering Classroom & Research Building	2026	50,992,125
<b>Sub-total</b>		<b>\$ 160,701,091</b>
<b>Texas A&amp;M Forest Service</b>		
Hudson Office	2024	\$ 5,000,000
<b>Texas A&amp;M University-Corpus Christi</b>		
Chaparral Renovation - Phase I	2024	\$ 8,500,000
Arts & Media Building	2026	80,922,833
<b>Sub-total</b>		<b>\$ 89,422,833</b>
<b>Texas A&amp;M University-Kingsville</b>		
Deferred Maintenance	2025	\$ 45,172,833
<b>Texas A&amp;M International University</b>		
Health Sciences Edu & Rsrch Cntr & Western Hemispheric Trade Center	2026	\$ 71,200,000
<b>Texas A&amp;M University-Commerce</b>		
Student Services Building	2024	\$ 19,500,000
Ag Multi-purpose Education & Training Center	2026	47,322,833
New Event Center/Arena	2026	70,400,000
Morris Recreation Center Expansion	2026	17,500,000
Student Dining Facility	2025	7,400,000
<b>Sub-total</b>		<b>\$ 162,122,833</b>

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**The Texas A&M University System  
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<b>Texas A&amp;M Member and Project Name</b>	<b>Projected Fiscal Year Completion</b>	<b>Projected Budget (in Dollars)</b>
<b>West Texas A&amp;M University</b>		
Renovation of Education Bldg and Health/Safety Upgrade	2025	\$ 44,922,833
<b>Texas A&amp;M University-Texarkana</b>		
Business, Engineering, & Technology Building	2026	\$ 44,922,833
<b>Texas A&amp;M University Health Science Center</b>		
Texas A&M Health ESCO 2023	2024	\$ 14,745,526
EnMED Discovery Tower Labs & Office Buildout - Phase 1	2025	15,000,000
Nursing Education & Research Building-McAllen	2026	49,948,556
School of Dentistry Main Building Renovation	2026	22,400,000
Alkek Building Roof & Exhaust Fan Replacement (Houston)	2025	6,865,000
<b>Sub-total</b>		<b>\$ 108,959,082</b>
<b>Texas A&amp;M University-Central Texas</b>		
Central Operational Reliability & Efficiency Facility	2026	\$ 49,900,000
<b>Texas A&amp;M University-San Antonio</b>		
Educare Building	2024	\$ 21,690,000
Multipurpose Field, Competition Track & Softball Field Upgrades	2024	10,000,000
New Recreation Center	2024	19,200,000
TAMU-San Antonio Housing Phase II	2024	34,100,000
Public Health & Education Building	2026	54,922,833
		<b>\$ 139,912,833</b>
<b>Texas A&amp;M University System Shared Services</b>		
RELLIS Avenue D South Extension and Utility Upgrades	2025	\$ 13,500,000
<b>Texas A&amp;M Engineering Experiment Station</b>		
Propulsion Test Facility at TEES Turbomachinery Lab	2024	\$ 6,400,000
Ballistic Aero Optics Materials Facility	2024	60,088,600
Hypersonic Wind Tunnel	2024	10,000,000
<b>Sub-total</b>		<b>\$ 76,488,600</b>
<b>Texas Division of Emergency Management</b>		
TDEM Headquarters and State Emergency Operations Center	2026	\$ 423,241,463
<b>TOTAL</b>		<b>\$ 2,808,929,951</b>

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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#### ***Debt Administration***

The A&M System understands its role of financial stewardship and works to manage its resources effectively, including the prudent use of debt to finance capital projects.

During fiscal year 2024, the A&M System issued tax-exempt bonds under the Revenue Financing System debt program to refund previously outstanding commercial paper, to provide funding for eligible projects, and to pay the costs of issuing the bonds. The Revenue Financing System Bonds, Series 2024 had a par amount of approximately \$427.4 million with a true interest cost of 3.73%.

In fiscal year 2024, there was a total of \$470 million in commercial paper issued. Revenue Financing System Commercial Paper Notes in the amount of \$180 million, Revenue Financing System Taxable Commercial Paper Notes in the amount of \$145 million, Permanent University Fund Commercial Paper Notes in the amount of \$60 million and Permanent University Fund Taxable Commercial Paper Notes in the amount of \$85 million were issued to fund eligible projects.

The A&M System has sufficient debt capacity to finance planned facilities and other capital improvements. In addition, the State appropriated amounts are sufficient for the reimbursement of debt service on all outstanding and planned Capital Construction Assistance Program debt for the 2024-2025 biennium. For additional information concerning Capital Assets and Debt Administrations, *see the Notes to the Financial Statements*.

#### ***Economic Outlook***

Equity markets generated strong positive gains over the past twelve months as global economies proved to be resilient despite a prolonged period of tight monetary policy. Fixed income markets also rallied as markets began pricing in future interest rate cuts. The Federal Reserve maintained the Federal Funds rate in the range of 5.25 to 5.50% during the period. Inflation trends have continued to moderate, with inflation indicators slowly trending towards the Federal Reserve's target.

The US economy is expected to grow modestly despite a slight increase in the unemployment rate. Consumer confidence levels have been strong and spending trends have been positive. The geopolitical environment continues to be uncertain, driven by significant conflicts in Ukraine and the Middle East.

The A&M System has invested in a diversified portfolio that has the potential to grow over the long term. During shorter time periods, the portfolios may be impacted by market conditions and negative changes in sentiment. The A&M System will continue to position the portfolios to take advantage of market volatility by acquiring assets at discounted valuations, which will help to enhance the long-term returns of the portfolios.

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

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#### ***Fiduciary Funds***

##### ***Statement of Net Fiduciary Net Position***

The Statement of Fiduciary Net Position presents a snapshot of assets, liabilities, and net fiduciary position for the A&M System as of the end of the fiscal year. The Statement of Fiduciary Net Position assets and liabilities are presented in the liquidity format.

##### ***Statement of Changes in Fiduciary Net Position***

The Statement of Changes in Fiduciary Net Position presents the additions and deductions incurred during the year. This statement reports on the contributions, investment earnings, additions and deductions which occurred in the custodial funds for the fiscal year.

##### ***Financial Highlights for Fiduciary Funds***

Below are financial highlights for fiduciary funds for fiscal year 2024. The A&M System Fiduciary statements include balances from several types of entities including Investments Held for Non-A&M Entities, Student Organizations, Foundation/Alumni Associations, Public Private Partnership entities and Other Entities.

- Investments in the Fiduciary Statement of Net Position are \$425 million, which was a decrease of \$60 million from the prior year's total of \$365 million. The investment activity reported a \$49.9 million gain due to the unrealized increases in fair value totaling \$38.4 million, \$8.3 million interest earnings and \$3.2 million realized gains.
- Fiduciary funds reported an ending *Restricted for Other Individuals, Organizations and Other Entities* net position of \$510 million which was an increase of \$57 million from the prior year's net position of \$453 million.
- Contributions from various entities accounted for \$23.4 million.
- Other Additions totaled \$34.7 million, primarily from sales revenue from Public Private Partnerships and revenues from Student Organizations.
- Other Deductions totaled \$49 million from various entities.

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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#### ***Leadership Changes in Fiscal Year 2024***

Several leadership changes occurred in the A&M System during fiscal year 2024; these changes are included below.

- On December 12, 2023, the Board approved General (Retired) Mark A. Welsh, III as the 27<sup>th</sup> President of Texas A&M University.
- On February 8, 2024, the Board named Richard Rhodes as President of the Texas A&M University-Central Texas.
- On February 26, 2024, the Board approved Robert H. Bishop as Vice Chancellor and Dean of the College of Engineering at the Texas A&M University.
- On May 7, 2024, the Board approved Dr. Roderic Pettigrew as the Texas A&M University System's Vice Chancellor for Health and Strategic Initiatives.
- On May 10, 2024, the Governor appointed Cage Sawyers who is a third-year Texas A&M Law School student as the student regent.
- On May 10, 2024, the Governor appointed Luke Schwartz, both an Aggie and an Air Force veteran, to serve as the student representative on the Texas Higher Education Coordinating Board; his term begins June 1, 2024, and ends May 31, 2025.
- On June 27, 2024, Dr. E. Steve Putna was appointed as the inaugural director of the Texas A&M Semiconductor Institute to begin July 1, 2024.

#### ***Leadership Changes in Fiscal Year 2025***

- On October 9, 2024, Texas A&M University System Chancellor John Sharp appointed Juan J. Castillo as the Acting President of Texas A&M International University in Laredo, effective immediately. Castillo has served as the Vice President for Finance and Administration at TAMIU since 2008, will oversee the university's operations following the unexpected passing of President Pablo Arenaz.

#### ***Fiscal Year 2024 Announcements***

During September 2023, the Texas A&M University System's Board of Regents approved a motion to nearly double Texas A&M-Commerce's educational space in a Dallas high-rise. Since 2021, the university has offered courses in business, education, visual communications and agriculture in the building at 8750 North Central Expressway in Dallas. The Regents authorized adding 41,944 square feet of leased space to the original 51,515 square feet. The additional space will allow the university to expand its academic offerings.

During October 2023, Rebecca A. Seguin-Fowler, Ph.D., R.D.N., L.D., C.S.C.S., was elected to the most prestigious society in the field of nutrition: the National Academy of Medicine. Seguin-Fowler is Co-Director for the Texas A&M Institute for Advancing Health Through Agriculture (IHA) and Professor of Nutrition. Seguin-Fowler is a leading authority on community-engaged diet and physical activity interventions for obesity and chronic disease prevention among rural, low-income, minority, and other at-risk populations. Her work has advanced knowledge related to



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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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social and environmental contextual factors to advance implementation and dissemination research to achieve health equity.

During November 2023, the Texas A&M University System Board of Regents voted to begin construction of the State Emergency Operations Center and agency headquarters for the Texas Division of Emergency Management (TDEM) just east of Austin's Bergstrom International Airport.

On April 11, 2024, the Texas A&M University System was named the winner of the 2023 Elastic Excellence in Security Business Transformation Award. Andrew Stokes director of cyber operations for the Texas A&M University System stated, "I am pleased to receive the Elastic Excellence in Security Business Transformation award and am proud of my team and the work that this award represents".

On June 14, 2024, the Texas A&M University System was chosen by the U.S. Department of Energy's National Nuclear Security Administration as part of a group to manage and operate the Pantex Plant, which maintains the safety, security, and effectiveness of the nation's nuclear weapons stockpile. "It is a privilege to be part of the management of another component of the country's nuclear deterrent," John Sharp, chancellor of the Texas A&M System, said. "We take our national security responsibilities seriously, and we will bring the same level of care and expertise to Pantex as we have done for the past several years to Los Alamos."

On July 1, 2024, Chancellor Sharp announced his retirement effective June 30, 2025; he became the Chancellor in September 2011. "Leading this grand enterprise has been one of the great privileges of my life," Sharp said. "I feel a deep sense of gratitude to all of you who have shown confidence in me and contributed to our collective endeavor. Together we have lifted the Texas A&M System to historic heights." "Texas is grateful for Chancellor John Sharp's unwavering commitment to improving higher education in the State of Texas," Governor Greg Abbott said. "His extraordinary leadership throughout his time as Chancellor of the Texas A&M University System provided young Texans with the tools they need to thrive in our booming economy." The Board of Regents will conduct a national search in the coming months for Sharp's successor, said Chairman Bill Mahomes.

#### ***Upcoming Accounting Pronouncements***

GASB is continuing their research on modifying the financial reporting model; an exposure draft is being developed and is scheduled to be released in the first quarter of 2025. The A&M System accounting staff is involved with GASB and NACUBO to ensure we understand the impacts of these future pronouncements.

#### ***Contact Information for the Texas A&M University System Office of Budgets and Accounting Team***

This annual financial report is designed to provide citizens, taxpayers, students, customers, investors and creditors with a general overview of the A&M System's finances and to demonstrate the A&M System's accountability for the funding it receives.



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**The Texas A&M University System  
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For the Year Ended August 31, 2024**

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If you have questions about this report or need additional financial information, contact the Texas A&M University System Office, Budgets and Accounting Office, located at 301 Tarrow Street, College Station, Texas 77840-7896.

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**Exhibit III**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Assets and Deferred Outflows</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents (Schedule Three)	\$2,256,474,582.32	\$2,136,899,689.95
Restricted		
Cash and Cash Equivalents (Schedule Three)	578,484,840.52	234,606,730.85
Legislative Appropriations	900,901,134.09	731,764,023.28
Receivables, Net (Note 24)		
Federal	263,021,707.35	247,572,277.59
Other Intergovernmental	10,898,389.82	5,828,881.03
Interest and Dividends	19,268,385.08	22,171,650.75
Gifts	31,817,386.15	34,861,458.27
Self-Insured Health and Dental	46,730,689.15	41,678,440.92
Student	62,244,061.50	54,923,713.42
Investment Trades	11,069,968.13	4,404,908.91
Accounts	187,884,590.46	186,774,936.06
Other	11,396,517.69	3,712,218.54
Lease Receivable (Note 8)	4,649,989.53	5,550,272.42
Due from Other Agencies	67,432,977.91	67,848,503.47
Consumable Inventories	21,599,599.42	17,784,558.73
Merchandise Inventories	8,106,233.78	7,478,817.04
Loans and Contracts	19,291,742.30	17,270,720.36
Interfund Receivables (Note 12)	67,028,256.87	65,118,657.82
Other Current Assets	205,650,262.51	197,377,024.77
<b>Total Current Assets</b>	<b>\$4,773,951,314.58</b>	<b>\$4,083,627,484.18</b>
<b>Non-Current Assets</b>		
Restricted		
Investments (Note 3)	\$1,292,970,981.98	\$1,233,617,010.75
Loans, Contracts and Other	5,419,806.35	6,319,125.88
Gifts Receivable	251,998,343.65	272,491,997.99
Public Private Partnership Asset Receivable	26,091,695.25	26,091,695.25
Loans and Contracts	12,844,473.57	11,568,281.14
Investments (Note 3)	5,394,590,970.96	4,693,472,052.88
Lease Receivable (Note 8)	199,528,781.09	202,659,904.52
Interfund Receivables (Note 12)	1,495,390,326.30	1,502,418,583.17
Capital Assets, Net (Note 2)	7,930,019,778.05	7,593,351,363.22
Assets Held in Trust	367,100.00	362,100.00
Other Non-Current Assets	1,051,316.83	974,428.58
<b>Total Non-Current Assets</b>	<b>\$16,610,273,574.03</b>	<b>\$15,543,326,543.38</b>

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**Exhibit III**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Deferred Outflows of Resources (Note 28)</b>		
Unamortized Loss on Refunding Debt	\$53,299,741.39	\$56,845,765.23
Pension	425,256,135.00	356,787,499.00
Other Post Employment Benefits	814,650,175.00	717,580,049.00
<b>Total Deferred Outflows of Resources (Note 28)</b>	<b>\$1,293,206,051.39</b>	<b>\$1,131,213,313.23</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$22,677,430,940.00</b>	<b>\$20,758,167,340.79</b>
<b>Liabilities and Deferred Inflows</b>		
<b>Current Liabilities</b>		
Payables		
Accounts	\$500,319,168.58	\$481,702,560.84
Payroll	219,050,634.93	199,136,676.75
Investment Trade	12,163,122.82	11,714,539.90
Self-Insured Health and Dental	21,804,000.00	24,922,000.00
Student	6,572,995.96	5,098,088.63
Other	7,669,501.05	9,759,367.77
Interfund Payable (Note 12)	1,178,919.44	1,423,436.41
Due to Other Agencies	278,880,086.90	340,655,397.24
Unearned Revenue	1,005,163,176.82	889,858,198.31
Employees Compensable Leave	16,894,365.89	16,315,326.61
Other Post Employment Benefits (Note 11)	61,207,877.00	63,084,598.00
Claims and Judgments	3,394,786.00	1,312,021.00
Notes and Loans Payable (Note 5)	9,895,000.00	4,157,000.00
Notes From Direct Borrowings (Note 5)	3,504,316.33	3,452,375.56
Bonds Payable (Note 6)	322,615,109.72	282,666,412.44
Lease Liability (Note 8)	18,700,018.57	17,627,207.15
Right to Use Software Subscription Liability (Note 8)	18,413,835.19	15,933,987.73
Liabilities Payable from Restricted Assets	45,050,456.00	24,442,235.73
Other Current Liabilities	51,494,476.33	55,643,183.56
<b>Total Current Liabilities</b>	<b>\$2,603,971,847.53</b>	<b>\$2,448,904,613.63</b>

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**Exhibit III**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Non-Current Liabilities</b>		
Interfund Payable (Note 12)	\$12,103,599.27	\$3,410,278.91
Employees Compensable Leave	120,719,740.21	110,883,913.45
Other Post Employment Benefits (Note 11)	1,821,247,256.00	2,260,576,516.00
Pension Liability (Note 9)	965,213,562.00	771,327,658.00
Claims and Judgments	11,411,799.00	12,251,671.00
Notes and Loans Payable (Note 5)	270,529,000.00	118,857,000.00
Notes From Direct Borrowings (Note 5)	47,751,918.63	51,322,631.37
Bonds Payable (Note 6)	4,724,219,144.15	4,578,623,302.12
Assets Held in Trust	362,100.00	362,100.00
Liabilities Payable from Restricted Assets	10,137,393.28	9,166,189.23
Lease Liability (Note 8)	170,640,337.48	178,388,482.43
Right to Use Software Subscription Liability (Note 8)	9,320,179.13	21,727,081.73
Asset Retirement Obligations (Note 5)	13,326,635.27	12,426,635.27
Other Non-Current Liabilities	23,118,482.76	23,054,318.07
<b>Total Non-Current Liabilities</b>	<b>\$8,200,101,147.18</b>	<b>\$8,152,377,777.58</b>
<b>Deferred Inflows of Resources (Note 28)</b>		
Pension	\$73,445,773.00	\$106,067,301.00
Other Post Employment Benefits	1,431,360,344.00	881,131,703.00
Split-Interest Agreement	1,032,256.08	955,368.83
Lease Income	197,851,974.43	204,189,181.71
Public Private Partnership Asset	23,779,888.93	24,935,792.13
<b>Total Deferred Inflows of Resources (Note 28)</b>	<b>\$1,727,470,236.44</b>	<b>\$1,217,279,346.67</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>\$12,531,543,231.15</b>	<b>\$11,818,561,737.88</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$2,368,525,633.36	\$2,358,670,589.73
<b>Restricted for</b>		
Capital Projects	841,838,129.05	576,421,017.89
Education	528,034,127.18	660,248,176.56
Endowment and Permanent Funds		
Nonexpendable	476,718,961.77	467,520,171.36
Expendable	465,238,531.78	400,217,577.29
Unrestricted	5,465,532,325.71	4,476,528,070.08
<b>Total Proprietary Net Position (Exhibit IV)</b>	<b>\$10,145,887,708.85</b>	<b>\$8,939,605,602.91</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.

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**Exhibit IV**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Operating Revenues</b>		
Tuition and Fees	\$1,924,048,753.49	\$1,856,353,253.61
Discounts and Allowances	(542,179,993.84)	(502,074,031.06)
Professional Fees	1,030,588.04	1,031,220.57
Auxiliary Enterprises	486,071,690.31	445,349,357.75
Discounts and Allowances	(66,229,537.38)	(54,790,343.84)
Other Sales of Goods and Services	414,356,604.87	381,448,584.53
Discounts and Allowances	(11,152,826.36)	(8,929,859.55)
Interest Revenue - Loans	752,130.96	676,852.44
Federal Revenue	766,104,484.89	702,554,356.18
Federal Pass Through Revenue	48,854,824.49	130,667,097.07
State Grant Revenue	6,685,716.76	6,868,508.53
State Pass Through Revenue	149,624,960.10	148,228,507.94
Other Grants and Contracts	321,874,184.18	335,876,410.58
Other Operating Revenue	144,395,816.18	97,011,997.57
<b>Total Operating Revenues</b>	<b>\$3,644,237,396.69</b>	<b>\$3,540,271,912.32</b>
<b>Operating Expenses</b>		
Instruction	\$1,499,163,753.40	\$1,459,082,436.37
Research	1,291,325,626.67	1,172,588,821.88
Public Service	1,487,152,988.96	2,372,558,463.44
Academic Support	617,106,911.49	561,577,852.81
Student Service	282,430,498.38	267,114,777.13
Institutional Support	433,159,867.87	389,761,054.62
Operation & Maintenance of Plant	412,821,783.12	373,012,977.61
Scholarships & Fellowships	295,956,651.76	280,447,107.77
Auxiliary	576,937,882.67	502,246,467.60
Depreciation / Amortization	586,407,632.07	558,093,162.64
<b>Total Operating Expenses (Schedule IV-1)</b>	<b>\$7,482,463,596.39</b>	<b>\$7,936,483,121.87</b>
<b>Total Operating Loss</b>	<b>(\$3,838,226,199.70)</b>	<b>(\$4,396,211,209.55)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Legislative Revenue	\$1,843,224,694.22	\$1,820,839,369.72
Federal Revenue	857,202,242.42	1,530,785,248.83
Federal Pass Through Revenue	25,829,734.81	656,163,329.47
State Pass Through Revenue	372,527,728.29	226,841,522.55
Gifts	283,196,995.99	389,708,349.01
Investment Income	1,068,460,789.30	558,834,005.04
Investing Activities Expense	(26,453,977.40)	(22,358,104.22)

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**Exhibit IV**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
Interest Expense	(\$197,250,330.38)	(\$188,745,671.84)
Borrower Rebates and Agent Fees	(2,262,903.51)	(2,454,338.04)
Gain (Loss) on Sale or Disposal of Capital Assets	(11,262,747.91)	2,714,888.47
Settlement of Claims	(4,238,071.32)	(811,823.70)
Other Nonoperating Revenues	62,407,448.41	115,586,311.78
Other Nonoperating Expenses	(57,464,044.96)	(124,758,290.80)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$4,213,917,557.96</b>	<b>\$4,962,344,796.27</b>
<b>Income Before Other Revenues and Transfers</b>	<b>\$375,691,358.26</b>	<b>\$566,133,586.72</b>
<b>Capital Contributions, Endowments and Transfers</b>		
Capital Contributions	\$29,314,020.48	\$11,546,181.21
Capital Appropriation - Higher Education Fund	49,880,728.00	48,419,905.00
Additions to Permanent and Term Endowments	6,189,746.07	12,110,247.28
Transfers In		
Transfers From State Agencies	714,179,447.80	579,996,181.48
Transfers From State Agencies - Capital Assets	769,553.74	6,906.18
Transfers Out		
Transfers To State Agencies	(8,939,143.55)	(1,838,305.70)
Transfers To State Agencies - Capital Assets	(150,477.58)	
Legislative Transfers - In	38,263,643.00	8,330,711.71
Legislative Appropriations Lapsed	1,083,229.72	(1,866,738.77)
<b>Total Capital Contributions, Endowments and Transfers</b>	<b>\$830,590,747.68</b>	<b>\$656,705,088.39</b>
<b>Change in Net Position</b>	<b>\$1,206,282,105.94</b>	<b>\$1,222,838,675.11</b>
<b>Net Position, Beginning of Year</b>	<b>\$8,939,605,602.91</b>	<b>\$7,716,766,927.80</b>
<b>Net Position, End of Year (Exhibit III)</b>	<b>\$10,145,887,708.85</b>	<b>\$8,939,605,602.91</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.



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Schedule IV-1  
The Texas A University System  
Combined Proprietary Statement of NACUBO Function to Natural Classification Matrix  
For the Year Ended August 31, 2024

	Instruction	Research	Public Service	Academic Support
<b>Natural Classification</b>				
Salaries and Wages	\$947,715,454.19	\$550,030,654.58	\$222,487,265.89	\$305,499,951.74
Payroll Related Costs	296,292,337.18	163,494,061.45	95,670,984.88	97,120,429.33
Cost of Goods Sold	1,305,219.51	376,349.06	224,077.16	251,077.08
Professional Fees and Services	74,373,259.18	159,997,830.96	174,543,941.42	66,578,734.03
Travel	23,877,193.66	27,634,675.58	10,768,996.36	10,604,057.38
Materials and Supplies	49,270,328.26	88,236,914.69	98,137,609.99	56,717,748.70
Communications and Utilities	4,718,008.24	15,905,937.38	9,950,936.52	13,646,635.69
Repairs and Maintenance	9,145,276.03	33,032,087.63	5,942,787.21	13,434,523.30
Rentals and Leases	34,313,838.45	20,793,197.41	167,020,891.52	16,602,027.78
Printing and Reproduction	2,278,797.35	3,418,960.72	1,034,533.59	1,726,488.64
Federal Pass Through	2,134,060.78	20,533,076.50	139,288,968.68	65,836.87
State Pass Through		1,713,624.33	1,510,143.79	
Depreciation and Amortization				
Bad Debt Expense				
Interest	25,812.29	70,106.79	73,132.65	14,516.86
Scholarships	3,340,813.31	52,131,831.96	1,572,724.15	2,300,269.09
Claims and Losses				
Other Operating Expenses	50,373,354.97	153,956,317.63	558,925,995.15	32,544,615.00
<b>Total Proprietary Operating Expenses</b>	<b>\$1,499,163,753.40</b>	<b>\$1,291,325,626.67</b>	<b>\$1,487,152,988.96</b>	<b>\$617,106,911.49</b>

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Schedule IV-1

The Texas A University System

Combined Proprietary Statement of NACUBO Function to Natural Classification Matrix  
For the Year Ended August 31, 2024

	Student Service	Institutional Support	Operation & Maintenance of Plant	Scholarships & Fellowships
<b>Natural Classification</b>				
Salaries and Wages	\$118,750,113.76	\$191,682,520.49	\$38,756,434.31	\$26,691,576.74
Payroll Related Costs	46,414,209.70	88,912,683.16	16,442,530.12	3,423,209.07
Cost of Goods Sold	25,323.83	44,103.03	(132,075.35)	6,799.45
Professional Fees and Services	30,941,712.15	69,485,141.64	80,483,355.60	9,835,504.00
Travel	6,612,705.88	3,044,133.50	286,365.37	1,853,066.76
Materials and Supplies	18,280,029.65	12,590,209.28	13,042,229.21	1,959,420.58
Communications and Utilities	3,324,839.56	2,912,740.74	89,480,176.81	1,051,095.00
Repairs and Maintenance	6,069,315.89	8,840,704.50	136,626,513.52	1,243,579.16
Rentals and Leases	14,269,881.36	11,317,986.49	6,596,612.17	1,779,421.10
Printing and Reproduction	1,959,477.40	1,125,754.97	39,107.89	73,561.97
Federal Pass Through				
State Pass Through		47,291.30		46,126.42
Depreciation and Amortization				
Bad Debt Expense	537,330.15			
Interest	9,323.88	17,541.62	9,207.92	254.51
Scholarships	2,946,109.61	15,001,762.86	139,548.85	241,880,014.90
Claims and Losses			41,999.83	
Other Operating Expenses	32,290,125.56	28,137,294.29	31,009,776.87	6,113,022.10
<b>Total Proprietary Operating Expenses</b>	<b>\$282,430,498.38</b>	<b>\$433,159,867.87</b>	<b>\$412,821,783.12</b>	<b>\$295,956,651.76</b>

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Schedule IV-1

The Texas A University System

Combined Proprietary Statement of NACUBO Function to Natural Classification Matrix  
For the Year Ended August 31, 2024

	Auxiliary	Depreciation / Amortization	Current Year	Prior Year
<b>Natural Classification</b>				
Salaries and Wages	\$173,792,027.73	\$0.00	\$2,575,405,999.43	\$2,318,371,271.78
Payroll Related Costs	35,292,733.25		843,063,178.14	815,191,232.92
Cost of Goods Sold	3,158,860.20		5,259,733.97	6,578,265.48
Professional Fees and Services	114,976,854.07		781,216,333.05	681,292,339.29
Travel	22,627,175.79		107,308,370.28	95,952,703.57
Materials and Supplies	29,551,269.83		367,785,760.19	328,737,969.66
Communications and Utilities	35,618,897.63		176,609,267.57	159,241,033.41
Repairs and Maintenance	34,289,613.55		248,624,400.79	205,134,624.14
Rentals and Leases	27,832,142.44		300,525,998.72	213,659,139.80
Printing and Reproduction	1,000,853.60		12,657,536.13	13,469,062.98
Federal Pass Through			162,021,942.83	602,132,693.85
State Pass Through			3,317,185.84	4,134,938.22
Depreciation and Amortization		586,407,632.07	586,407,632.07	558,093,162.64
Bad Debt Expense			537,330.15	375,184.82
Interest	12,204.17		232,100.69	181,324.65
Scholarships	19,354,640.54		338,667,715.27	321,193,346.15
Claims and Losses			41,999.83	29,683,198.09
Other Operating Expenses	79,430,609.87		972,781,111.44	1,583,061,630.42
<b>Total Proprietary Operating Expenses</b>	<b>\$576,937,882.67</b>	<b>\$586,407,632.07</b>	<b>\$7,482,463,596.39</b>	<b>\$7,936,483,121.87</b>

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Exhibit V  
The Texas A&M University System  
Combined Proprietary Statement of Cash Flows  
For the Year Ended August 31, 2024

	Current Year	Prior Year
<b>Cash Flows From Operating Activities</b>		
Proceeds Received From Tuition and Fees	\$1,454,079,341.45	\$1,359,429,801.00
Proceeds Received From Customers	364,147,370.12	444,939,241.76
Proceeds From Grants and Contracts	1,326,332,047.30	1,255,124,489.11
Proceeds From Auxiliary Enterprises	426,373,483.39	386,912,735.02
Proceeds From Loan Programs	637,069,704.49	615,009,692.77
Proceeds From Other Operating Revenues	144,789,683.64	108,793,657.36
Payments to Suppliers for Goods and Services	(2,935,336,329.89)	(3,336,642,307.87)
Payments to Employees	(3,269,797,041.50)	(2,948,826,617.07)
Payments for Loans Provided	(641,522,756.93)	(623,389,275.71)
Payments for Other Operating Expenses	(597,561,828.97)	(780,038,167.16)
<b>Net Cash Used By Operating Activities</b>	<b>(\$3,091,426,326.90)</b>	<b>(\$3,518,686,750.79)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Proceeds From State Appropriations	\$1,757,742,642.73	\$1,437,633,060.91
Proceeds From Gifts	305,255,739.75	399,807,545.45
Proceeds From Endowments	6,189,746.07	12,110,247.28
Proceeds From Transfers From Other Funds	740,037,864.70	512,379,566.80
Proceeds From Other Grant Receipts	1,205,946,777.87	2,409,131,756.81
Proceeds From Other Noncapital Financing Activities	48,830,239.12	120,929,389.83
Payments for Transfers to Other Funds	(18,743,105.26)	(2,322,291.71)
Payments for Other Noncapital Financing Uses	(47,961,891.75)	(119,792,789.38)
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>\$3,997,298,013.23</b>	<b>\$4,769,876,485.99</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds From Sale of Capital Assets	\$1,597,780.72	\$5,924,232.97
Proceeds From Debt Issuance	956,820,491.06	633,625,395.95
Proceeds From Interfund Payables	10,007,803.99	
Proceeds From Other Financing Activities	28,282,147.69	11,755,585.39
Payments for Additions to Capital Assets	(920,150,736.05)	(709,783,577.51)
Payments of Principal On Debt	(613,865,951.75)	(712,981,967.60)
Payments for Leases/SBITA	(8,781,129.00)	(15,719,055.76)
Payments of Interest On Debt Issuance	(168,471,512.49)	(183,022,710.07)
Payments for Interfund Receivables	(1,551,196.61)	(11,612,292.82)
Payments of Other Costs On Debt Issuance	(3,592,937.89)	(3,606,873.76)
<b>Net Cash Used By Capital &amp; Related Financing Activities</b>	<b>(\$719,705,240.33)</b>	<b>(\$985,421,263.21)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds From Sales of Investments	\$2,769,437,574.47	\$2,070,604,185.06
Proceeds From Interest and Investment Income	270,810,874.80	198,839,661.14
Payments to Acquire Investments	(2,762,961,893.23)	(2,206,032,736.24)
<b>Net Cash Provided By Investing Activities</b>	<b>\$277,286,556.04</b>	<b>\$63,411,109.96</b>
<b>Net Increase In Cash and Cash Equivalents</b>	<b>\$463,453,002.04</b>	<b>\$329,179,581.95</b>
Proprietary Cash and Cash Equivalents, Beginning of Year	\$2,371,506,420.80	\$2,042,326,838.85
<b>Proprietary Cash and Cash Equivalents, End of Year (Schedule Three)</b>	<b>\$2,834,959,422.84</b>	<b>\$2,371,506,420.80</b>

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Exhibit V  
The Texas A&M University System  
Combined Proprietary Statement of Cash Flows  
For the Year Ended August 31, 2024

	Current Year	Prior Year
<b>Reconciliation of Operating Loss to Net Cash Used By Operating Activities</b>		
Operating Loss	(\$3,838,226,199.70)	(\$4,396,211,209.55)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used By Operating Activities</b>		
Amortization and Depreciation	\$586,407,632.07	\$558,093,162.64
Bad Debt Expense	9,611,806.97	4,922,989.79
Pension Expense	176,508,587.00	94,504,755.00
OPEB Expense	68,337,135.00	171,048,559.00
Changes In Assets and Liabilities		
(Increase) Decrease In Receivables	20,859,048.02	(58,996,505.36)
(Increase) Decrease In Due From Agencies/Funds	(737,783.52)	(20,629,409.24)
(Increase) Decrease In Inventories	(4,442,457.43)	3,152,134.29
(Increase) Decrease In Prepaid Expenses	(4,579,261.93)	(23,881,913.17)
(Increase) Decrease In Loans and Contracts	(2,999,965.60)	(7,113,033.16)
(Increase) Decrease In Other Assets	(2,734,855.81)	512,458.05
(Increase) Decrease In Deferred Outflows - Pensions	(68,468,637.00)	(172,309,364.00)
(Increase) Decrease In Deferred Outflows - OPEB	(97,070,126.00)	16,825,109.00
Increase (Decrease) In Payables	(6,707,704.87)	65,408,853.22
Increase (Decrease) In Due to Other Agencies/Funds	(61,506,050.54)	172,320,634.77
Increase (Decrease) In Unearned Revenue	105,043,900.48	38,027,460.50
Increase (Decrease) In Deposits	518,645.39	(192,649.75)
Increase (Decrease) In Employees Compensable Leave	10,414,866.04	7,765,529.54
Increase (Decrease) In OPEB Liability	(453,158,515.00)	(494,842,582.00)
Increase (Decrease) In Pension Liability	101,090,162.00	401,789,991.00
Increase (Decrease) In Self Insured Accrued Liability	(1,875,107.00)	(1,263,058.00)
Increase (Decrease) In Other Liabilities	2,266,329.48	(125,930,467.13)
Increase (Decrease) In Deferred Inflows - Pensions	(116,334,373.00)	(299,827,844.00)
Increase (Decrease) In Deferred Inflows - OPEB	493,844,040.00	425,248,673.00
Increase (Decrease) in Deferred Inflows of Resources – Leases	(7,487,441.95)	97,955,182.64
Increase (Decrease) in Deferred Inflows of Resources – PPP Assets		24,935,792.13
<b>Total Adjustments</b>	<b>\$746,799,872.80</b>	<b>\$877,524,458.76</b>
<b>Net Cash Used By Operating Activities</b>	<b>(\$3,091,426,326.90)</b>	<b>(\$3,518,686,750.79)</b>
<b>Non-Cash Transactions</b>		
Donation of Capital Assets	\$29,314,020.48	\$11,546,181.21
Net Change In Fair Value of Investments	649,630,815.00	351,449,853.11
Amortization of Bond Premiums and Discounts	22,206,412.44	22,185,539.25
Borrowing Under Lease Purchase	21,980,860.81	95,052,474.94
Other	(1,754,485.00)	2,422,674.62

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.

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**Exhibit VI**  
**The Texas A&M University System**  
**Combined Statement of Fiduciary Net Position - Custodial Funds**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Assets</b>		
Cash and Cash Equivalents (Schedule Three-F)	\$1,295,364.92	\$9,138,214.53
Investments (Note 3)	1,970,940.91	1,713,821.37
Restricted Cash and Cash Equivalents		
Cash and Cash Equivalents (Schedule Three-F)	40,995,403.17	32,076,668.65
Investments (Note 3)	422,700,456.75	363,081,270.63
Receivables, Net (Note 24)		
Interest and Dividends	1,024,403.32	1,050,461.00
Gifts	46,934,516.40	46,596,038.35
Student	1,416,669.02	1,386,143.11
Investment Trades	691,125.50	258,268.33
Accounts	590,710.43	3,457,398.94
Other	411,739.08	2,250,111.98
Other Assets	12,452.05	677.60
<b>Total Assets</b>	<b>\$518,043,781.55</b>	<b>\$461,009,074.49</b>
<b>Liabilities</b>		
Payables (Note 24)		
Accounts	\$1,280,682.05	\$1,416,807.48
Investment Trades	767,610.47	676,182.85
Other	345,422.20	448,357.56
Other Liabilities	5,511,537.94	5,259,669.52
<b>Total Liabilities</b>	<b>\$7,905,252.66</b>	<b>\$7,801,017.41</b>
<b>Net Position</b>		
Restricted for		
Individuals, Organizations, & Other Entities	\$510,138,528.89	\$453,208,057.08
<b>Total Fiduciary Net Position (Exhibit VII)</b>	<b>\$510,138,528.89</b>	<b>\$453,208,057.08</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.

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**Exhibit VII**  
**The Texas A&M University System**  
**Combined Statement of Changes in Fiduciary Net Position - Custodial Funds**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Additions</b>		
<b>Contributions</b>		
Contributions from Foundations/Alumni Associations	\$18,824,205.67	\$24,212,811.50
Contributions from External Entities to Student Organizations	4,184,142.11	3,077,711.87
Contributions from Other Organizations	374,486.36	886,651.99
<b>Total Contributions</b>	<b>\$23,382,834.14</b>	<b>\$28,177,175.36</b>
<b>Investment Income</b>		
Interest/Dividends/Other Income	\$8,289,571.73	\$7,081,564.18
Realized Gain Sale of Investments	3,243,453.72	9,532,051.64
Net Increase (Decrease) in Fair Value of Investments	38,389,228.76	12,210,991.30
Total Investment Income	\$49,922,254.21	\$28,824,607.12
Less: Investment Activity Costs	(2,180,528.42)	(2,007,576.97)
<b>Total Net Investment Income</b>	<b>\$47,741,725.79</b>	<b>\$26,817,030.15</b>
<b>Other Additions</b>		
Receipts for Sales Revenue from Public Private Partnerships	\$13,126,528.95	\$12,230,305.04
Receipts for Dues and Event Revenues from Student Organizations	16,907,920.84	13,233,433.83
Receipts from Other Organizations	1,980,193.26	2,009,110.72
Miscellaneous Additions	2,657,317.99	2,578,236.95
<b>Total Other Additions</b>	<b>\$34,671,961.04</b>	<b>\$30,051,086.54</b>
<b>Total Additions</b>	<b>\$105,796,520.97</b>	<b>\$85,045,292.05</b>
<b>Deductions</b>		
Refunds of Contributions for Investments Held for Non A&M Entities	\$0.00	\$81,118,970.20
Payments of Operational Costs for Public Private Partnerships	8,753,879.72	13,307,639.13
Payments of Operational and Event Costs for Student Organizations	18,461,555.74	16,094,904.35
Payments of Operational Costs for Foundations/Alumni Associations	17,421,159.95	15,290,994.72
Miscellaneous Deductions	4,229,453.75	4,267,282.21
<b>Total Deductions</b>	<b>\$48,866,049.16</b>	<b>\$130,079,790.61</b>
<b>Net Decrease in Fiduciary Net Position</b>	<b>\$56,930,471.81</b>	<b>(\$45,034,498.56)</b>
Net Position, Beginning of Year	\$453,208,057.08	\$498,242,555.64
<b>Fiduciary Net Position, End of Year (Exhibit VI)</b>	<b>\$510,138,528.89</b>	<b>\$453,208,057.08</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.





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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Notes to the Combined Financial Statements

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Note 1 - Summary of Significant Accounting Policies**

The accompanying financial statements of the A&M System are prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) pronouncements, the requirements of the Texas Comptroller of Public Accounts, and the guidelines from the National Association of College and University Business Officers.

#### **Financial Reporting Structure, Basis of Accounting and Measurement Focus**

##### **Proprietary Funds**

For financial reporting purposes, the A&M System is considered a special-purpose government engaged in business-type activities for the State of Texas Annual Comprehensive Financial Report (ACFR). Accordingly, the A&M System's proprietary financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. Operating items are distinguished from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with ongoing operations.

##### **Fiduciary Funds**

The A&M System is a fiduciary entity for several different types of custodial funds. These fiduciary activities are reported separately from other financial activities since the A&M System cannot access the assets to finance its operations. The A&M System's fiduciary responsibilities include ensuring assets reported in these funds are secure and outflows occur based upon the custodial entity's intended purposes. Fiduciary funds also use the economic resources measurement focus and the full accrual basis of accounting; additions are recognized in the reporting period they are earned, and deductions are recognized in the reporting period they are incurred.

The A&M System reports on several types of fiduciary custodial funds: investments held for other non-A&M institutions, student organizations, foundation/alumni associations, public private partnerships and other.

##### **Assets**

##### **Cash and Cash Equivalents**

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash and cash equivalents. With the exception of residual cash which results from the management of investment portfolios, the A&M System maintains cash and cash equivalents for the purpose of meeting short-term disbursement requirements.

##### **Investments**

Current and non-current investments are reported at fair value. Fair value is defined as the price received if an investment were sold in an orderly transaction between market participants at the measurement date. Measuring fair value requires gathering information, or inputs, about the asset or liability being measured. The fair value hierarchy categorizes the inputs used to measure fair value into three levels. Level 1 inputs

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

are quoted prices in active markets for assets or liabilities identical to the ones being measured, Level 2 inputs are observable for similar assets or liabilities, and Level 3 inputs are unobservable inputs.

The notes to the financial statements disclose the input levels used to determine fair value, and also display the deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

#### **Current Assets**

On the proprietary Statement of Net Position, items classified as current are defined as resources expected to be realized or consumed within one year.

#### **Receivables**

Receivable balances are grouped into several receivable categories. Accounts receivable reflect amounts owed for goods and services provided, or the value of a Public Private Partnership (P3) Asset to be transferred. Refer to Note 27 - Public-Private and Public-Public Partnerships for additional details.

Self-insured health and dental receivable represents August premiums for the A&M System's self-insured arrangement for group health and dental plan insurance coverage. The investment trades category reports pending security sales which have been traded and not settled as of the end of the reporting period. Other receivables include items such as travel advances, returned checks, and various items accrued.

Receivable balances are presented net of an allowance for uncollectible accounts. The allowance is based on management's judgment of potential uncollectible amounts, which includes such factors as historical experience and type of receivable. Refer to Note 24 - Disaggregation of Receivable and Payable Balances, for additional details.

#### **Lease Receivables**

Lease receivables are recorded by the A&M System as the present value of lease payments expected to be received under leases meeting the \$100,000 threshold per contract excluding short-term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short-term leases, those with a maximum period of 12 months, are recognized as collected. Additional details are provided in Note 8 – Leases.

#### **Other Assets**

Balances reported as Other Assets consist mostly of prepaid expenses along with other miscellaneous deposit balances. The Other Assets reported in the Non-Current section include the A&M System's share of a split interest agreement.

#### **Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Livestock held for educational purposes is recorded at estimated fair value. The capitalization threshold for personal property is \$5,000. The capitalization threshold is \$100,000 for buildings and building improvements, facilities and other improvements, purchased software, land use rights with terms, and leasehold improvements. Infrastructure has a capitalization threshold of \$500,000. Internally developed software has a capitalization threshold of \$1,000,000. All land, land improvements, permanent land use rights, library books/materials, museums/collections, and works of art/historical treasures are capitalized.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets; generally, 10 to 30 years for buildings and building improvements, 10 to 45 years for infrastructure, 4 to 15 years for equipment, and 15 years for library books.

#### **Right-to-Use-Assets**

Right-to-Use (RTU) assets represent the right to use another entity's nonfinancial asset (building, land, equipment, subscription software, etc.) for a specified period of time as defined in the lease contract. RTU assets and the related lease liability are recognized at the lease commencement date and measured based on the present value of future lease payments. The minimum threshold for capitalizing RTU assets is based on the net present value of future payments, \$100,000 per unit for leases (building, land, equipment) and \$500,000 per contract for software-based information technology arrangements (SBITA).

#### **Liabilities**

##### **Payables**

Payable balances are grouped into various payable categories on the Statement of Net Position. Accounts payable represents the liability for the value of assets or services received, as of the date of the financial statements, for which payment is pending. Payroll payable includes accrued salary, wages, and benefits. The investment trades category reports pending security purchases traded and not settled as of the end of the reporting period. Self-insured health and dental payable represents a liability for self-insured group health and dental insurance plan coverage. Other payables include a variety of items, including payables for investment manager fees, sales taxes, and student liabilities.

##### **Lease Liabilities**

Lease liabilities represent the A&M System's obligation to make lease payments arising from leases meeting the \$100,000 threshold per RTU asset, excluding short-term leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted based on a borrowing rate determined by the A&M System. Short-term leases, those with a maximum period of 12 months, are expensed as incurred. Additional details are provided in Note 8 - Leases and Software Subscriptions.

##### **Software Subscriptions**

Subscription-Based Information Technology Arrangements (SBITA) are contracts that involve control over the right to use another party's IT software or IT software combined with tangible capital assets for a specified period. Software subscription liabilities represent the A&M System's obligation to make software payments arising from contracts meeting the \$500,000 threshold per contract, excluding short-term contracts with a term of less than 12 months.

Software subscription liabilities are recognized at the commencement date based on the present value of future payments over the remaining term of the contract. The present value of future payments is discounted based on a borrowing rate determined by the A&M System. Short-term leases, those with a maximum period of 12 months, are expensed as incurred. See Note 8 - Leases and Software Subscriptions for additional details.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Asset Retirement Obligations (AROs)**

An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. AROs result from the normal operations of tangible capital assets and include legally enforceable liabilities associated with the asset's retirement, disposal, and any associated environmental remediation. The A&M System is reporting AROs related to radioactive material licenses and nuclear research facilities, as detailed in Note 5 - Long-Term Liabilities.

#### **Notes from Direct Borrowings**

Notes from Direct Borrowings are reported in the liabilities section of the proprietary Statement of Net Position and represent debt from contractual obligations to make one or more payments over time to settle a contractual obligation. For the A&M System, this is for financed purchases for capital assets. See Note 5 - Long-Term Liabilities for additional details.

#### **Pension Liability, and related Deferred Outflows and Deferred Inflows of Resources**

The pension values provided by the Texas Comptroller's Office define the Texas A&M System's proportional share of the Teacher Retirement System of Texas (TRS) unfunded pension liability. TRS is a public employee retirement system (PERS) which is a multiple-employer, cost sharing, defined benefit pension plan. The plan is administered through a trust. For more information, see Note 9 - Pension Plans and Optional Retirement Program.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TRS plan and additions to/deductions from TRS' fiduciary net position have been determined on the full accrual basis. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

#### **Other Post-Employment Benefits (OPEB), and related Deferred Outflows and Deferred Inflows of Resources**

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees in accordance with State statutes. These benefits are provided to the A&M System's retirees under the A&M System group insurance program, which is a single-employer defined benefit Other Post-Employment (OPEB) plan. The State contributes to the cost of each participant's insurance coverage.

The total current and non-current OPEB liability, deferred outflows of resources and deferred inflows of resources is measured based on a calculation prepared by the A&M System's actuary. For more information, see Note 11 – Postemployment Health Care and Life Insurance Benefits.

#### **Unearned Revenue**

The A&M System members record receivables when revenue is earned but not collected. Unearned revenue is recognized when cash is received prior to revenue recognition, and is considered a liability.

#### **Deferred Outflows of Resources and Deferred Inflows of Resources**

The proprietary Statement of Net Position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period, and have a positive effect on net position, similar to assets. Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period, and have a negative effect on net position, similar to liabilities.

## **UNAUDITED**

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Revenues and Expenses**

Operating revenues include activities such as student tuition and fees, net sales and services of auxiliary enterprises, and most federal, state and local grants and contracts. Operating expenses include salaries and wages, payroll related costs, professional fees and services, materials and supplies, and scholarships.

Nonoperating revenues include activities such as State appropriations, gifts and contributions, investment income and other revenue sources which are defined as nonoperating revenues by the GASB (Governmental Accounting Standards Board). Nonoperating expenses include activities such as interest expense on capital asset financings, and other expenses.

#### **Net Position**

Net Position is the difference between assets plus deferred outflows of resources, less liabilities plus deferred inflows of resources.

#### **Net Investment in Capital Assets**

Net investment in capital assets, consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bond, notes and other debt attributed to the acquisition, construction or improvement of those assets.

#### **Restricted Net Position**

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted assets are available for use, restricted resources are used first, then unrestricted resources are used as needed.

#### **Unrestricted Net Position**

Unrestricted net position consists of net resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management but can be removed or modified.

#### **Other Significant Accounting Policies**

The combined financial statements for the A&M System include the proprietary and fiduciary financial statements of each member of the A&M System, including the A&M System Offices, as well as the Texas A&M Research Foundation (Research Foundation). Due to/from, transfers, federal and state pass throughs between A&M System members have been eliminated.

Certain operations provide goods and services to internal customers. These operations include activities such as self- insured programs, repairs & maintenance, utilities, computer services, and other services with interdepartmental activities. The revenues were eliminated to the extent of expenses for these internal transactions in the proprietary Statement of Revenues, Expenses, and Changes in Net Position to avoid inflating revenues and expenses. Receivables and payables between A&M System members were eliminated except those arising from service department operations and auxiliary enterprises, which are considered to be exchange in nature.

An endowment appreciation reserve was created in the fiscal year 1997 for the purpose of providing a consistent and predictable income stream for the System Endowment Fund. The appreciation reserve is

## **UNAUDITED**

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

administered by the A&M System Offices. All realized gains and losses are deposited to or funded from the appreciation reserve, and distributions from the reserve are used to supplement current income when the income received is insufficient to meet the required distribution in accordance with the System Endowment Fund spending policy.

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

### Note 2 - Capital Assets

The proprietary fund summary of changes in Capital Assets for the year ended August 31, 2024 is presented below.

Capital Asset Activity							
	Beginning Balance	Adjustments	Completed CIP	Interagency Transactions	Additions	Deletions	Ending Balance
<b>Non-Depreciable/Amortizable Assets</b>							
Land and Land Improvements	\$ 246,526,429.10	\$ -	\$ 584,000.28	\$ -	\$ 24,811,436.56	\$ (89,035.22)	\$ 271,832,830.72
Construction in Progress	1,305,189,261.79	-	(420,873,057.29)	-	755,185,279.16	(2,921.00)	1,639,498,562.66
Other Tangible Capital Assets	73,752,373.75	-	25,540.96	-	896,093.19	(793,541.00)	73,880,466.90
Land Use Rights	119,070.00	-	-	-	-	-	119,070.00
<b>Non-Depreciable/Amortizable Assets</b>	<b>1,625,587,134.64</b>	<b>-</b>	<b>(420,263,516.05)</b>	<b>-</b>	<b>780,892,808.91</b>	<b>(885,497.22)</b>	<b>1,985,330,930.28</b>
<b>Depreciable Assets</b>							
Buildings	8,333,970,582.33	176,820.01	332,183,666.09	8,357,295.91	9,732,881.12	(43,703,803.78)	8,640,717,441.68
Infrastructure	1,118,192,752.28	-	39,583,385.09	-	890,026.62	(797,692.51)	1,157,868,471.48
Facilities and Other Improvements	1,142,621,334.55	-	21,163,304.67	-	684,772.38	(421,599.85)	1,164,047,811.75
Furniture and Equipment	1,242,011,177.95	66,825.79	20,973,907.42	860,634.29	115,011,102.11	(44,542,417.29)	1,334,381,230.27
Vehicles, Boats and Aircraft	180,865,471.54	(5,018.81)	1,401,428.00	(101,023.60)	27,449,791.77	(4,792,059.64)	204,818,589.26
Other Capital Assets	221,529,238.39	(176,820.01)	7,350.00	-	7,702,433.46	(10,099,104.23)	218,963,097.61
<b>Total Depreciable Assets</b>	<b>12,239,190,557.04</b>	<b>61,806.98</b>	<b>415,313,041.27</b>	<b>9,116,906.60</b>	<b>161,471,007.46</b>	<b>(104,356,677.30)</b>	<b>12,720,796,642.05</b>
<b>Less Accumulated Depreciation</b>							
Buildings	(4,198,655,386.61)	(4,018.62)	-	(7,804,891.10)	(343,147,863.35)	25,513,968.73	(4,524,098,190.95)
Infrastructure	(590,350,898.16)	-	-	-	(45,825,991.28)	-	(636,176,889.44)
Facilities and Other Improvements	(501,671,771.45)	-	-	-	(38,882,798.47)	66,035.25	(540,488,534.67)
Furniture and Equipment	(921,875,668.28)	(66,825.79)	-	(758,479.24)	(89,957,618.66)	27,434,495.74	(985,224,096.23)
Vehicles, Boats and Aircraft	(133,800,253.29)	5,018.81	-	65,539.90	(13,516,538.09)	4,027,211.73	(143,219,020.94)
Other Capital Assets	(171,315,970.83)	4,018.62	-	-	(7,268,551.59)	5,744,405.62	(172,836,098.18)
<b>Total Accumulated Depreciation</b>	<b>(6,517,669,948.62)</b>	<b>(61,806.98)</b>	<b>-</b>	<b>(8,497,830.44)</b>	<b>(538,599,361.44)</b>	<b>62,786,117.07</b>	<b>(7,002,042,830.41)</b>
<b>Depreciable Assets, Net</b>	<b>5,721,520,608.42</b>	<b>-</b>	<b>415,313,041.27</b>	<b>619,076.16</b>	<b>(377,128,353.98)</b>	<b>(41,570,560.23)</b>	<b>5,718,753,811.64</b>
<b>Amortizable Assets - Intangible</b>							
Land Use Rights	255,457.00	-	-	-	-	-	255,457.00
Computer Software	128,251,575.81	-	4,950,474.78	-	1,443,507.45	(156,976.39)	134,488,581.65
<b>Total Intangible Assets- Amortizable</b>	<b>128,507,032.81</b>	<b>-</b>	<b>4,950,474.78</b>	<b>-</b>	<b>1,443,507.45</b>	<b>(156,976.39)</b>	<b>134,744,038.65</b>
<b>Less Accumulated Amortization</b>							
Land Use Rights	(255,457.00)	-	-	-	-	-	(255,457.00)
Computer Software	(118,774,442.62)	-	-	-	(4,926,829.02)	156,976.39	(123,544,295.25)
<b>Total Accumulated Amortization</b>	<b>(119,029,899.62)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,926,829.02)</b>	<b>156,976.39</b>	<b>(123,799,752.25)</b>
<b>Amortizable Intangible Assets, Net</b>	<b>9,477,133.19</b>	<b>-</b>	<b>4,950,474.78</b>	<b>-</b>	<b>(3,483,321.57)</b>	<b>-</b>	<b>10,944,286.40</b>
<b>Total Capital Assets, Net</b>	<b>\$7,356,584,876.25</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 619,076.16</b>	<b>\$ 400,281,133.36</b>	<b>\$(42,456,057.45)</b>	<b>\$ 7,715,029,028.32</b>



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**The Texas A&M University System  
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For the Year Ended August 31, 2024**

<b>Capital Asset Activity-Continued</b>								
	<b>Beginning Balance</b>	<b>Adjustments</b>	<b>Completed CIP</b>	<b>Interagency Transactions</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	
<b>Right-to-Use Assets</b>								
RTU-Land and Land								
Improvements	\$ 123,522.07	\$ -	\$ -	\$ -	\$ 5,031,259.28	\$ -	\$ 5,154,781.35	
RTU-Building and Building								
Improvements	225,182,303.97	-	-	-	8,178,200.23	(6,002,967.62)	227,357,536.58	
RTU-Equipment	2,419,254.42	-	-	-	742.48	(329,815.92)	2,090,180.98	
RTU-Software Subscription	62,451,034.36				8,632,705.66	(952,158.91)	70,131,581.11	
Total Right-to-Use Assets	290,176,114.82	-	-	-	21,842,907.65	(7,284,942.45)	304,734,080.02	
Less Accumulated Amortization for RTU Assets								
RTU-Land and Land								
Improvements	(33,686.64)	-	-	-	(142,642.86)	-	(176,329.50)	
RTU-Building and Building								
Improvements	(35,551,886.95)	-	-	-	(22,860,662.05)	5,265,764.34	(53,146,784.66)	
RTU-Equipment	(639,112.32)				(494,691.48)	329,815.92	(803,987.88)	
RTU-Software Subscription	(17,184,941.94)	-	-	-	(19,383,445.22)	952,158.91	(35,616,228.25)	
Total Accumulated Amortization-RTU Assets	(53,409,627.85)	-	-	-	(42,881,441.61)	6,547,739.17	(89,743,330.29)	
<b>Right-to-Use Assets, Net</b>	<b>\$ 236,766,486.97</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (21,038,533.96)</b>	<b>\$ (737,203.28)</b>	<b>\$ 214,990,749.73</b>	
<b>Total Capital and Right-to-Use Assets, Net</b>								
	<b>\$7,593,351,363.22</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 619,076.16</b>	<b>\$ 379,242,599.40</b>	<b>\$ (43,193,260.73)</b>	<b>\$ 7,930,019,778.05</b>	

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Note 3 - Deposits, Investments and Repurchase Agreements

The *Texas Education Code*, Title III, Chapter 51.0031 grants authority for a governing board to invest funds under prudent person standards “if a governing board has under its control at least \$25 million in book value of endowment funds.”

The A&M System’s investment policy authorizes the following types of investments: U.S. Government obligations, U.S. Government Agency obligations, other government obligations, corporate obligations, equity, international obligations, international equity, certificates of deposit, banker’s acceptances, negotiable certificates of deposit, money market mutual funds, mutual funds, repurchase agreements, venture capital, private equity, hedge funds, Real Estate Investment Trusts (REITs), securities lending, derivatives, timber, bank loans, energy and real estate.

#### Deposits of Cash in Bank

Cash in bank consists of all cash in local and foreign banks. These amounts are reported on the Proprietary and Fiduciary Combined Statements of Net Position as part of the “Cash and Cash Equivalents” line items. The table below summarizes cash balances as of August 31, 2024.

Cash in Bank		
Balance	Proprietary Funds	Fiduciary Funds
Bank Balance	\$12,969,595.35	\$443,916.36
Carrying Amount	\$12,148,339.33	\$443,916.36

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The A&M System’s policy requires collateral of 102% pledged against all deposits and limits the amounts of funds which may be deposited with any bank to the lesser of \$100,000,000 or 10% of total deposits. The A&M System regulation applicable to working fund bank accounts requires the Chancellor, or designee, to approve a working fund in any bank with which the A&M System does not have a depository agreement. As permitted by the Texas Education Code, Title III, Chapter 51.003, the A&M System maintained foreign bank accounts to accommodate operational needs for educational programs in Qatar. During fiscal year 2024, the A&M System held bank accounts in Doha, Qatar for the operation of Texas A&M University at Qatar and Texas A&M Engineering Experiment Station research centers that have locations in Qatar. The daily average exposure during fiscal year 2024 was \$1,342,472.16. No appropriated or tuition funds other than those collected from students enrolled in the affected programs are deposited with the foreign bank. The funds held in Qatar were not insured or collateralized. As of August 31, 2024, the balance was \$439,931.24, all of which is proprietary and included in the Bank Balances Exposed to Custodial Credit Risk table on the following page.

Incidental amounts of various foreign currencies are temporarily held through Bank of New York (BNY), its foreign branches, and/or foreign sub-custodian banks. These amounts represent funds related to trade settlement, interest, and/or dividend payments received in foreign currencies that are not yet converted to U.S. dollars. Such deposits of foreign currency are not insured or collateralized and are subject to custodial risk and the risk of fluctuations in exchange rates. As of August 31, 2024, uncollateralized foreign currency

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

held by or through BNY included proprietary funds of \$3,506,262.15 and fiduciary funds of \$223,793.46. These amounts are included in the Bank Balances Exposed to Custodial Credit Risk table below.

Funds received by the A&M System's investment custodian after the cut-off time for investment in the money market fund (due to late wire deposits and/or failed transactions) remain as cash and are not invested until the following business day. For each occurrence during fiscal year 2024, the first \$250,000.00 of uninvested cash was insured by the FDIC. All balances in excess of the FDIC coverage, were fully collateralized by pledged securities held in a separate pool by the pledging financial institution, BNY. As of August 31, 2024, the uninvested cash balance included \$1,907,799.64 of proprietary funds and \$119,869.46 of fiduciary funds, of which \$250,000.00 was covered by FDIC insurance and the remaining was collateralized as described above.

The bank balances (including foreign currency balances), exposed to custodial credit risk as of August 31, 2024, are presented in the table below.

<b>Bank Balances Exposed to Custodial Credit Risk</b>	
	<b>Uninsured and Uncollateralized</b>
Proprietary Funds	\$3,946,193.39
Fiduciary Funds	\$223,793.46

Foreign currency risk for deposits is the risk that changes in exchange rates will adversely affect the deposits. The A&M System does not have a deposit policy for foreign currency risk. The exposure to foreign currency risk for deposits as of August 31, 2024, is presented in the following table.

<b>Bank Balances Exposed to Foreign Currency Risk</b>		
<b>Currency</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Brazilian Real	\$ 56,923.18	\$ 3,633.39
British Pound	69.88	7.75
Euro	1,908,656.03	121,813.57
Hong Kong Dollar	752,443.47	48,026.79
Qatar Riyal	439,931.24	-
Swiss Franc	788,169.59	50,311.96
Total	<u>\$ 3,946,193.39</u>	<u>\$ 223,793.46</u>

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Investments**

Investments are presented according to the hierarchy of inputs used to measure fair value.

- Level 1 has been assigned to investments for which quoted prices (unadjusted) are available for identical assets in active markets on the measurement date. These assets include equities (common stock, listed ADRs and listed preferred stock), exchange-traded mutual funds, exchange-traded options, money market funds and U.S. Treasury securities.
- Level 2 has been assigned to investments for which there are inputs, other than quoted prices, that are observable for an asset or liability, either directly or indirectly. These assets include cash equivalents, collateralized mortgage obligations, corporate bonds, mortgage-backed securities, municipal bonds, non-exchange traded options, short-term obligations, U.S. agency securities.
- Level 3 has been assigned to assets to which there are unobservable inputs. Examples of these assets are certain commingled funds and private equity partnerships (discussed below).

The net asset value per share (NAV), or its equivalent, may be used for an investment that does not have a readily determined fair value, provided the NAV is calculated consistent with the Financial Accounting Standards Board's (FASB) measurement principles for investment companies. The NAV is commonly used for certain alternative investments (such as private equity funds, hedge funds and certain commingled funds). The A&M System invests in private investments and limited partnerships including hedge funds, private equity, commingled funds, venture capital, natural resources, energy, and real estate. The fair value of these investments is based on the investment manager determined NAV as allowed by the standard. The valuations at the date provided by the investment managers have been adjusted by rolling forward to August 31, 2024, to include the following events: capital contributions or distributions since the most recent investment manager valuation date reported to the A&M System, changes in the composition of assets or liabilities reported by the investment manager since the valuation date of the NAV, and fair value changes of assets or liabilities reported since the investment manager valuation date. In the case of certain hedge funds, the A&M System has adjusted the reported July 31, 2024, NAV by the estimated performance as of August 31, 2024, as reported by the investment manager and by any cash inflows and outflows since the investment manager valuation date.

The repurchase agreements held by Texas Treasury Safekeeping Trust Company (TTSTC) are reported at amortized cost.

Mineral rights held for the purpose of generating income are reported at fair value based on three times the previous twelve months of income. The fair value reported as of August 31, 2024, is \$140,023,507.77 (\$139,984,959.06 Proprietary and \$38,548.71 Fiduciary).

The A&M System invests in private equity technology partnerships through A&M System Technology Commercialization. The fair value of these investments is estimated based on the cost (pro-rata share of contributed capital based on percentage ownership in the company) or 3<sup>rd</sup> party pricing of stock (based on fund raising). Adjustments are made for impairments, such as the termination of a license agreement or inactivity of the company. The fair value reported as of August 31, 2024, is \$4,951,740.52, all of which is proprietary.

Texas Woman's University (TWU) invests in the A&M System investment pools as authorized by Chapter 51.0031 of the Texas Education Code. As of August 31, 2024, the A&M System Cash Concentration Pool

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

and System Endowment Fund included investments valued at \$239,968,191.56 for TWU. These amounts are categorized as fiduciary funds.

The following tables display the fair value of investments as of August 31, 2024, as reported in the financial statements and detailed by investment type. The investment type table includes categories to show the level of inputs used in determining the fair value of investments.

#### Proprietary Investments per Financial Statements

##### Schedule of Cash & Cash Equivalents

Cash Equivalents	\$	717,375,071.51
Restricted Cash Equivalents		571,616,472.18

##### Statement of Net Position

Non-Current Investments	5,394,590,970.96
Non-Current Restricted Investments	1,292,970,981.98
Total Investments	<u>\$ 7,976,553,496.63</u>

#### Fiduciary Investments per Financial Statements

##### Schedule of Cash & Cash Equivalents

Cash Equivalents	\$	1,288,575.03
Restricted Cash Equivalents		40,548,276.70

##### Statement of Net Position

Investments	1,970,940.91
Restricted Investments	422,700,456.75
Total Investments	<u>\$ 466,508,249.39</u>

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

Proprietary Funds - Investment Fair Value						
Investment Type	Fair Value Hierarchy					Total Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	
U.S. Treasury Securities	\$ 273,204,114.30	\$ -	\$ -	\$ -	\$ -	\$ 273,204,114.30
U.S. Treasury TIPS	2,226,807.30	-	-	-	-	2,226,807.30
U.S. Government Agency Obligations	-	250,728,304.11	-	-	-	250,728,304.11
Corporate Obligations	-	430,028,327.21	49,483,996.72	-	-	479,512,323.93
Corporate Asset and Mortgage Backed Securities	-	119,482,881.50	-	-	-	119,482,881.50
U.S. Equity	1,308,061,923.63	-	-	-	-	1,308,061,923.63
International Obligations	-	193,461,363.86	3,972,478.67	-	-	197,433,842.53
International Equity	599,852,537.84	-	-	-	-	599,852,537.84
Repurchase Agreements - TTSTC	-	-	-	405,889.72	-	405,889.72
Fixed Income Money Market & Bond Mutual Fund	1,723,293,652.02	-	-	-	-	1,723,293,652.02
Mutual Funds - U.S. Equity	58,460.78	-	-	-	-	58,460.78
Mutual Funds - International Equity	17,764.24	-	-	-	-	17,764.24
Other Commingled Funds - Fixed Income	21,459,075.44	-	19,322,413.76	-	-	40,781,489.20
International Other Commingled Funds - Equity	511,179,773.65	-	287,805,977.64	-	235,886,770.81	1,034,872,522.10
Real Estate - Mineral Rights	-	-	139,984,959.06	-	-	139,984,959.06
Alternative Investments - Hedge Funds						
Domestic	-	-	-	-	886,486,526.46	886,486,526.46
International	-	-	-	-	514,411,273.70	514,411,273.70
Alternative Investments - Limited Partnerships and Research Commercialization						
Private Equity	-	-	4,951,740.52	-	116,373,972.12	121,325,712.64
International Private Equity	-	-	-	-	93,075,244.90	93,075,244.90
Real Estate	-	-	-	-	38,151,356.77	38,151,356.77
International Real Estate	-	-	-	-	21,127,038.16	21,127,038.16
Natural Resources	-	-	-	-	89,249,508.94	89,249,508.94
International Natural Resources	-	-	-	-	33,054,468.61	33,054,468.61
Other Investments						
Political Subdivisions	-	9,754,894.19	-	-	-	9,754,894.19
Total Investments	\$ 4,439,354,109.20	\$ 1,003,455,770.87	\$ 505,521,566.37	\$ 405,889.72	\$ 2,027,816,160.47	\$ 7,976,553,496.63

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**The Texas A&M University System  
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Fiduciary Funds - Investment Fair Value					
Investment Type	Fair Value Hierarchy				Total Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value	
U.S. Treasury Securities	\$ 14,506,439.76	\$ -	\$ -	\$ -	\$ 14,506,439.76
U.S. Treasury - TIPS	127,146.33	-	-	-	127,146.33
U.S. Government Agency Obligations	-	14,447,656.11	-	-	14,447,656.11
Corporate Obligations	-	24,385,430.72	3,080,208.75	-	27,465,639.47
Corporate Asset and Mortgage Backed Securities	-	6,050,121.65	-	-	6,050,121.65
U.S. Equity	83,110,018.79	-	-	-	83,110,018.79
International Obligations	-	11,022,096.43	250,292.90	-	11,272,389.33
International Equity	38,189,868.72	-	-	-	38,189,868.72
Fixed Income Money Market & Bond Mutual Fund	67,000,913.03	-	-	-	67,000,913.03
Mutual Funds - U.S. Equity	1,530,647.33	-	-	-	1,530,647.33
Mutual Funds - International Equity	52,582.48	-	-	-	52,582.48
Other Commingled Funds - Fixed Income	1,373,976.07	-	1,236,173.15	-	2,610,149.22
International Other Commingled Funds - Equity	32,390,461.35	-	18,052,265.05	15,123,901.85	65,566,628.25
Real Estate - Mineral Rights	-	-	38,548.71	-	38,548.71
Alternative Investments - Hedge Funds					
Domestic	-	-	-	54,400,905.94	54,400,905.94
International	-	-	-	31,661,542.99	31,661,542.99
Alternative Investments - Limited Partnerships					
Private Equity	-	-	-	14,222,435.07	14,222,435.07
International Private Equity	-	-	-	11,375,023.15	11,375,023.15
Real Estate	-	-	-	4,662,599.24	4,662,599.24
International Real Estate	-	-	-	2,582,002.86	2,582,002.86
Natural Resources	-	-	-	10,907,467.74	10,907,467.74
International Natural Resources	-	-	-	4,039,692.25	4,039,692.25
Other Investments					
Political Subdivisions	-	518,572.25	-	-	518,572.25
Annuity	169,258.72	-	-	-	169,258.72
Total Investments	\$ 238,451,312.58	\$ 56,423,877.16	\$ 22,657,488.56	\$ 148,975,571.09	\$ 466,508,249.39

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

The investments measured at Net Asset Value (NAV) as of August 31, 2024, including unfunded commitments, are presented in the following tables.

Proprietary Funds - Investments Reported at Net Asset Value (NAV)						
		Redemption				
Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
<b>Commingled Funds</b>						
International Equity	\$ 235,886,770.81	Monthly	Monthly	3 days	10 days	
<b>Hedge Funds*</b>						
Domestic	886,486,526.46	Quarterly	Semi-Annually	65 days	1.75 years	
International	514,411,273.70	Quarterly	Semi-Annually	65 days	1.75 years	
<b>Limited Partnerships</b>						
Private Equity	116,373,972.12	N/A	N/A	N/A	N/A	\$ 64,442,549.14
International Private Equity	93,075,244.90	N/A	N/A	N/A	N/A	48,741,096.76
Real Estate	38,151,356.77	N/A	N/A	N/A	N/A	23,885,422.11
International Real Estate	21,127,038.16	N/A	N/A	N/A	N/A	8,590,083.55
Natural Resources	89,249,508.94	N/A	N/A	N/A	N/A	45,899,474.70
International Natural Resources	33,054,468.61	N/A	N/A	N/A	N/A	15,646,843.10
Total	<u>\$2,027,816,160.47</u>					<u>\$207,205,469.36</u>

\*Of the total Hedge Fund Fair Value, \$38,900,032.82 is invested in funds that are considered illiquid and not immediately eligible for redemption. The Frequency Range and Notice Period ranges for this portion of Hedge Funds are not applicable. The illiquid portion of Hedge Funds is fully funded.



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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

Fiduciary Funds - Investments Reported at Net Asset Value (NAV)						
		Redemption				
Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
<b>Commingled Funds</b>						
International Equity	\$ 15,123,901.85	Monthly	Monthly	3 days	10 days	
<b>Hedge Funds*</b>						
Domestic	54,400,905.94	Quarterly	Semi-Annually	65 days	1.75 years	
International	31,661,542.99	Quarterly	Semi-Annually	65 days	1.75 years	
<b>Limited Partnerships</b>						
Private Equity	14,222,435.07	N/A	N/A	N/A	N/A	\$ 7,875,729.89
International Private Equity	11,375,023.15	N/A	N/A	N/A	N/A	5,956,805.21
Real Estate	4,662,599.24	N/A	N/A	N/A	N/A	2,919,113.78
International Real Estate	2,582,002.86	N/A	N/A	N/A	N/A	1,049,821.56
Natural Resources	10,907,467.74	N/A	N/A	N/A	N/A	5,609,521.50
International Natural Resources	4,039,692.25	N/A	N/A	N/A	N/A	1,912,250.70
Total	<u>\$ 148,975,571.09</u>					<u>\$ 25,323,242.64</u>

\*Of the total Hedge Fund Fair Value, \$2,855,700.18 is invested in funds that are considered illiquid and not immediately eligible for redemption. The Frequency Range and Notice Period ranges for this portion of Hedge Funds are not applicable. The illiquid portion of Hedge Funds is fully funded.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The A&M System's investment policy requires that direct repurchase agreements and security lending transactions be fully collateralized by obligations authorized under the A&M System investment policy and such collateral be held by a third party. There was no custodial credit risk related to securities lending or repurchase agreements as of August 31, 2024. The A&M System did not participate in a securities lending program during fiscal year 2024 and the only direct repurchase agreement investments were held through Texas Treasury Safekeeping Trust Company.

Foreign investments are administered in book entry form by the A&M System's custodian, Bank of New York (BNY) Asset Servicing, through a network of international securities depositories and subcustodians. Non-U.S. securities held at international securities depositories are processed through those entities (Euroclear Bank and Clearstream). Securities held at local non-U.S. market depositories are processed through BNY's subcustodian network. Subcustodians settle transactions based on instructions from BNY Asset Servicing. BNY Asset Servicing settles transactions directly in the U.K., the U.S., Germany, France, the Netherlands, Ireland, Italy, Belgium, the Cayman Islands and the Channel Islands. Funds are received upon the delivery of securities in connection with sale transactions and funds are paid in connection with purchase transactions upon receipt of securities, unless contrary to market practice or client instruction. In the event that funds are not received or delivered on the settlement date, the settlement "fails." Failed trades are monitored daily, weekly, or monthly (as appropriate) via the applicable custody system to help facilitate resolution in a timely manner. On a daily basis, the subcustodians send confirmations of settlement to the

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

custodian which are reconciled to the custody system. Subcustodians are evaluated by the custodian prior to selection and reviewed throughout the year to ensure overall service performance is maintained and verify compliance with various regulatory requirements. Subcustodians must meet high standards and have stringent controls. BNY identifies subcustodians who are leaders in the securities processing industry in their respective countries. Subcustodians are initially selected and annually monitored on operational risk, financial risk, legal/regulatory risk and reputational risk. A full credit review is performed prior to selection and annually thereafter.

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investments. The A&M System's policy authorizes the utilization of derivatives for the purpose of hedging currency risk but does not otherwise address foreign currency risk. The exposure to foreign currency risk as of August 31, 2024, is presented in the following tables.

<b>Proprietary Funds - Investments Exposed to Foreign Currency Risk</b>					
<b>Currency</b>	<b>International Obligations</b>	<b>International Equity</b>	<b>International Equity Mutual Funds</b>	<b>International Equity Commingled Funds</b>	<b>International Alternative Investments</b>
U.S. Dollar Foreign Securities	\$ 197,433,842.53	\$ 284,335,309.80	\$ 17,764.24	\$ 1,034,872,522.10	\$ 652,579,830.45
Brazil Real		8,256,612.72			
British Pound		33,916,218.81			3,556,179.48
Euro		136,708,696.36			5,532,015.44
Hong Kong Dollar		14,579,690.92			
Japanese Yen		61,425,086.89			
Mexican Peso		9,757,184.08			
Singapore Dollar		5,688,579.04			
South Korean Won		17,899,808.34			
Swiss Franc		27,285,350.88			
<b>Total</b>	<b>\$ 197,433,842.53</b>	<b>\$ 599,852,537.84</b>	<b>\$ 17,764.24</b>	<b>\$ 1,034,872,522.10</b>	<b>\$ 661,668,025.37</b>

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**The Texas A&M University System  
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<b>Fiduciary Funds - Investments Exposed to Foreign Currency Risk</b>					
<b>Currency</b>	<b>International Obligations</b>	<b>International Equity</b>	<b>International Equity Mutual Funds</b>	<b>International Equity Commingled Funds</b>	<b>International Alternative Investments</b>
U.S. Dollar Foreign Securities	\$ 11,272,389.33	\$ 18,052,501.29	\$ 52,582.48	\$ 65,566,628.25	\$ 48,547,563.91
Brazil Real		527,019.50			
British Pound		2,164,146.94			434,612.06
Euro		8,725,603.81			676,085.28
Hong Kong Dollar		930,594.53			
Japanese Yen		3,920,687.73			
Mexican Peso		622,786.73			
Singapore Dollar		363,101.49			
South Korean Won		1,142,563.02			
Swiss Franc		1,740,863.68			
<b>Total</b>	<u><u>\$ 11,272,389.33</u></u>	<u><u>\$ 38,189,868.72</u></u>	<u><u>\$ 52,582.48</u></u>	<u><u>\$ 65,566,628.25</u></u>	<u><u>\$ 49,658,261.25</u></u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The A&M System's investment policy requires that traditional fixed income securities have a long-term rating of B or better at the time of purchase and traditional fixed income portfolios maintain an overall credit rating of A or better. Securities using short-term credit ratings must be rated at least A-2, P-2, F-2 or equivalent. As of August 31, 2024, the A&M System's credit quality distribution for securities with credit risk exposure is presented in the following tables.

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**The Texas A&M University System  
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<b>Proprietary Funds</b>								
<b>Investments Exposed to Credit Risk - Standard &amp; Poor's (in thousands)</b>								
<b>Investment Type</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>B</b>	<b>CCC</b>	<b>Not Rated by S&amp;P</b>
U.S. Government Agency Obligations	283	233,792		5,709	4,939			6,005
Corporate Obligations	2,674	14,935	79,745	238,432	82,735	53,259	1,185	6,547
Corporate Asset and Mortgage Backed Securities	52,348	18,445	10,893	3,559	430			33,808
International Obligations		601	42,717	114,544	28,149	2,401		9,022
Repurchase Agreements (TTSTC)		406						
Fixed Income Money Market and Bond Mutual Fund	1,723,294							
Other Commingled Funds - Fixed Income								40,781
Other Investments (Municipals)		3,193	3,304					3,258

<b>Fiduciary Funds</b>								
<b>Investments Exposed to Credit Risk - Standard &amp; Poor's (in thousands)</b>								
<b>Investment Type</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>B</b>	<b>CCC</b>	<b>Not Rated by S&amp;P</b>
U.S. Government Agency Obligations	14	13,619		279	242			294
Corporate Obligations	131	806	4,445	13,336	4,915	3,287	74	471
Corporate Asset and Mortgage Backed Securities	2,581	1,037	547	174	29			1,682
International Obligations		29	2,309	6,580	1,715	153		487
Fixed Income Money Market and Bond Mutual Fund	67,001							
Other Commingled Funds - Fixed Income								2,610
Other Investments (Municipals)		184	176					159

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2024, no single issuer represented more than 4.9% of the A&M System's total investments.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

The A&M System's investment policy states that no more than 4.9% of the voting stock of any one corporation be owned by the A&M System at any given time. The A&M System maintained compliance with this policy throughout fiscal year 2024.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the A&M System manages its exposure to fair value losses arising from changing interest rates by requiring traditional fixed income managers to maintain duration of +/- 30% of the effective duration of the appropriate index. In addition, the A&M System's policy limits the duration of its short-term investment portfolio to a maximum of one year. The A&M System's exposure to interest rate risk is presented on the following page using the effective duration method.

Investments Exposed to Interest Rate Risk				
Investment Type	Proprietary Funds		Fiduciary Funds	
	Effective Duration	Fair Value	Effective Duration	Fair Value
U.S. Treasury Securities	6.244	\$ 273,204,114.30	6.575	\$14,506,439.76
U.S. Treasury TIPS	22.340	2,226,807.30	22.340	127,146.33
U.S. Government Agency Obligations	5.378	250,728,304.11	5.460	14,447,656.11
Corporate Obligations	3.911	479,512,323.93	4.009	27,465,639.47
Corporate Asset and Mortgage Backed Securities	2.520	119,482,881.50	2.472	6,050,121.65
International Obligations	4.361	197,433,842.53	4.466	11,272,389.33
Repurchase Agreements (TTSTC)	0.003	405,889.72	-	-
Other Commingled Funds - Fixed Income	2.699	40,781,489.20	2.662	2,610,149.22
Other Investments - Municipals	7.117	9,754,894.19	7.198	518,572.25
Total		<u>\$ 1,373,530,546.78</u>		<u>\$76,998,114.12</u>

#### Securities Lending

The A&M System did not participate in any securities lending programs during fiscal year 2024.

#### Derivative Investing

The A&M System Investment Policy allows investment in certain derivative securities to modify risk/return characteristics or to cost-effectively implement a change in asset allocation. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index.

The A&M System entered into forward currency contracts for the purpose of hedging international currency risk on certain non-U.S. dollar denominated investment securities. When entering into a forward currency contract, the A&M System agrees to receive or deliver a fixed quantity of foreign currency for an agreed-

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

upon price on a certain future date. These contracts are valued daily and the A&M System's net equity in the contracts, representing unrealized gain or loss on the contracts, as measured by the differences between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date is recognized on the Statement of Revenues, Expenses, and Changes in Net Position as investment income or loss. The unrealized gain on open foreign currency exchange contracts is reported as an investment derivative and the unrealized loss is included with trade payables. The foreign currency forwards are traded over-the-counter and categorized as Level 2 of the fair value hierarchy.

These investments involve market and/or credit risk in excess of the amount recognized in the consolidated Statement of Net Position. Risks arise from the possibility that counterparties will be unable to meet the terms of their contracts and from movement in currency, securities values and interest rates. There were no open forward currency exchange derivative contracts as of August 31, 2024.

Several investment strategies in which the A&M System invests may employ the use of forward currency exchange contracts as a hedge in connection with portfolio purchases and sales of securities denominated in foreign currencies. Risks are consistent with those described in the above paragraph regarding direct currency hedging. The contracts are valued at the prevailing forward exchange rate of the underlying currencies and the unrealized gain (loss) is recorded daily. Unrealized gains and losses that represent the difference between the value of the forward contract to buy and the forward contract to sell are included in the net unrealized gain (loss) from the forward contracts.

During the fiscal year the A&M System has also invested in Treasury futures. The instruments are used only for the purpose of managing interest rate risk in the fixed income portfolios. As of August 31, 2024, there were no open Treasury futures in the portfolios.

The A&M System has invested in hedge funds with external managers who invest in equity and fixed income securities of both domestic and international entities. These investment managers may invest in both long-term and short-term securities and may utilize leverage in their portfolios. They may also utilize credit default swaps and total return swaps as part of their investment strategies. The investments may be subject to a lock-up restriction of one or more years before the investment may be withdrawn from the manager without penalty, which in some cases may be significant. There are certain risks associated with these private funds, some of which include investment manager risk, market risk and liquidity risk, as well as the risk of utilizing leverage in the portfolios. When credit default swaps or total return swaps are used, there is additional risk of counterparty non-performance and unanticipated movements in the fair value of the underlying securities.

The A&M System's investment in hedge funds as of August 31, 2024, is presented in the table below:

<b>Hedge Fund Investments</b>		
<b>Net Asset Value</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Hedge Funds	\$ 1,400,897,800.16	\$ 86,062,448.93

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Private Investments

Private investments in limited partnerships are managed by external investment managers or general partners who invest primarily in private companies. These investments, both domestic and international, are illiquid and may not be realized for a period of several years after the investments are made. There are certain risks associated with these investments, some of which are liquidity risk, market risk, event risk and investment manager risk. As of August 31, 2024, the A&M System has committed to various private investments as shown in the table below. The valuations for the limited partnerships are based on the most recent investment manager determined Net Asset Value (NAV) rolled forward to August 31, 2024, to include the following events: capital contributions or distributions, changes in the composition of assets or liabilities, and fair value changes reported since the last valuation date of the NAV.

The A&M System has also invested directly in companies and partnerships to promote research commercialization. The fair value of the investments in research commercialization is estimated based on the cost (pro-rata share of contributed capital based on percentage ownership in the company) or third-party pricing of stock (based on fund raising). Adjustments are made for impairments, such as the termination of a license agreement or inactivity of the company. Associated risks include those applicable to other private investments as well as the risk of enterprise failure.

Private Investments		
Description	Proprietary Funds	Fiduciary Funds
Commitments to Limited Partnerships	\$ 766,183,423.09	\$ 93,637,724.91
Funded Amount to Limited Partnerships	606,460,845.75	74,117,518.25
Net Asset Value (NAV) of Limited Partnerships	391,031,589.50	47,789,220.31
Research Technology Investments	4,951,740.52	

Hedge funds, private investment and public market funds including investments in private placement vehicles, are subject to risks, which could include the loss of invested capital. The risks include the following:

- Non-regulation risk – The A&M System’s general partners and investment managers are registered as required with the Securities and Exchange Commission (SEC). Seven investment managers are exempt reporting advisers. One investment manager, not registered with the SEC, is a United Kingdom LLP and registered with the Financial Conduct Authority of the United Kingdom.
- Key personnel risk – The success of certain funds is substantially dependent upon key investment professionals and the loss of those individuals may adversely impact the fund’s performance.
- Liquidity risk – The A&M System’s investment funds may impose lock-up periods, which may cause the A&M System to incur penalties to redeem its investment prior to a certain period of time elapsing.
- Limited transparency – As private investment vehicles, these funds may not fully disclose the holdings of their portfolios.
- Investment strategy risk – These funds often employ sophisticated investment strategies and the use of leverage, which could result in the loss of invested capital.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Permanent University Fund**

The Permanent University Fund (PUF) is administered by the University of Texas System and is not reflected in the financial statements of the A&M System. Prior to changes in the arbitrage laws, bond proceeds were appropriated only after the bonds had been sold and cash was on hand. Currently, receipt of cash may or may not precede appropriations of bond or note proceeds.

The total carrying value of the PUF assets at August 31, 2024, was \$31,198,110,732.87, excluding PUF land grants. By acts of the Legislature and provisions of the State Constitution, the net income of the PUF is divided one-third to the A&M System and two-thirds to the University of Texas System. The A&M System's one-third share of the net distributions and other revenues was \$665,017,078.33 for the fiscal year ended August 31, 2024, and was credited to the A&M System Available University Fund.



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**The Texas A&M University System  
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**Note 4 - Short-Term Debt**

There was no reportable activity for short-term debt during the year ended August 31, 2024.

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**The Texas A&M University System  
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**Note 5 - Long-Term Liabilities**

The proprietary funds' long-term liabilities are defined as liabilities whose average maturity is greater than one year. The table below presents a summary of changes in these liabilities.

<b>Long-Term Liabilities Activity</b>						
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>	<b>Amounts Due Thereafter</b>
Employees' Compensable Leave	\$ 127,199,240.06	\$ 10,765,855.20	\$ (350,989.16)	\$ 137,614,106.10	\$ 16,894,365.89	\$ 120,719,740.21
Claims & Judgments	13,563,692.00	3,394,786.00	(2,151,893.00)	14,806,585.00	3,394,786.00	11,411,799.00
Notes and Loans Payable	123,014,000.00	470,000,000.00	(312,590,000.00)	280,424,000.00	9,895,000.00	270,529,000.00
Direct Borrowings - Notes	54,775,006.93	-	(3,518,771.97)	51,256,234.96	3,504,316.33	47,751,918.63
Bonds Payable	4,861,289,714.56	446,004,539.31	(260,460,000.00)	5,046,834,253.87	322,615,109.72	4,724,219,144.15
Lease Liability	196,015,689.58	13,170,998.19	(19,846,331.72)	189,340,356.05	18,700,018.57	170,640,337.48
Subscription Liability	37,661,069.46	8,809,862.62	(18,736,917.76)	27,734,014.32	18,413,835.19	9,320,179.13
Liabilities Payable from Restricted Assets	33,608,424.96	21,579,424.32	-	55,187,849.28	45,050,456.00	10,137,393.28
Asset Retirement Obligations	12,426,635.27	900,000.00	-	13,326,635.27	-	13,326,635.27
Pollution Remediation Obligations (Other Liabilities)	-	16,842.00	-	16,842.00	16,842.00	-
Total	<u>\$ 5,459,553,472.82</u>	<u>\$974,642,307.64</u>	<u>\$(617,654,903.61)</u>	<u>\$5,816,540,876.85</u>	<u>\$ 438,484,729.70</u>	<u>\$ 5,378,056,147.15</u>

**Notes and Loans Payable**

The proprietary funds' notes payable consists of amounts used to make permanent improvements at various institutions in the A&M System, to refund and retire the Board's Permanent University Fund Commercial Paper Notes, to provide interim financing for capital improvements and acquisition of equipment and land, to pay interest on the notes, to refund outstanding notes as they mature and to pay the costs of issuing the notes. In the event of default or failure to make required note payments, the A&M System will be required to perform any conditions or obligations described in the note agreement. The A&M System is responsible for all reasonable expenses related to the enforcement.

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**The Texas A&M University System  
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Notes and Loans Payable-Debt Service Requirements				
Description	Balances			Balances
	September 1, 2023	Increases	Decreases	August 31, 2024
Permanent University Fund Commercial Paper Notes	\$ -	\$ 60,000,000.00	\$ -	\$ 60,000,000.00
Permanent University Fund Commercial Paper Taxable Notes		85,000,000.00	85,000,000.00	
Revenue Financing System Commercial Paper Notes, Series B	26,538,000.00	180,000,000.00	91,764,000.00	114,774,000.00
Revenue Financing System Commercial Paper Taxable Notes, Series B	96,476,000.00	145,000,000.00	135,826,000.00	105,650,000.00
Total	<u>\$ 123,014,000.00</u>	<u>\$ 470,000,000.00</u>	<u>\$ 312,590,000.00</u>	<u>\$ 280,424,000.00</u>
Fiscal Year	Principal	Interest*	Total	
2025	\$ 9,895,000.00	\$ 9,870,924.80	\$ 19,765,924.80	
2026	10,243,000.00	9,522,620.80	19,765,620.80	
2027	10,604,000.00	9,162,067.20	19,766,067.20	
2028	10,977,000.00	8,788,806.40	19,765,806.40	
2029	11,365,000.00	8,402,416.00	19,767,416.00	
2030-2034	63,112,000.00	35,722,438.40	98,834,438.40	
2035-2039	75,030,000.00	23,804,739.20	98,834,739.20	
2040-2044	89,198,000.00	9,636,422.40	98,834,422.40	
Total	<u>\$ 280,424,000.00</u>	<u>\$ 114,910,435.20</u>	<u>\$ 395,334,435.20</u>	
* For this schedule, the assumption is that Permanent University Fund Commercial Paper Notes, Revenue Financing System Commercial Paper Notes and Revenue Financing System Commercial Paper Taxable Notes in the amount of \$280.424 million will be refunded into long-term bonds. For estimated debt service on this exhibit, the rate of 3.52% corresponds to the municipal market data published on August 31, 2024. Notes are remarketed in commercial paper mode at current market rates with maturities between 1 and 270 days.				

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**The Texas A&M University System  
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**Direct Borrowings – Notes**

The A&M System has various leases for the purchase of capital assets where the A&M System takes ownership at the end of the lease. These direct financing arrangements are reported as Direct Borrowings - Notes. The related assets are capitalized at the present value of future minimum payments. The future payment requirements and the cost of the leased assets are presented in the following tables below.

<b>Future Minimum Payments</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 3,504,316.33	\$ 2,325,736.22	\$ 5,830,052.55
2026	3,539,367.50	2,058,394.99	5,597,762.49
2027	3,711,090.67	1,907,198.46	5,618,289.13
2028	3,944,090.05	1,747,333.08	5,691,423.13
2029	4,188,821.67	1,576,984.04	5,765,805.71
2030-2034	24,325,882.79	4,928,117.85	29,254,000.64
3035-2039	6,346,048.65	1,099,510.22	7,445,558.87
2040-2044	1,696,617.30	244,076.28	1,940,693.58
Total	<u>\$ 51,256,234.96</u>	<u>\$ 15,887,351.14</u>	<u>\$ 67,143,586.10</u>

<b>Cost of Assets Financed with Direct Borrowings</b>			
<b>Asset Description</b>	<b>Cost</b>	<b>Accumulated Depreciation/ Amortization</b>	<b>Total</b>
Buildings	\$ 74,161,534.42	\$ 26,834,386.87	\$ 47,327,147.55
Infrastructure	730,759.97	179,644.97	551,115.00
Facilities & Other Improvements	259,196.66	84,958.82	174,237.84
Equipment	2,257,808.55	1,467,265.57	790,542.98
Total	<u>\$ 77,409,299.60</u>	<u>\$ 28,566,256.23</u>	<u>\$ 48,843,043.37</u>

The outstanding notes from direct borrowings for equipment and facilities contain provisions where, in the event of default, all remaining payments may be declared immediately due or the lessor may repossess the assets or, in the case of software, render the asset unusable, or the lessor may proceed with court action to enforce performance.

The financing arrangements for capital improvements contain provisions that, in the event of default, the lessor has the right to take one or any combination of several options. These options include demand immediate payment for all remaining payments, retake possession of the leased asset, or require the A&M System to return the leased asset at the A&M System's expense. The A&M System has no unused lines of credit.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Compensated Absences**

Full-time State employees earn eight to twenty-one hours per month annual leave depending on years of State employment. Under the State's policy, an employee with 35 or more years of State service may carry up to 532 hours accrued leave forward from one fiscal year to another.

Employees with at least six months of State service who terminate employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The A&M System accrues the dollar value of annual leave benefits which are payable upon retirement, termination, or death of its employees. The amounts of these liabilities and their related benefits are reported in the statement of net position. The estimated liability, \$137,614,106.10 as of August 31, 2024, is based on calculations from the A&M System centralized leave tracking system and employer estimates. The A&M System made lump sum payments of \$15,868,076.08 for accrued vacation to employees who separated from State service during the fiscal year ended August 31, 2024.

Sick leave accumulation is not limited. Sick leave is earned at the rate of eight hours per month and is paid only when an employee is absent due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave payment to an employee's estate is the lesser of one-half of the employee's accumulated entitlement or 336 hours. The A&M System policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since the historical use of sick leave has been minimal.

#### **Claims and Judgments**

Claims and judgments related to the A&M System self-insured worker's compensation plan include a current portion of \$3,394,786.00 and a non-current portion of \$11,411,799.00 for a total worker's compensation liability of \$14,806,585.00. This liability represents the current and non-current portion of the incurred but not reported (IBNR) liability based on actuarial analysis of the plan. The IBNR represents claims that will be paid out over future fiscal years. This current portion was estimated based on actual claims paid out over the last five fiscal years.

#### **Asset Retirement Obligations**

An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. The A&M System's non-current liabilities include AROs related to radioactive material licenses and nuclear research facilities.

The A&M System has two nuclear reactors which were placed in service in 1957 and 1965, respectively. The U.S. Nuclear Regulatory Commission (NRC) requires a decommissioning plan for the retirement of these assets. The estimated liability for the decommissioning plan is \$9,724,884.50. The estimate was calculated using NRC publications NUREG/CR-1756 and NUREG-1307 Rev. 15, adjusted using the consumer price index inflation calculator. A 25% contingency is also included in the estimate.

The A&M System has four radioactive material licenses authorizing the possession and use of radioactive materials. The A&M System is financially accountable for any decommissioning or decontamination costs

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

as required by the Texas Department of State Health Services (Texas Administrative Code, Title 25, Part 1, Chapter 289, Subchapter F, Rule 289.252), and the U.S. Nuclear Regulatory Commission (10 CFR 30.35). The estimated liability related to these licenses is \$3,601,750.77.

#### Pollution Remediation Obligations (Other Liabilities)

The A&M System was responsible for asbestos removal in buildings that were demolished or remodeled. The A&M System established a \$16,842.00 current liability for this pollution remediation obligation in the fiscal year 2024 and this amount was paid off during fiscal year 2025.

#### Liabilities Payable from Restricted Assets

Liabilities payable from restricted assets reported on the proprietary Statement of Net Position represent payables at year-end from assets with external restrictions. The balance reported represents payables from bond proceeds.

#### Pledged Future Revenues

Sources of proprietary fund pledged revenues include tuition and fees, auxiliary enterprises, sales of goods and services, and other non-operating activities. The table below provides the pledged future revenue information for the Texas A&M University System Permanent University Fund and Revenue Financing System bonds.

Pledged Future Revenue Information	
Pledged revenue required for future principal and interest on existing revenue bonds	\$6,810,701,171.81
Term of commitment year ending 8/31	2057
Percentage of revenue pledged	100%
Current year pledged revenue	\$4,079,323,870.52
Current year principal and interest paid	\$435,752,101.71

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Note 6 – Bonded Indebtedness

##### A. Financial Reporting

The A&M System has established a financing program known as the Revenue Financing System. Members of the A&M System may use the Revenue Financing System as a long-term debt program to finance capital assets or as a short-term debt program to finance equipment or to interim finance construction projects. Members' financing requests are evaluated for adequate revenue streams and bonding capacity.

Assets created as a result of the expenses of Permanent University Fund and Revenue Financing System Bonds and Notes (see Note 5) proceeds, which are subsequently capitalized, are reported on the applicable members' Statement of Net Position in the Capital Assets category. The associated bond liability is reported in total on the A&M System Offices financial statements.

As of August 31, 2024, \$319,486,786.38 of Revenue Financing System debt proceeds had been appropriated prior to the receipt of the proceeds. As of August 31, 2024, \$315,875,172.52 of Permanent University Fund debt proceeds had been appropriated prior to the receipt of the proceeds.

##### B. General Information

At August 31, 2024, the A&M System had outstanding bonds payable of \$4,896,160,000.00 as detailed below, which does not include unamortized premium of \$150,674,253.87.

Bonds payable are due in annual installments varying from \$60,000.00 to \$55,740,000.00 with interest rates ranging from 0.741% to 5.50%, with the final installment due in 2057. The debt service requirements table summarizes the principal and interest expense for the next five years and beyond for bonds issued and outstanding.

Revenue for debt service on the Permanent University Fund Bonds and Notes is derived from liens on and pledges of payout distributions from the Permanent University Fund allocable to the A&M System.

Sources of revenue for debt service on the Revenue Financing System Bonds and Notes are pledged revenues from any and all of the revenues, funds, and balances now or hereafter lawfully available to the Board and derived from or attributable to any participant of the Revenue Financing System which are lawfully available to the Board for the payment of Parity Obligations, including unrestricted funds and reserve balances.

All bonds are for the benefit of business-type activities. General information related to bonds payable is summarized in the following tables.

<b>Bonds Payable</b>			
	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Outstanding Principal</u>
Permanent University Fund Bonds	1.96-5.50%	2025-2049	\$ 1,464,535,000.00
Revenue Financing System Bonds	0.741-5.25%	2025-2057	3,431,625,000.00
			<u>\$ 4,896,160,000.00</u>

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**The Texas A&M University System  
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<b>Debt Service Requirements</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 298,845,000.00	\$ 185,946,627.05	\$ 484,791,627.05
2026	296,460,000.00	175,262,261.28	471,722,261.28
2027	307,755,000.00	163,609,699.82	471,364,699.82
2028	291,830,000.00	151,929,868.46	443,759,868.46
2029	297,580,000.00	140,770,984.98	438,350,984.98
2030-2034	1,195,795,000.00	548,023,485.16	1,743,818,485.16
2035-2039	990,425,000.00	339,770,505.12	1,330,195,505.12
2040-2044	764,595,000.00	154,513,437.16	919,108,437.16
2045-2049	406,420,000.00	48,136,202.74	454,556,202.74
2050-2054	38,335,000.00	5,919,900.04	44,254,900.04
2055-2057	8,120,000.00	658,200.00	8,778,200.00
Total	<u>\$ 4,896,160,000.00</u>	<u>\$ 1,914,541,171.81</u>	<u>\$ 6,810,701,171.81</u>

**Permanent University Fund Bonds, Series 1998**

- Issued September 9, 1998, to refund \$65,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Variable Rate Notes, Series B, and \$27,860,000.00 of Permanent University Fund Bonds, Series 1992B then outstanding in the aggregate principal amount of \$36,360,000.00; and to pay the costs of issuing the bonds.
- \$92,520,000.00 authorized; all authorized bonds have been issued. \$12,335,000.00 was refunded by Permanent University Fund Bonds, Series 2006. \$9,735,000.00 was refunded by Permanent University Fund Bonds, Series 2009AB. \$1,015,000.00 was refunded by Permanent University Fund Bonds, Series 2011. Outstanding balance at August 31, 2024 was \$13,390,000.00.

**Permanent University Fund Bonds, Series 2009AB**

- Issued April 7, 2009, to refund \$100,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to currently refund \$9,735,000.00 of Permanent University Fund Bonds, Series 1998; to provide funding for project costs of approximately \$113,700,000.00; and to pay the costs of issuing the bonds.
- \$218,895,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$173,525,000.00.

**Permanent University Fund Bonds, Series 2012A**

- Issued July 18, 2012, to refund \$79,715,000.00 of the Board's previously issued and outstanding Permanent University Fund Bonds, Series 2004; and to pay the cost of issuing the bonds.



## UNAUDITED

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$70,680,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$0.00.

#### Permanent University Fund Bonds, Taxable Series 2012B

- Issued July 18, 2012, to refund \$125,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; and to pay the cost of issuing the bonds.
- \$125,750,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$56,610,000.00.

#### Permanent University Fund Bonds, Series 2013

- Issued December 11, 2013, to currently refund \$76,965,000.00 of Permanent University Fund Bonds, Series 2003; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$208,465,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$56,160,000.00.

#### Permanent University Fund Bonds, Series 2015A

- Issued April 23, 2015, to advance refund \$103,880,000.00 of Permanent University Fund Bonds, Series 2006; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$143,555,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$132,005,000.00.

#### Permanent University Fund Bonds, Taxable Series 2015B

- Issued April 23, 2015, to advance refund \$8,175,000.00 of Permanent University Fund Bonds, Series 2006; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$145,445,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$78,230,000.00.

#### Permanent University Fund Bonds, Series 2017A

- Issued October 31, 2017, to refund \$30,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to advance refund \$61,760,000.00 of Permanent University Fund Bonds, Series 2011; and to pay the costs of issuing the bonds.
- \$90,365,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$75,685,000.00.

## UNAUDITED

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### Permanent University Fund Bonds, Taxable Series 2017B

- Issued October 31, 2017, to refund \$69,350,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to advance refund \$675,000.00 of Permanent University Fund Bonds, Series 2011; to provide funding for eligible projects and to pay the costs of issuing the bonds.
- \$310,515,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$310,280,000.00.

#### Permanent University Fund Bonds, Taxable Series 2019

- Issued December 17, 2019, to refund \$125,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$351,890,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$336,585,000.00.

#### Permanent University Fund Bonds, Series 2023

- Issued March 9, 2023, to refund \$125,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes, Series A; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$245,595,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$232,065,000.00.

#### Revenue Financing System Bonds, Series 2013B

- Issued July 3, 2013, to refund \$267,675,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to refund \$3,989,119.00 of Revenue Financing System Bonds, Series 2002; to refund \$26,775,000.00 of Revenue Financing System Bonds, Series 2003B; to pay capitalized interest; and to pay the costs of issuing the bonds.
- \$265,405,000.00 authorized; all authorized bonds have been issued. \$135,010,000.00 was refunded by Revenue Financing System Bonds, Series 2017E. Outstanding balance at August 31, 2024 was \$27,865,000.00.

#### Revenue Financing System Bonds, Series 2015A

- Issued February 18, 2015, to currently refund \$71,240,000.00 of Revenue Financing System Bonds, Series 2005A and to pay the cost of issuing the bonds.

## UNAUDITED

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$64,670,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$5,840,000.00.

#### Revenue Financing System Bonds, Series 2015B

- Issued February 18, 2015, to currently refund \$155,972,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes and to pay the cost of issuing the bonds.
- \$142,155,000.00 authorized; all authorized bonds have been issued. \$65,290,000.00 was refunded by Revenue Financing System Bonds, Series 2017E. Outstanding balance at August 31, 2024 was \$46,775,000.00.

#### Revenue Financing System Bonds, Taxable Series 2015C

- Issued January 27, 2015, to currently refund \$149,395,000.00 of Revenue Financing System Bonds, Series 2005B; to refund \$24,115,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; and to pay the cost of issuing the bonds.
- \$176,925,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$42,070,000.00.

#### Revenue Financing System Bonds, Taxable Series 2015D

- Issued July 23, 2015, to provide funding for eligible projects and to pay the cost of issuing the bonds.
- \$67,250,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$53,395,000.00.

#### Revenue Financing System Bonds, Taxable Series 2016A

- Issued April 12, 2016, to advance refund \$82,670,000.00 of Revenue Financing System Bonds, Series 2008 and to pay the cost of issuing bonds.
- \$91,520,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$37,050,000.00.

#### Revenue Financing System Bonds, Taxable Series 2016B

- Issued April 12, 2016, to refund \$139,405,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to provide funding for eligible projects; and to pay the cost of issuing the bonds.

## UNAUDITED

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$325,575,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$247,220,000.00.

#### Revenue Financing System Bonds, Series 2016C

- Issued July 20, 2016, to advance refund \$132,540,000.00 of Revenue Financing System Bonds, Series 2009A; to advance refund \$49,420,000.00 of Revenue Financing System Bonds, Series 2009B; to advance refund \$43,225,000.00 of Revenue Financing System Bonds, Series 2009D; and to pay the cost of issuing the bonds.
- \$207,445,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$132,235,000.00.

#### Revenue Financing System Bonds, Taxable Series 2016D

- Issued July 20, 2016, to advance refund \$13,885,000.00 of Revenue Financing System Bonds, Series 2009A; to advance refund \$2,925,000.00 of Revenue Financing System Bonds, Series 2009B; to advance refund \$5,995,000.00 of Revenue Financing System Bonds, Series 2009C; to advance refund \$60,495,000.00 of Revenue Financing System Bonds, Series 2009D; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$176,860,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$122,080,000.00.

#### Revenue Financing System Bonds, Series 2016E

- Issued July 20, 2016, to advance refund \$21,300,000.00 of Revenue Financing System Bonds, Series 2009C; to advance refund \$122,735,000.00 of Revenue Financing System Bonds, Series 2009D; and to pay the cost of issuing the bonds.
- \$139,350,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$83,495,000.00.

#### Revenue Financing System Bonds, Taxable Series 2017A

- Issued January 31, 2017, to refund approximately \$5,000,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$388,705,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$208,180,000.00.

## UNAUDITED

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### Revenue Financing System Bonds, Taxable Series 2017B

- Issued June 21, 2017, to advance refund \$4,580,000.00 of Revenue Financing System Bonds, Series 2010A; to advance refund \$10,890,000.00 of Revenue Financing System Bonds, Series 2010B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$398,670,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$209,710,000.00.

#### Revenue Financing System Bonds, Series 2017C

- Issued June 21, 2017, to advance refund \$35,915,000.00 of Revenue Financing System Bonds, Series 2010A; to advance refund \$69,965,000.00 of Revenue Financing System Bonds, Series 2010B; to pay the cost of issuing the bonds.
- \$97,425,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$75,825,000.00.

#### Revenue Financing System Bonds, Taxable Series 2017D

- Issued December 20, 2017, to refund \$157,885,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; and to pay the cost of issuing the bonds.
- \$158,680,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$131,970,000.00.

#### Revenue Financing System Bonds, Series 2017E

- Issued December 20, 2017, to advance refund \$83,850,000.00 of Revenue Financing System Bonds, Series 2011B; to advance refund \$135,010,000.00 of Revenue Financing System Bonds, Series 2013B; to advance refund \$46,470,000.00 of Revenue Financing System Bonds, Series 2013D; to advance refund \$65,290,000.00 of Revenue Financing System Bonds, Series 2015B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$341,995,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$301,130,000.00.

#### Revenue Financing System Bonds, Taxable Series 2019A

- Issued January 29, 2019 to refund \$175,215,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to provide funding for eligible projects; and to pay the cost of issuing the bonds.

## UNAUDITED

### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$223,730,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$179,220,000.00.

#### Revenue Financing System Bonds, Taxable Series 2019B

- Issued August 14, 2019, to advance refund \$230,525,000.00 of Revenue Financing System Bonds, Taxable Series 2013C; to refund \$159,118,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$429,645,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$389,820,000.00.

#### Revenue Financing System Bonds, Taxable Series 2020A

- Issued July 30, 2020, to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$157,780,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$137,595,000.00.

#### Revenue Financing System Bonds, Taxable Series 2021A

- Issued April 6, 2021, to refund \$141,090,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$189,425,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$175,340,000.00.

#### Revenue Financing System Bonds, Taxable Series 2021B

- Issued April 7, 2021, to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$226,375,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$202,635,000.00.

#### Revenue Financing System Bonds, Series 2022

- Issued October 18, 2022, to refund \$167,784,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$208,520,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$194,780,000.00.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### Revenue Financing System Bonds, Series 2024A

- Issued May 30, 2024, to refund \$84,552,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$427,395,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$427,395,000.00.

#### **C. Advance Refunding Bonds**

The A&M System has defeased certain revenue bond issues by placing the proceeds of new bond issues in irrevocable trusts to provide for all future debt service payments on the issues. Accordingly, the liability for the bonds is not included in the financial statements. At August 31, 2024, the principal balance outstanding for the defeased bonds is \$0.00.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Note 7 - Derivatives**

The A&M System Investment Policy allows investment in certain derivative securities. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index. Investment derivatives are used to manage transaction, interest rate, or currency exchange risk in purchasing, selling or holding investments.

At the fiscal year-end the A&M System did not have any exchange traded futures contracts or any derivative forward currency contracts.

#### **Hedging Derivatives**

The A&M System did not enter into hedging derivatives in fiscal year 2024.

#### **Investment Derivatives**

Investment derivatives expose the A&M System to certain investment-related risks. More detail about investment derivatives is disclosed in Note 3.



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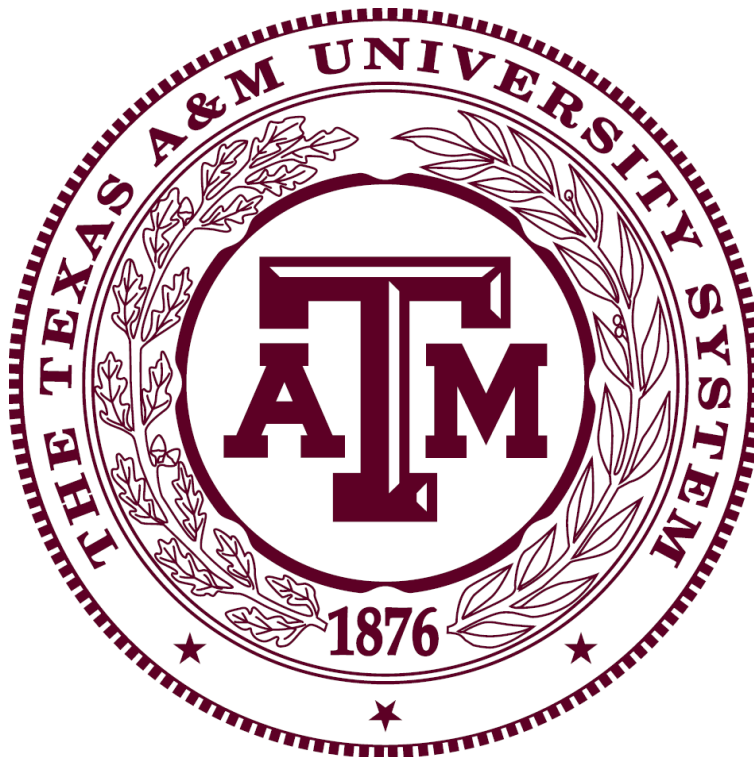
# ANNUAL FINANCIAL REPORT

of

**The Texas A&M University System**

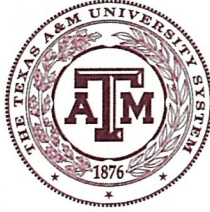
*For the Year Ended August 31, 2024*

*With Comparative Totals for the Year Ended August 31, 2023*



Texas A&M University ■ Texas A&M University at Galveston ■ Texas A&M University Health Science Center ■ Prairie View A&M University ■ Tarleton State University ■ Texas A&M International University ■ Texas A&M University-Central Texas ■ Texas A&M University-Commerce ■ Texas A&M University-Corpus Christi ■ Texas A&M University-Kingsville ■ Texas A&M University-San Antonio ■ Texas A&M University-Texarkana ■ West Texas A&M University ■ Texas A&M AgriLife Research ■ Texas A&M AgriLife Extension Service ■ Texas A&M Forest Service ■ Texas A&M Veterinary Medical Diagnostic Laboratory ■ Texas A&M Engineering Experiment Station ■ Texas A&M Engineering Extension Service ■ Texas A&M Transportation Institute ■ Texas Division of Emergency Management ■ Texas A&M University System Offices ■ Texas A&M System Shared Services Center ■ Texas A&M Research Foundation ■





System Office of Budgets and Accounting

**THE TEXAS A&M UNIVERSITY SYSTEM**

November 20, 2024

John Sharp  
Chancellor  
The Texas A&M University System  
301 Tarrow  
College Station, Texas 77845

Dear Mr. Sharp,

We are submitting herewith the Annual Financial Report of The Texas A&M University System for the fiscal year ended August 31, 2024.

This report has been prepared in conformity with *Texas Government Code* §2101.011, and in accordance with the Annual Financial Reporting Requirements of the Texas Comptroller of Public Accounts.

The accompanying Annual Financial Report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Respectfully submitted,

Teresa Edwards, CPA  
Controller

Joseph Duron, CPA  
Chief Administrative Officer



# **The Texas A&M University System**

## **Board of Regents**

Jay Graham	Term Expires February 1, 2025
Mike Hernandez	Term Expires February 1, 2025
Michael J. Plank	Term Expires February 1, 2025
Robert L. Albritton	Term Expires February 1, 2027
Randy Brooks	Term Expires February 1, 2027
Bill Mahomes	Term Expires February 1, 2027
David Baggett	Term Expires February 1, 2029
John Bellinger	Term Expires February 1, 2029
Sam Torn	Term Expires February 1, 2029
Cage Sawyers (Student Regent)	Term Expires May 31, 2025

## **Officers of the Board**

Bill Mahomes	Chairman
Robert L. Albritton	Vice Chairman

## **Administrative Officers**

John Sharp	Chancellor
Billy C. Hamilton	Deputy Chancellor and Chief Financial Officer
Joseph Duron	Chief Administrative Officer
Teresa L. Edwards	Controller

# **The Texas A&M University System**

## **Chief Executive Officers**

Texas A&M University	General (Ret.) Mark A. Welsh III, President
Texas A&M University at Galveston	Col. Michael Fossum (Retired)
Texas A&M Health Science Center	Dr. Indra K. Reddy
Prairie View A&M University	Dr. Tomikia P. LeGrande, President
Tarleton State University	Dr. James L. Hurley, President
Texas A&M International University	Dr. Pablo Arenaz, President, (Deceased on October 2024)  Juan J. Castillo Jr., acting President and Vice President for Finance and Administration
Texas A&M University - Central Texas	Dr. Richard M. Rhodes, Interim President
Texas A&M University - Commerce	Dr. Mark Rudin, President
Texas A&M University - Corpus Christi	Dr. Kelly M. Miller, President
Texas A&M University - Kingsville	Dr. Robert H. Vela Jr., President
Texas A&M University - San Antonio	Dr. Salvador H. Ochoa, President
Texas A&M University - Texarkana	Dr. Ross C. Alexander, President
West Texas A&M University	Dr. Walter V. Wendler, President

# **The Texas A&M University System**

## **Chief Executive Officers**

Texas A&M AgriLife	Dr. Jeffrey W. Savell, Vice Chancellor and Dean of Agriculture and Life Sciences
Texas A&M AgriLife Research	Cliff Lamb, Director
Texas A&M AgriLife Extension Service	Dr. Rick Avery, Director
Texas A&M Forest Service	Al Davis, Director
Texas A&M Veterinary Medical Diagnostic Laboratory	Amy K. Swinford, DVM, Director
Texas A&M Engineering Experiment Station	Robert H. Bishop, Vice Chancellor and Dean of Engineering
Texas A&M Engineering Extension Service	David Coatney, Director
Texas A&M Transportation Institute	Gregory D. Winfree, Director
Texas Division of Emergency Management	W. Nim Kidd, Chief and Vice Chancellor for Disaster and Emergency Services
Texas A&M University System Offices	John Sharp, Chancellor
Texas A&M System Shared Services Center	Billy Hamilton, Deputy Chancellor and Chief Financial Officer
Texas A&M Research Foundation	Dr. Jack G. Baldauf, Vice President for Research





# The Texas A&M University System

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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#### ***Introduction***

The Texas Legislature created The Texas A&M University System (A&M System) in 1948 to manage the evolution of a statewide educational, research and service system. Its roots lie in the founding of what are now Texas A&M University and Prairie View A&M University as land-grant colleges in 1876. The A&M System provides oversight and leadership for eleven universities, eight state agencies, a comprehensive health science center, a service unit for shared services and the System administrative offices. The A&M System includes the Texas A&M Research Foundation as a blended component unit.

The agencies of the A&M System include both engineering and agricultural research and extension agencies plus the Texas A&M Forest Service and the Texas Division of Emergency Management. The agencies provide research, public service, and instruction to benefit the state.

The A&M System educates over 165,000 students and reaches 21 million additional educational contacts through service and outreach programs each year. With more than 26,000 faculty and staff, the A&M System has a physical presence in 250 of the state's 254 counties and a programmatic presence in every county in Texas. The A&M System has real property holdings totaling more than 62,000 surface acres and 64,000 mineral acres.

A nine-member Board of Regents governs the A&M System with a total operating budget of \$7.8 billion. There is also a non-voting student member. The regents appoint the chancellor, who is the chief executive officer, who oversees the direction and operation of the system.

The A&M institutions of higher education offer a broad range of undergraduate and graduate degrees. The A&M System has many locations across Texas including Amarillo, Bryan, Canyon, College Station, Commerce, Corpus Christi, Corsicana, Dallas, Fort Worth, Frisco, Galveston, Houston, Killeen, Kingsville, Laredo, McAllen, McKinney, Mesquite, Prairie View, Round Rock, San Antonio, Stephenville, Temple, Texarkana, and Waco. In addition, A&M institutions have several international locations including Costa Rica, Mexico, and Qatar.

#### ***Overview of the Financial Statements and Financial Analysis***

The objective of the Management's Discussion and Analysis (MD&A) is to provide an overview of the A&M System's financial position and activities for the fiscal year ended August 31, 2024, with comparative data to fiscal year 2023 and some data for fiscal year 2022. The emphasis of discussion will be on the current year. The MD&A should be reviewed in conjunction with the accompanying financial statements and notes. The financial section of this report includes:

- MD&A (this section)
- Basic Proprietary Financial Statements
  - Statement of Net Position,
  - Statement of Revenues, Expenses and Changes in Net Position, and
  - Statement of Cash Flows
- Basic Fiduciary Financial Statements

## UNAUDITED

### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

- 
- Statement of Fiduciary Net Position, and
  - Statement of Changes in Fiduciary Net Position
  - Note disclosures related to the financial statements
  - Required Supplementation Information

The Texas A&M University System operational activity is included in the Texas Annual Comprehensive Financial Report (ACFR) in both the Proprietary or Business-Type Activity and the Fiduciary Activity financial statements. A&M System reports fiduciary activity for custodial funds. These fiduciary activities are reported separately from other financial activities since the A&M System cannot access these assets.

The accompanying financial statements for the A&M System are prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) pronouncements, the financial reporting requirements of the Texas Comptroller of Public Accounts, and the guidelines from the National Association of College and University Business Officers (NACUBO).

#### ***Financial Highlights for Proprietary Funds***

Below are financial highlights for fiscal year 2024 for the proprietary funds.

- Noncurrent investment balances reported on the Proprietary Statement of Net Position are \$6.688 billion, which was an increase of \$761 million from 2023's \$5.927 billion balance. Equity markets generated strong positive gains over the past twelve months as global economies proved to be resilient despite a prolonged period of tight monetary policy. (See the *Economic Outlook* section for more details).
- Investment Income was \$1.069 billion on the Proprietary funds, which was a \$510 million increase from 2023. The investment income components include the items below.
  - \$650 million in unrealized gain on investments,
  - \$293 million in interest, dividend, and royalty income, plus
  - \$126 million in realized gains on investments.
- The Non-State Funded portion of the *Other Post-Employment Benefits* (OPEB) 2024 current and non-current liability balance is \$1.88 billion, which was a material decrease of \$441.2 million from the prior year.
  - OPEB expenses were \$11.9 million, which was a material decrease compared to the prior year OPEB expense of \$118.28 million.
  - The main factor related to the reduction in this liability is the System Office implementing the 65 Plus Medicare Advantage plan, effective January 1, 2024, to help manage the increase in health costs.
  - Another reason for the reduction in the liability is related to an increase in the investment discount rate from 3.64% to 3.81%.
  - Contrasting with a 6% increase in the non-state funded percentage due to the employer contribution increasing at a higher rate than the state's contributions.

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

- 
- The Non-State Funded *Pension* liability increased by \$194 million totaling \$965 million for 2024 compared to \$771 million Pension liability reported in 2023. (See Note 9 *Pension and ORP*.)
    - There was a \$68.6 million increase to deferred outflows of resources related to the changes in pension assumptions, the difference between actual and expected experiences and current year TRS contributions.
    - There was a \$32.6 million decrease in deferred inflows of resources, which reflects the difference between projected and actual investment returns.
  - Total bonds payable and notes payable increased by \$342.9 million in 2024 totaling \$5.327 billion. See Note 5 Long-term Liabilities for more information.
    - There was a \$157.4 million increase in commercial paper.
    - Bonds payable increased by \$185.5 million.
  - Operating Revenues increased by 2.9% or \$104 million.
    - Net Tuition and Fee revenue remained stable, reporting a slight increase of \$28 million, for fiscal year 2024, net tuition and fee revenue was \$1.382 billion compared with \$1.354 billion in the prior year, which matches with the increased enrollment of over 7,600 students.
    - Net Auxiliary enterprise revenue, which includes dorms and bookstores, reporting a \$29.3 million increase related to an increase in students living in dorms on campus and the completion of several dorm facilities.
    - Net Other Sales of Goods and Services increased \$30.7 million, for fiscal year 2024 reporting net amount of \$403.2 million compared with the prior year of \$372.5 million.
  - Operating expenses decreased by 5.7% or \$454 million, primarily related to the decrease in disaster funding; although, there were also increases on certain expenses related to the increase in state funding for existing and new programs.
    - Salaries and Wages plus benefits increased by \$323 million due to the state mandated 5% salary increase and the additional state funding.
    - Operating federal pass-through expenses decreased by \$440 million where the need for disaster funding was reduced for other state agencies.
    - Other Operating Expenses decreased by \$610 million decrease primarily related to a reduction in need of Texas Cities and Counties for disaster funding.
  - Federal and State Operating and Non-Operating Revenue decreased by \$1.16 billion as the need for COVID and federal subsidies decreased.
  - State appropriations including legislative revenue, capital appropriations and legislative transfers-in reported a slight increase of \$53.8 million increasing the total to over \$1.93 billion for 2024. These state appropriations are a vital part of the A&M System's funding for operations and defraying tuition costs for students.
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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

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- The A&M System's net position totaled \$10.146 billion, which is a \$1.206 billion increase from 2023, which was \$8.940 billion, due to several factors.
    - A \$463.5 million increase in Cash and Cash Equivalents, plus an increase in Noncurrent Investments of \$761 million and an increase for Deferred Outflows of \$162 million.
    - An increase in Capital Assets, net, of \$336.7 million.
    - An increase of \$202.8 million in Current and Noncurrent Liabilities and a \$510 million increase in Deferred Inflows of Resources primarily related to OPEB Deferred Inflows.

#### *Statement of Net Position*

The Statement of Net Position presents a snapshot of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for the A&M System as of the end of the fiscal year. The Statement of Net Position assets and liabilities are presented in the current and non-current format.

Increases or decreases in net position are one indicator of the overall condition of the A&M System's financial health when considered with nonfinancial factors such as enrollment, research, public service, patient levels, and the condition of facilities. The statement provides a picture of net position and the availability of funds for use by the A&M System.

The net position reports three major categories.

The first category, Net Investment in Capital Assets, provides equity in property, plant and equipment owned by the A&M System less the related debt.

The second category, Restricted, is divided into two categories, expendable and non-expendable. Expendable restricted resources are available for use by the A&M System but must be spent for purposes determined by donors and/or external entities who have placed time or purpose restrictions on the use of the assets. The corpus of the non-expendable restricted resources is available for investment purposes and the earnings are used to support the institutions or agencies.

The third category, Unrestricted, is available for any lawful purpose. Although Unrestricted Net Position is not subject to externally imposed stipulations, it has been internally designated for various academic and research programs and initiatives.

See the table on the following page for details.

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**The Texas A&M University System  
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<b>Statement of Net Position (in millions)</b>			
<b>Assets and Deferred Outflows of Resources</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Current Assets	\$4,774	\$4,084	\$3,193
Capital Assets, Net	7,930	7,593	7,371
Non-Current Investments	6,688	5,928	5,461
Other Assets	1,992	2,022	1,829
Deferred Outflows	1,293	1,131	1,106
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$22,677</b>	<b>\$20,758</b>	<b>\$18,960</b>
<b>Liabilities and Deferred Inflows of Resources</b>			
Current Liabilities	\$2,604	\$2,449	\$2,286
Non-Current Liabilities	8,200	8,152	7,988
Deferred Inflows	1,727	1,217	969
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$12,531</b>	<b>\$11,818</b>	<b>\$11,243</b>
<b>Net Position</b>			
Net Investment in Capital Assets	\$2,368	\$2,359	\$2,133
Restricted			
Expendable	1,835	1,637	1,517
NonExpendable	477	467	458
Unrestricted	5,466	4,477	3,609
<b>Total Net Position</b>	<b>\$10,146</b>	<b>\$8,940</b>	<b>\$7,717</b>

The Statement of Net Position reported an increase in total assets and deferred outflows of 9.2%. This was a \$1.9 billion increase, primarily attributable to a \$761 million increase in non-current investments; and an increase of \$336.7 million in net capital assets.

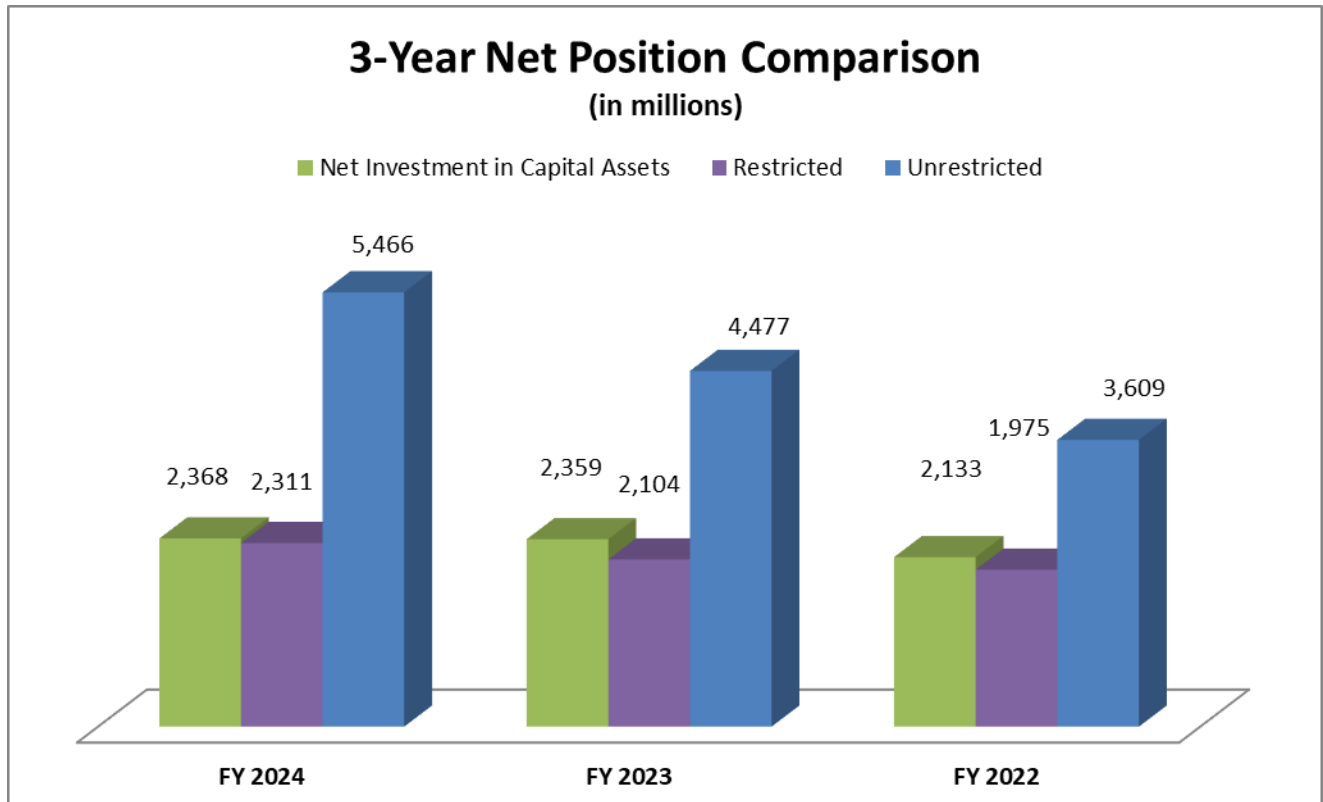
Total liabilities and deferred inflows of resources increased by 6% or \$713 million from the previous year. There was a \$35.2 million increase in payables. Bonds and Notes payable increased by \$343 million while the OPEB Liability decreased by \$441.2 million. Deferred Inflows of Resources increased by \$510 million, primarily related to OPEB. (See *Note 5 Long-term Liabilities for more details.*)

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**The Texas A&M University System  
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The final section of the statement reports on the net position of the A&M System totaling \$10.1 billion. Total net position reported an increase of \$1.2 billion or 13.5% from the 2023 balance.

Below is a graph with a 3-year net position comparison.



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**The Texas A&M University System  
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The balances defined as unrestricted net position contain reserves and internal restrictions (allocations), as defined in the table below.

<b>Reserves and Allocations for Unrestricted Net Position (in millions)</b>	
<b>Reserves For</b>	
Receivables	\$271
Encumbrances	848
Unrealized Gain on Investments	1,140
Portion of Annual Debt Service Payment	245
Inventories	30
Higher Education Fund	37
Self-Insured Plans	96
Prepaid Expenses, Tuition Set Asides and Other Reserves	152
Other State Funds	171
<b>Allocations For</b>	
Capital Projects	1,048
Funds Functioning as Endowments	446
Scholarships and Faculty Initiatives	868
Operations	114
<b>Total Unrestricted Reserves</b>	<b>\$5,466</b>

The overall *unrestricted* net position was \$5.466 billion for fiscal year 2024 compared to \$4.477 billion in 2023.

***Statement of Revenues, Expenses and Changes in Net Position***

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as operating or non-operating. The Governmental Accounting Standards Board (GASB) requires state appropriations (Legislative Revenue), Federal Pell Grants and stimulus funding be reported as non-operating revenue. This will generally result in an operating deficit for most public institutions. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation or amortization, which amortizes the cost of an asset over its expected useful life.

The purpose of this statement is to present the revenues of the A&M System, and the expenses incurred by the A&M System, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent. The change in total net position as presented in the Statement of Net Position is a result of these activities.



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**The Texas A&M University System  
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Generally, operating revenues are received for providing goods and services to the various students, customers and constituencies of the A&M System. Operating expenses include instruction costs, research expertise plus costs for goods and services provided in return for operating revenues. Non-operating revenues are derived from sources not considered primary operations for an institution of higher education or state agency. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "Income (Loss) Before Other Revenues and Transfers".

<b>Statement of Revenues, Expenses and Changes in Net Position (in millions)</b>			
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Operating Revenues and Expenses</b>			
Operating Revenues	\$3,644	\$3,540	\$3,394
Operating Expenses	(7,482)	(7,936)	(9,562)
<b>Operating (Loss)</b>	<b>(3,838)</b>	<b>(4,396)</b>	<b>(6,168)</b>
Non-Operating Revenues	4,214	4,962	4,780
<b>Income (Loss) Before Other Revenues and Transfers</b>	<b>376</b>	<b>566</b>	<b>(1,388)</b>
Other Revenues and Transfers	830	657	616
<b>Change in Net Position</b>	<b>1,206</b>	<b>1,223</b>	<b>(772)</b>
Net Position, Beginning of Year	\$8,940	\$7,717	\$8,490
Restatement	0	0	(1)
Net Position as Restated	8,940	7,717	8,489
<b>Net Position, End of Year</b>	<b>\$10,146</b>	<b>\$8,940</b>	<b>\$7,717</b>

The condensed Statement of Revenues, Expenses and Changes in Net Position reflects a \$1.2 billion increase in net position which is similar to the prior year.

During the 2024 fiscal year, the explanations for the changes are listed below.

- Operating revenues reported a slight increase of 2.9% or \$104 million, primarily related to an increase in the number of enrolled students; contrasting with a \$17 million decrease in Federal funding as the COVID funding decreased.
- Non-Operating revenues decreased by \$785.9 million due to a reduction in stimulus funding of \$1.16 billion contrasting with an increase in investment income of \$510 million.

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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During the 2024 fiscal year, operating expenses reported a decrease of 5.7% or \$454 million, totaling \$7.482 billion compared to \$7.936 billion from the prior year. The most significant changes are listed below.

- Operating federal pass-through expenses decreased by \$440 million due to a reduction in COVID funding needs by other state agencies.
- Other Operating Expenses decreased by \$610 million, primarily attributable to the reduced need for funding to Texas cities, counties and other governmental entities for COVID, wildfires and other disaster funding needs.
- Professional fees and services increased by \$100 million.
- Salaries & Wages increased by 11.1% or \$257 million due to employees hired to ensure institutions and agencies were able to assist students on campus and assist the public.
- Non-state funded OPEB expenses reported a decrease of \$106.3 million based upon the A&M System's actuary report.
- Non-state funded pension expense increased by \$68.6 million based upon the Teacher's Retirement System's actuary report.
- Depreciation and amortization expense was \$586 million, an increase of \$28.3 million, which is consistent with the prior year.

Other Revenues and Transfers increased by \$173 million from \$657 million to \$830 million in 2024. The main factor for the increase was related to the transfer from the University of Texas System, which increased by \$123 million.

Certain internal activities embedded in the Statement of Revenues, Expenses and Changes in Net Position provide goods and services to internal customers and to other A&M System members. These activities include self-insured programs (health, dental, auto, etc.), repairs & maintenance, utilities, computer services, and other interdepartmental activities. The net operating revenues for these internal activities were eliminated to the extent of operating expenses.

The total elimination of expenses against revenues was approximately \$1 billion. Most of this activity relates to the self-insured programs, which reported operating expenses of approximately \$553 million. Of the remaining \$447 million in operating expenses eliminated, \$237 million were professional fees & services; \$97 million included utilities, communications, and \$82 million in repairs and maintenance. When reviewing the expenses by natural classification approximately \$132.2 million represented salaries and wages and \$37.5 million represented other payroll related costs.

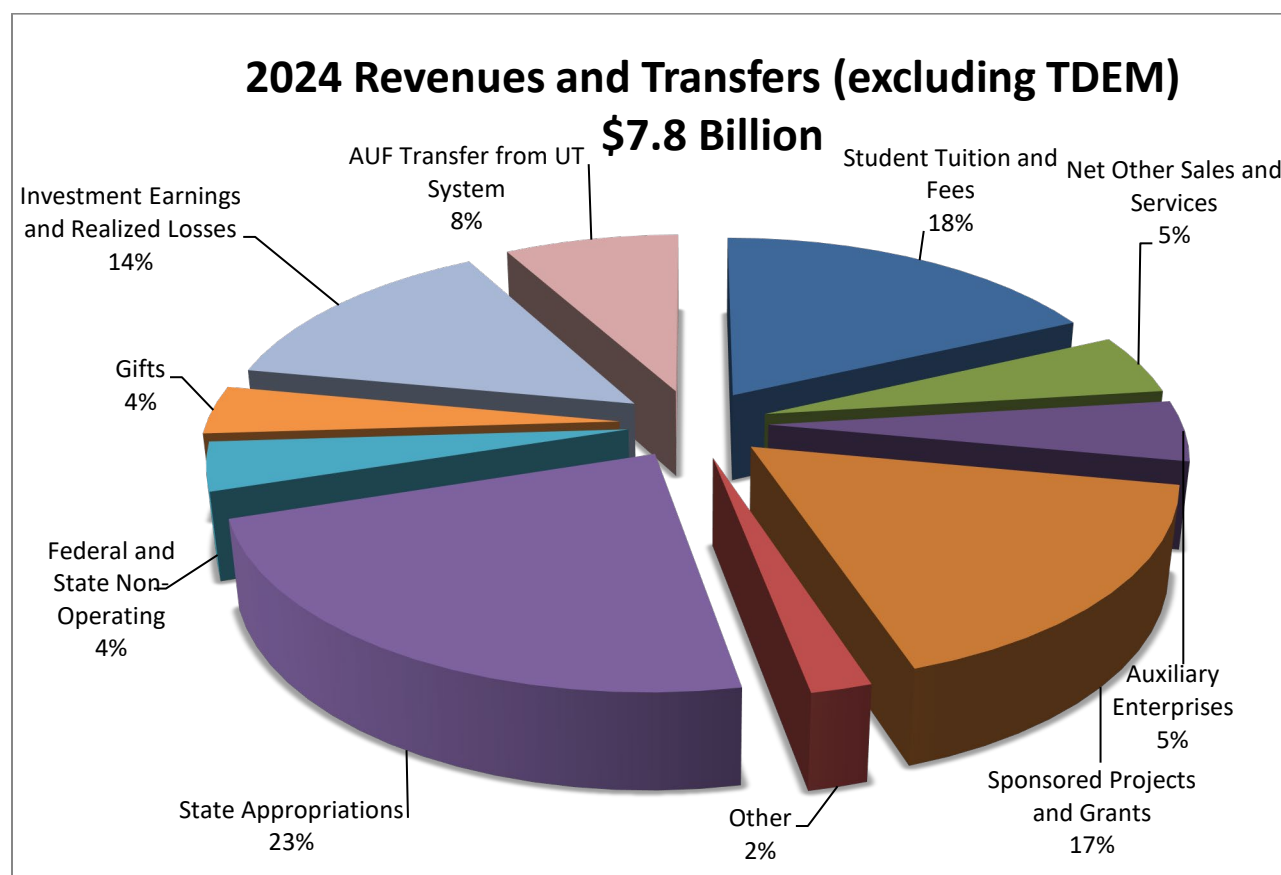
## UNAUDITED

### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

To analyze the A&M System institutions and agencies, the graph below excludes the Texas Division of Emergency Management (TDEM) who receives various funding to assist the public with disasters; therefore, TDEM experiences unpredictable fluctuations.

There was a \$600 million increase in revenue totaling \$7.8 billion compared to \$7.2 billion in the prior year. The increases are related to the increase in investment income and legislative revenue.

TDEM's total revenues were \$1 billion for 2024 compared to \$2.2 billion for 2023. As the state of Texas continues to recover from the COVID pandemic, there is a reduction in the need for COVID disaster funding.



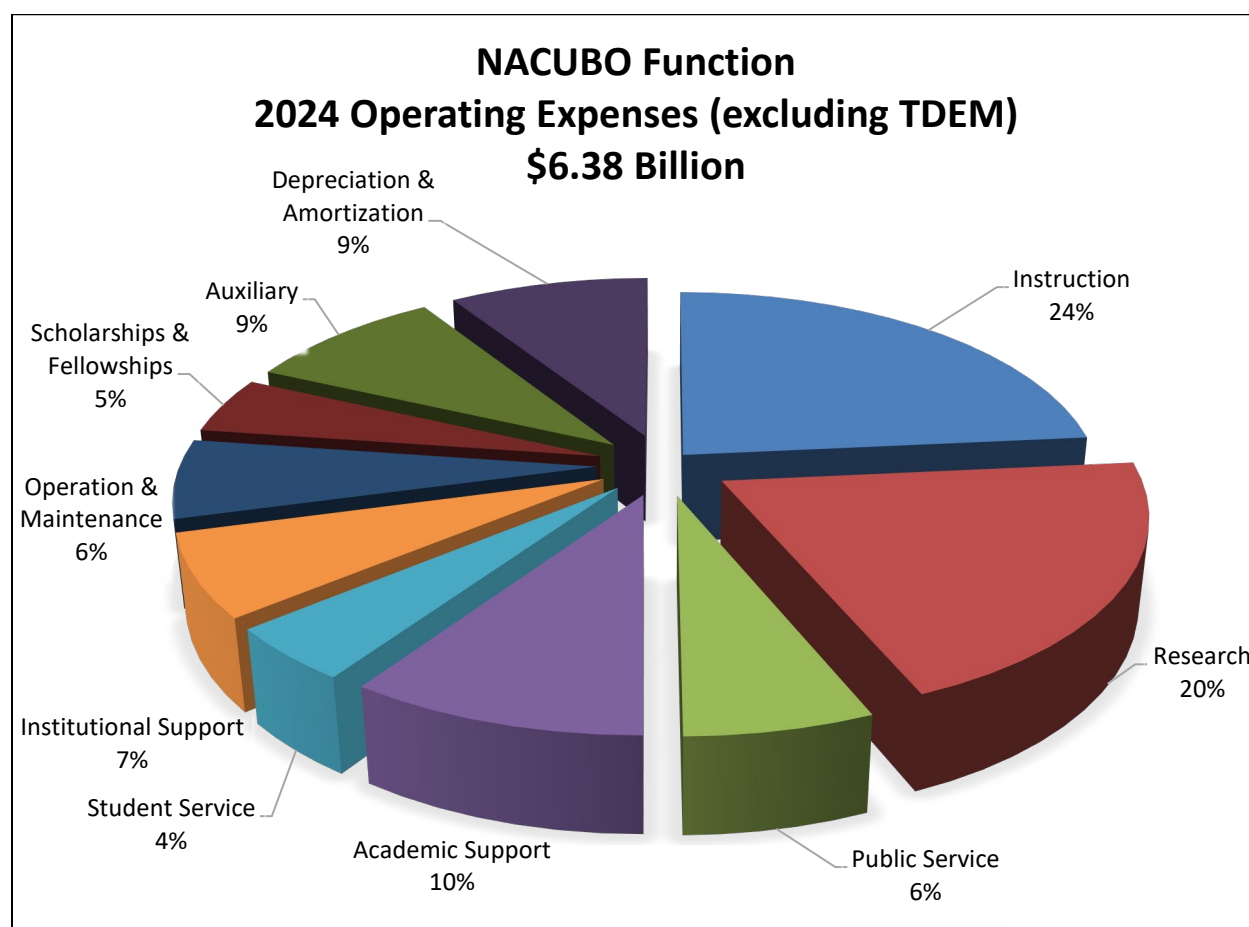
## UNAUDITED

### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

To analyze the A&M System institutions and agencies, the graph below excludes the Texas Division of Emergency Management (TDEM).

The first graph presents the operating expenses in the National Association of College and University Business Officers (NACUBO) functional classification and the second graph presents operating expenses in the natural classification. As presented below, instruction, research, academic support, auxiliary, depreciation/amortization of capital assets and institutional support are the primary expenses for the A&M System. For fiscal year 2024, total operating expenses were \$6.38 billion; instruction and research are the primary functions for A&M members.

TDEM reported \$1.1 billion Public Service operating expenses, \$641 million was sent to other Texas state agencies and governmental entities; \$157 million was used for rental and lease expenses and \$153 million was spent on professional fees and services.

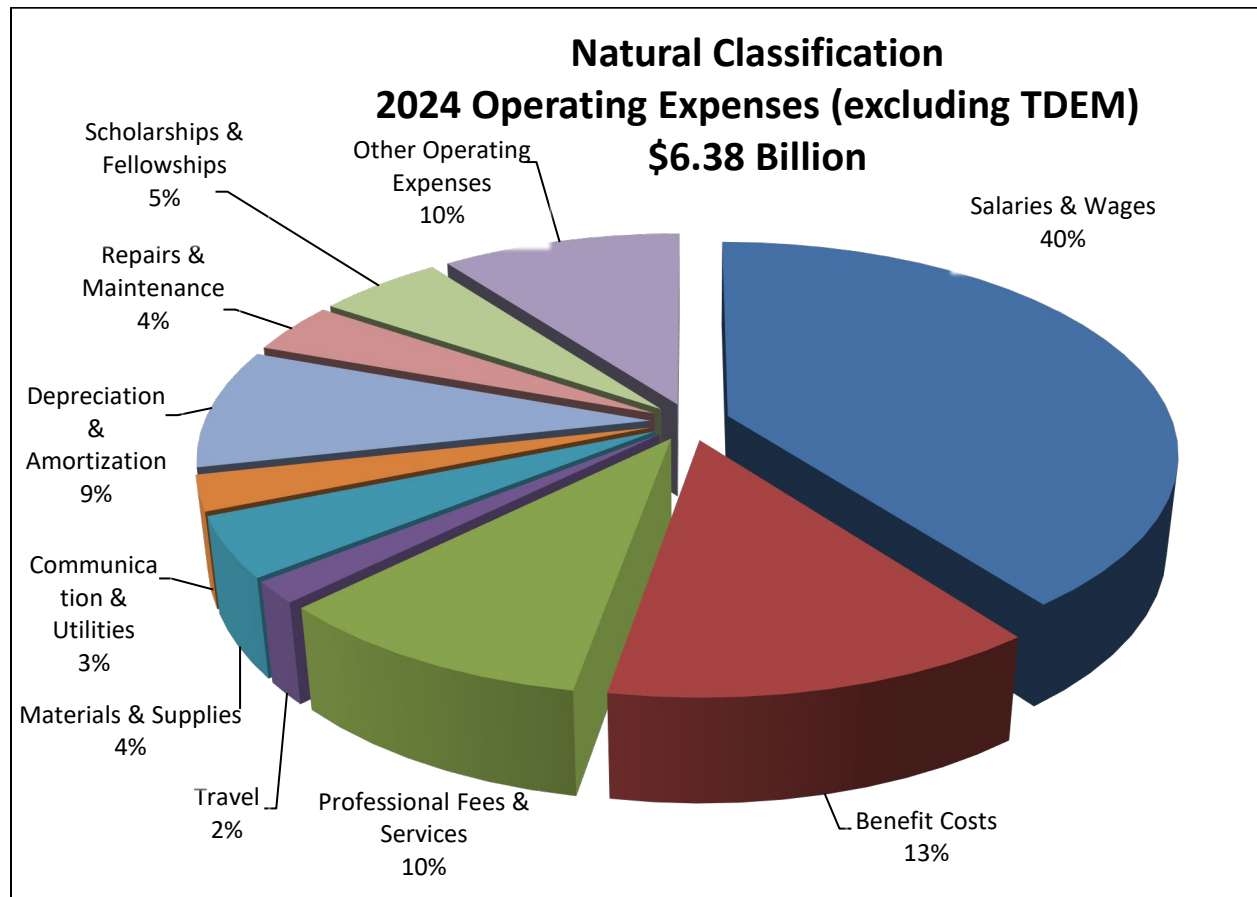


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**The Texas A&M University System  
Management's Discussion and Analysis  
For the Year Ended August 31, 2024**

To analyze the A&M System institutions and agencies, the graph below excludes the Texas Division of Emergency Management (TDEM) who receives various funding to assist the public with disasters; therefore, TDEM experiences unpredictable fluctuations.

For 2024, total operating expenses were \$6.38 billion. The A&M System salaries, wages and benefits are a critical part of the success of our students and the services provided. Each A&M member continues to analyze operating costs and ensure these expenses are appropriate.



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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

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#### *Statement of Cash Flows*

The final statement presented is the Statement of Cash Flows. This statement presents detailed information on the cash activity during the year. The first section presents operating cash flows, and the net cash used for operating activities. The next section presents the results of non-capital financing activities. This section includes the cash flows from state appropriations and other non-operating activities. The capital and related financing activities section includes cash used for acquisition and construction of capital assets. The investing activities section reports purchases, proceeds, and earnings from investments.

<b>Statement of Cash Flows</b>			
<b>(in millions)</b>			
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Cash Flows From</b>			
Operating Activities	\$(3,091)	\$(3,519)	\$(5,599)
Non-Capital Financing Activities	3,997	4,770	6,411
Capital and Related Financing Activities	(720)	(985)	(782)
Investing Activities	277	64	(149)
Net Change in Cash & Cash Equivalents	463	330	(119)
Cash & Cash Equivalents, Beginning of Year	2,372	2,042	2,161
<b>Cash &amp; Cash Equivalents, End of Year</b>	<b>\$2,835</b>	<b>\$2,372</b>	<b>\$2,042</b>

#### *Capital Assets*

The A&M System is committed to continuous improvements in the quality of its academic, research, and service programs through the development and renewal of its capital assets and infrastructure. The A&M System continues to implement its long-range plan to modernize existing teaching and research facilities along with plans for new construction.

Construction in progress for 2024 was \$1.6 billion, which is a \$334 million increase from the prior year. Completed projects totaled \$420.9 million.

There are many construction projects in various stages of completion including major projects mostly managed by the System Offices and minor projects managed by the members.

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## The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

Below and on the next few pages are a list of major construction projects exceeding \$4 million in total project costs, some of these projects are debt financed. This list includes over \$2.8 billion in construction projects in various stages of completion.

These projects are in progress and scheduled to be completed over the next two to three years.

Texas A&M Member and Project Name	Projected Fiscal Year Completion	Projected Budget (in Dollars)
<b>Texas A&amp;M University System</b>		
Ft. Worth Law & Education Building	2026	\$ 185,000,000
STEM Education Center at RELIS	2025	43,425,406
<b>Sub-total</b>		<b>\$ 228,425,406</b>
<b>Texas A&amp;M University</b>		
Utility Plant Control Upgrade	2024	\$ 7,500,000
HVAC Replacement Walton Hall	2024	8,794,068
CUP Structural Repairs	2024	6,700,000
Interior Finishes Renovation Dunn Hall Phase II	2024	6,947,609
Railroad Quiet Zone	2024	5,500,000
Outdoor Competition Throws and Warm-up Track	2024	9,559,456
Moses Hall HVAC Renovations	2024	9,218,500
Davis-Gary Hall HVAC Renovations	2024	9,218,500
Academic Building Renovations	2024	9,800,000
Space Collaboration Facility	2026	200,000,000
Clinical Veterinary Teaching and Research Complex	2027	181,000,000
CUP Generator Replacement Project	2026	26,500,000
Bright Area Development	2024	237,735,000
Business Education Complex	2025	84,197,309
<b>Sub-total</b>		<b>\$ 802,670,442</b>
<b>Tarleton State University</b>		
Inter-professional Education Building	2024	\$ 66,745,000
Parking Garage	2024	40,000,000
Research Administration Building	2024	7,000,000
Convocation Center	2025	110,000,000
Health Sciences & Human Services Building	2025	80,000,000
<b>Sub-total</b>		<b>\$ 303,745,000</b>

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<b>Texas A&amp;M Member and Project Name</b>	<b>Projected Fiscal Year Completion</b>	<b>Projected Budget (in Dollars)</b>
<b>Prairie View A&amp;M University</b>		
Teaching and Academic Student Support Services Facility	2027	\$ 44,922,833
Campus Wide Fire Alarm System Replacement	2025	11,302,000
<b>Sub-total</b>		<b>\$ 56,224,833</b>
<b>Texas A&amp;M Agrilife Research</b>		
Meat Sciences & Technology Center	2025	\$ 114,604,906
Animal Reproductive Biotechnology Center	2025	13,386,800
Borlaug Center Renovation and Addition	2024	56,700,000
AgriLife Vernon Campus Storm Repairs	2025	15,570,330
Amarillo Research & Extension Center at Canyon	2025	30,580,000
<b>Sub-total</b>		<b>\$ 230,842,036</b>
<b>Texas A&amp;M Engineering Extension Service</b>		
RELLIS Training Props	2024	\$ 25,300,000
South Texas Workforce Development	2024	30,000,000
<b>Sub-total</b>		<b>55,300,000</b>
<b>Texas A&amp;M University-Galveston</b>		
Infrastructure, Dock Improvements, and Ship FF&E - Phase II	2027	\$ 72,500,000
Infrastructure, Dock Improvements, and Ship FF&E-Phase I	2025	37,208,966
Engineering Classroom & Research Building	2026	50,992,125
<b>Sub-total</b>		<b>\$ 160,701,091</b>
<b>Texas A&amp;M Forest Service</b>		
Hudson Office	2024	\$ 5,000,000
<b>Texas A&amp;M University-Corpus Christi</b>		
Chaparral Renovation - Phase I	2024	\$ 8,500,000
Arts & Media Building	2026	80,922,833
<b>Sub-total</b>		<b>\$ 89,422,833</b>
<b>Texas A&amp;M University-Kingsville</b>		
Deferred Maintenance	2025	\$ 45,172,833
<b>Texas A&amp;M International University</b>		
Health Sciences Edu & Rsrch Cntr & Western Hemispheric Trade Center	2026	\$ 71,200,000
<b>Texas A&amp;M University-Commerce</b>		
Student Services Building	2024	\$ 19,500,000
Ag Multi-purpose Education & Training Center	2026	47,322,833
New Event Center/Arena	2026	70,400,000
Morris Recreation Center Expansion	2026	17,500,000
Student Dining Facility	2025	7,400,000
<b>Sub-total</b>		<b>\$ 162,122,833</b>



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**The Texas A&M University System  
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<b>Texas A&amp;M Member and Project Name</b>	<b>Projected Fiscal Year Completion</b>	<b>Projected Budget (in Dollars)</b>
<b>West Texas A&amp;M University</b>		
Renovation of Education Bldg and Health/Safety Upgrade	2025	\$ 44,922,833
<b>Texas A&amp;M University-Texarkana</b>		
Business, Engineering, & Technology Building	2026	\$ 44,922,833
<b>Texas A&amp;M University Health Science Center</b>		
Texas A&M Health ESCO 2023	2024	\$ 14,745,526
EnMED Discovery Tower Labs & Office Buildout - Phase 1	2025	15,000,000
Nursing Education & Research Building-McAllen	2026	49,948,556
School of Dentistry Main Building Renovation	2026	22,400,000
Alkek Building Roof & Exhaust Fan Replacement (Houston)	2025	6,865,000
<b>Sub-total</b>		<b>\$ 108,959,082</b>
<b>Texas A&amp;M University-Central Texas</b>		
Central Operational Reliability & Efficiency Facility	2026	\$ 49,900,000
<b>Texas A&amp;M University-San Antonio</b>		
Educare Building	2024	\$ 21,690,000
Multipurpose Field, Competition Track & Softball Field Upgrades	2024	10,000,000
New Recreation Center	2024	19,200,000
TAMU-San Antonio Housing Phase II	2024	34,100,000
Public Health & Education Building	2026	54,922,833
		<b>\$ 139,912,833</b>
<b>Texas A&amp;M University System Shared Services</b>		
RELLIS Avenue D South Extension and Utility Upgrades	2025	\$ 13,500,000
<b>Texas A&amp;M Engineering Experiment Station</b>		
Propulsion Test Facility at TEES Turbomachinery Lab	2024	\$ 6,400,000
Ballistic Aero Optics Materials Facility	2024	60,088,600
Hypersonic Wind Tunnel	2024	10,000,000
<b>Sub-total</b>		<b>\$ 76,488,600</b>
<b>Texas Division of Emergency Management</b>		
TDEM Headquarters and State Emergency Operations Center	2026	\$ 423,241,463
<b>TOTAL</b>		<b>\$ 2,808,929,951</b>

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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#### ***Debt Administration***

The A&M System understands its role of financial stewardship and works to manage its resources effectively, including the prudent use of debt to finance capital projects.

During fiscal year 2024, the A&M System issued tax-exempt bonds under the Revenue Financing System debt program to refund previously outstanding commercial paper, to provide funding for eligible projects, and to pay the costs of issuing the bonds. The Revenue Financing System Bonds, Series 2024 had a par amount of approximately \$427.4 million with a true interest cost of 3.73%.

In fiscal year 2024, there was a total of \$470 million in commercial paper issued. Revenue Financing System Commercial Paper Notes in the amount of \$180 million, Revenue Financing System Taxable Commercial Paper Notes in the amount of \$145 million, Permanent University Fund Commercial Paper Notes in the amount of \$60 million and Permanent University Fund Taxable Commercial Paper Notes in the amount of \$85 million were issued to fund eligible projects.

The A&M System has sufficient debt capacity to finance planned facilities and other capital improvements. In addition, the State appropriated amounts are sufficient for the reimbursement of debt service on all outstanding and planned Capital Construction Assistance Program debt for the 2024-2025 biennium. For additional information concerning Capital Assets and Debt Administrations, *see the Notes to the Financial Statements*.

#### ***Economic Outlook***

Equity markets generated strong positive gains over the past twelve months as global economies proved to be resilient despite a prolonged period of tight monetary policy. Fixed income markets also rallied as markets began pricing in future interest rate cuts. The Federal Reserve maintained the Federal Funds rate in the range of 5.25 to 5.50% during the period. Inflation trends have continued to moderate, with inflation indicators slowly trending towards the Federal Reserve's target.

The US economy is expected to grow modestly despite a slight increase in the unemployment rate. Consumer confidence levels have been strong and spending trends have been positive. The geopolitical environment continues to be uncertain, driven by significant conflicts in Ukraine and the Middle East.

The A&M System has invested in a diversified portfolio that has the potential to grow over the long term. During shorter time periods, the portfolios may be impacted by market conditions and negative changes in sentiment. The A&M System will continue to position the portfolios to take advantage of market volatility by acquiring assets at discounted valuations, which will help to enhance the long-term returns of the portfolios.

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024

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#### ***Fiduciary Funds***

##### ***Statement of Net Fiduciary Net Position***

The Statement of Fiduciary Net Position presents a snapshot of assets, liabilities, and net fiduciary position for the A&M System as of the end of the fiscal year. The Statement of Fiduciary Net Position assets and liabilities are presented in the liquidity format.

##### ***Statement of Changes in Fiduciary Net Position***

The Statement of Changes in Fiduciary Net Position presents the additions and deductions incurred during the year. This statement reports on the contributions, investment earnings, additions and deductions which occurred in the custodial funds for the fiscal year.

##### ***Financial Highlights for Fiduciary Funds***

Below are financial highlights for fiduciary funds for fiscal year 2024. The A&M System Fiduciary statements include balances from several types of entities including Investments Held for Non-A&M Entities, Student Organizations, Foundation/Alumni Associations, Public Private Partnership entities and Other Entities.

- Investments in the Fiduciary Statement of Net Position are \$425 million, which was a decrease of \$60 million from the prior year's total of \$365 million. The investment activity reported a \$49.9 million gain due to the unrealized increases in fair value totaling \$38.4 million, \$8.3 million interest earnings and \$3.2 million realized gains.
- Fiduciary funds reported an ending *Restricted for Other Individuals, Organizations and Other Entities* net position of \$510 million which was an increase of \$57 million from the prior year's net position of \$453 million.
- Contributions from various entities accounted for \$23.4 million.
- Other Additions totaled \$34.7 million, primarily from sales revenue from Public Private Partnerships and revenues from Student Organizations.
- Other Deductions totaled \$49 million from various entities.

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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#### ***Leadership Changes in Fiscal Year 2024***

Several leadership changes occurred in the A&M System during fiscal year 2024; these changes are included below.

- On December 12, 2023, the Board approved General (Retired) Mark A. Welsh, III as the 27<sup>th</sup> President of Texas A&M University.
- On February 8, 2024, the Board named Richard Rhodes as President of the Texas A&M University-Central Texas.
- On February 26, 2024, the Board approved Robert H. Bishop as Vice Chancellor and Dean of the College of Engineering at the Texas A&M University.
- On May 7, 2024, the Board approved Dr. Roderic Pettigrew as the Texas A&M University System's Vice Chancellor for Health and Strategic Initiatives.
- On May 10, 2024, the Governor appointed Cage Sawyers who is a third-year Texas A&M Law School student as the student regent.
- On May 10, 2024, the Governor appointed Luke Schwartz, both an Aggie and an Air Force veteran, to serve as the student representative on the Texas Higher Education Coordinating Board; his term begins June 1, 2024, and ends May 31, 2025.
- On June 27, 2024, Dr. E. Steve Putna was appointed as the inaugural director of the Texas A&M Semiconductor Institute to begin July 1, 2024.

#### ***Leadership Changes in Fiscal Year 2025***

- On October 9, 2024, Texas A&M University System Chancellor John Sharp appointed Juan J. Castillo as the Acting President of Texas A&M International University in Laredo, effective immediately. Castillo has served as the Vice President for Finance and Administration at TAMIU since 2008, will oversee the university's operations following the unexpected passing of President Pablo Arenaz.

#### ***Fiscal Year 2024 Announcements***

During September 2023, the Texas A&M University System's Board of Regents approved a motion to nearly double Texas A&M-Commerce's educational space in a Dallas high-rise. Since 2021, the university has offered courses in business, education, visual communications and agriculture in the building at 8750 North Central Expressway in Dallas. The Regents authorized adding 41,944 square feet of leased space to the original 51,515 square feet. The additional space will allow the university to expand its academic offerings.

During October 2023, Rebecca A. Seguin-Fowler, Ph.D., R.D.N., L.D., C.S.C.S., was elected to the most prestigious society in the field of nutrition: the National Academy of Medicine. Seguin-Fowler is Co-Director for the Texas A&M Institute for Advancing Health Through Agriculture (IHA) and Professor of Nutrition. Seguin-Fowler is a leading authority on community-engaged diet and physical activity interventions for obesity and chronic disease prevention among rural, low-income, minority, and other at-risk populations. Her work has advanced knowledge related to

## UNAUDITED

### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2024**

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social and environmental contextual factors to advance implementation and dissemination research to achieve health equity.

During November 2023, the Texas A&M University System Board of Regents voted to begin construction of the State Emergency Operations Center and agency headquarters for the Texas Division of Emergency Management (TDEM) just east of Austin's Bergstrom International Airport.

On April 11, 2024, the Texas A&M University System was named the winner of the 2023 Elastic Excellence in Security Business Transformation Award. Andrew Stokes director of cyber operations for the Texas A&M University System stated, "I am pleased to receive the Elastic Excellence in Security Business Transformation award and am proud of my team and the work that this award represents".

On June 14, 2024, the Texas A&M University System was chosen by the U.S. Department of Energy's National Nuclear Security Administration as part of a group to manage and operate the Pantex Plant, which maintains the safety, security, and effectiveness of the nation's nuclear weapons stockpile. "It is a privilege to be part of the management of another component of the country's nuclear deterrent," John Sharp, chancellor of the Texas A&M System, said. "We take our national security responsibilities seriously, and we will bring the same level of care and expertise to Pantex as we have done for the past several years to Los Alamos."

On July 1, 2024, Chancellor Sharp announced his retirement effective June 30, 2025; he became the Chancellor in September 2011. "Leading this grand enterprise has been one of the great privileges of my life," Sharp said. "I feel a deep sense of gratitude to all of you who have shown confidence in me and contributed to our collective endeavor. Together we have lifted the Texas A&M System to historic heights." "Texas is grateful for Chancellor John Sharp's unwavering commitment to improving higher education in the State of Texas," Governor Greg Abbott said. "His extraordinary leadership throughout his time as Chancellor of the Texas A&M University System provided young Texans with the tools they need to thrive in our booming economy." The Board of Regents will conduct a national search in the coming months for Sharp's successor, said Chairman Bill Mahomes.

#### ***Upcoming Accounting Pronouncements***

GASB is continuing their research on modifying the financial reporting model; an exposure draft is being developed and is scheduled to be released in the first quarter of 2025. The A&M System accounting staff is involved with GASB and NACUBO to ensure we understand the impacts of these future pronouncements.

#### ***Contact Information for the Texas A&M University System Office of Budgets and Accounting Team***

This annual financial report is designed to provide citizens, taxpayers, students, customers, investors and creditors with a general overview of the A&M System's finances and to demonstrate the A&M System's accountability for the funding it receives.



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**The Texas A&M University System  
Management's Discussion and Analysis  
For the Year Ended August 31, 2024**

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If you have questions about this report or need additional financial information, contact the Texas A&M University System Office, Budgets and Accounting Office, located at 301 Tarrow Street, College Station, Texas 77840-7896.

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**Exhibit III**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Assets and Deferred Outflows</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents (Schedule Three)	\$2,256,474,582.32	\$2,136,899,689.95
Restricted		
Cash and Cash Equivalents (Schedule Three)	578,484,840.52	234,606,730.85
Legislative Appropriations	900,901,134.09	731,764,023.28
Receivables, Net (Note 24)		
Federal	263,021,707.35	247,572,277.59
Other Intergovernmental	10,898,389.82	5,828,881.03
Interest and Dividends	19,268,385.08	22,171,650.75
Gifts	31,817,386.15	34,861,458.27
Self-Insured Health and Dental	46,730,689.15	41,678,440.92
Student	62,244,061.50	54,923,713.42
Investment Trades	11,069,968.13	4,404,908.91
Accounts	187,884,590.46	186,774,936.06
Other	11,396,517.69	3,712,218.54
Lease Receivable (Note 8)	4,649,989.53	5,550,272.42
Due from Other Agencies	67,432,977.91	67,848,503.47
Consumable Inventories	21,599,599.42	17,784,558.73
Merchandise Inventories	8,106,233.78	7,478,817.04
Loans and Contracts	19,291,742.30	17,270,720.36
Interfund Receivables (Note 12)	67,028,256.87	65,118,657.82
Other Current Assets	205,650,262.51	197,377,024.77
<b>Total Current Assets</b>	<b>\$4,773,951,314.58</b>	<b>\$4,083,627,484.18</b>
<b>Non-Current Assets</b>		
Restricted		
Investments (Note 3)	\$1,292,970,981.98	\$1,233,617,010.75
Loans, Contracts and Other	5,419,806.35	6,319,125.88
Gifts Receivable	251,998,343.65	272,491,997.99
Public Private Partnership Asset Receivable	26,091,695.25	26,091,695.25
Loans and Contracts	12,844,473.57	11,568,281.14
Investments (Note 3)	5,394,590,970.96	4,693,472,052.88
Lease Receivable (Note 8)	199,528,781.09	202,659,904.52
Interfund Receivables (Note 12)	1,495,390,326.30	1,502,418,583.17
Capital Assets, Net (Note 2)	7,930,019,778.05	7,593,351,363.22
Assets Held in Trust	367,100.00	362,100.00
Other Non-Current Assets	1,051,316.83	974,428.58
<b>Total Non-Current Assets</b>	<b>\$16,610,273,574.03</b>	<b>\$15,543,326,543.38</b>



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**Exhibit III**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Deferred Outflows of Resources (Note 28)</b>		
Unamortized Loss on Refunding Debt	\$53,299,741.39	\$56,845,765.23
Pension	425,256,135.00	356,787,499.00
Other Post Employment Benefits	814,650,175.00	717,580,049.00
<b>Total Deferred Outflows of Resources (Note 28)</b>	<b>\$1,293,206,051.39</b>	<b>\$1,131,213,313.23</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$22,677,430,940.00</b>	<b>\$20,758,167,340.79</b>
<b>Liabilities and Deferred Inflows</b>		
<b>Current Liabilities</b>		
Payables		
Accounts	\$500,319,168.58	\$481,702,560.84
Payroll	219,050,634.93	199,136,676.75
Investment Trade	12,163,122.82	11,714,539.90
Self-Insured Health and Dental	21,804,000.00	24,922,000.00
Student	6,572,995.96	5,098,088.63
Other	7,669,501.05	9,759,367.77
Interfund Payable (Note 12)	1,178,919.44	1,423,436.41
Due to Other Agencies	278,880,086.90	340,655,397.24
Unearned Revenue	1,005,163,176.82	889,858,198.31
Employees Compensable Leave	16,894,365.89	16,315,326.61
Other Post Employment Benefits (Note 11)	61,207,877.00	63,084,598.00
Claims and Judgments	3,394,786.00	1,312,021.00
Notes and Loans Payable (Note 5)	9,895,000.00	4,157,000.00
Notes From Direct Borrowings (Note 5)	3,504,316.33	3,452,375.56
Bonds Payable (Note 6)	322,615,109.72	282,666,412.44
Lease Liability (Note 8)	18,700,018.57	17,627,207.15
Right to Use Software Subscription Liability (Note 8)	18,413,835.19	15,933,987.73
Liabilities Payable from Restricted Assets	45,050,456.00	24,442,235.73
Other Current Liabilities	51,494,476.33	55,643,183.56
<b>Total Current Liabilities</b>	<b>\$2,603,971,847.53</b>	<b>\$2,448,904,613.63</b>

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**Exhibit III**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Non-Current Liabilities</b>		
Interfund Payable (Note 12)	\$12,103,599.27	\$3,410,278.91
Employees Compensable Leave	120,719,740.21	110,883,913.45
Other Post Employment Benefits (Note 11)	1,821,247,256.00	2,260,576,516.00
Pension Liability (Note 9)	965,213,562.00	771,327,658.00
Claims and Judgments	11,411,799.00	12,251,671.00
Notes and Loans Payable (Note 5)	270,529,000.00	118,857,000.00
Notes From Direct Borrowings (Note 5)	47,751,918.63	51,322,631.37
Bonds Payable (Note 6)	4,724,219,144.15	4,578,623,302.12
Assets Held in Trust	362,100.00	362,100.00
Liabilities Payable from Restricted Assets	10,137,393.28	9,166,189.23
Lease Liability (Note 8)	170,640,337.48	178,388,482.43
Right to Use Software Subscription Liability (Note 8)	9,320,179.13	21,727,081.73
Asset Retirement Obligations (Note 5)	13,326,635.27	12,426,635.27
Other Non-Current Liabilities	23,118,482.76	23,054,318.07
<b>Total Non-Current Liabilities</b>	<b>\$8,200,101,147.18</b>	<b>\$8,152,377,777.58</b>
<b>Deferred Inflows of Resources (Note 28)</b>		
Pension	\$73,445,773.00	\$106,067,301.00
Other Post Employment Benefits	1,431,360,344.00	881,131,703.00
Split-Interest Agreement	1,032,256.08	955,368.83
Lease Income	197,851,974.43	204,189,181.71
Public Private Partnership Asset	23,779,888.93	24,935,792.13
<b>Total Deferred Inflows of Resources (Note 28)</b>	<b>\$1,727,470,236.44</b>	<b>\$1,217,279,346.67</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>\$12,531,543,231.15</b>	<b>\$11,818,561,737.88</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$2,368,525,633.36	\$2,358,670,589.73
<b>Restricted for</b>		
Capital Projects	841,838,129.05	576,421,017.89
Education	528,034,127.18	660,248,176.56
Endowment and Permanent Funds		
Nonexpendable	476,718,961.77	467,520,171.36
Expendable	465,238,531.78	400,217,577.29
Unrestricted	5,465,532,325.71	4,476,528,070.08
<b>Total Proprietary Net Position (Exhibit IV)</b>	<b>\$10,145,887,708.85</b>	<b>\$8,939,605,602.91</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.

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**Exhibit IV**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Operating Revenues</b>		
Tuition and Fees	\$1,924,048,753.49	\$1,856,353,253.61
Discounts and Allowances	(542,179,993.84)	(502,074,031.06)
Professional Fees	1,030,588.04	1,031,220.57
Auxiliary Enterprises	486,071,690.31	445,349,357.75
Discounts and Allowances	(66,229,537.38)	(54,790,343.84)
Other Sales of Goods and Services	414,356,604.87	381,448,584.53
Discounts and Allowances	(11,152,826.36)	(8,929,859.55)
Interest Revenue - Loans	752,130.96	676,852.44
Federal Revenue	766,104,484.89	702,554,356.18
Federal Pass Through Revenue	48,854,824.49	130,667,097.07
State Grant Revenue	6,685,716.76	6,868,508.53
State Pass Through Revenue	149,624,960.10	148,228,507.94
Other Grants and Contracts	321,874,184.18	335,876,410.58
Other Operating Revenue	144,395,816.18	97,011,997.57
<b>Total Operating Revenues</b>	<b>\$3,644,237,396.69</b>	<b>\$3,540,271,912.32</b>
<b>Operating Expenses</b>		
Instruction	\$1,499,163,753.40	\$1,459,082,436.37
Research	1,291,325,626.67	1,172,588,821.88
Public Service	1,487,152,988.96	2,372,558,463.44
Academic Support	617,106,911.49	561,577,852.81
Student Service	282,430,498.38	267,114,777.13
Institutional Support	433,159,867.87	389,761,054.62
Operation & Maintenance of Plant	412,821,783.12	373,012,977.61
Scholarships & Fellowships	295,956,651.76	280,447,107.77
Auxiliary	576,937,882.67	502,246,467.60
Depreciation / Amortization	586,407,632.07	558,093,162.64
<b>Total Operating Expenses (Schedule IV-1)</b>	<b>\$7,482,463,596.39</b>	<b>\$7,936,483,121.87</b>
<b>Total Operating Loss</b>	<b>(\$3,838,226,199.70)</b>	<b>(\$4,396,211,209.55)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Legislative Revenue	\$1,843,224,694.22	\$1,820,839,369.72
Federal Revenue	857,202,242.42	1,530,785,248.83
Federal Pass Through Revenue	25,829,734.81	656,163,329.47
State Pass Through Revenue	372,527,728.29	226,841,522.55
Gifts	283,196,995.99	389,708,349.01
Investment Income	1,068,460,789.30	558,834,005.04
Investing Activities Expense	(26,453,977.40)	(22,358,104.22)

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**Exhibit IV**  
**The Texas A&M University System**  
**Combined Proprietary Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
Interest Expense	(\$197,250,330.38)	(\$188,745,671.84)
Borrower Rebates and Agent Fees	(2,262,903.51)	(2,454,338.04)
Gain (Loss) on Sale or Disposal of Capital Assets	(11,262,747.91)	2,714,888.47
Settlement of Claims	(4,238,071.32)	(811,823.70)
Other Nonoperating Revenues	62,407,448.41	115,586,311.78
Other Nonoperating Expenses	(57,464,044.96)	(124,758,290.80)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$4,213,917,557.96</b>	<b>\$4,962,344,796.27</b>
<b>Income Before Other Revenues and Transfers</b>	<b>\$375,691,358.26</b>	<b>\$566,133,586.72</b>
<b>Capital Contributions, Endowments and Transfers</b>		
Capital Contributions	\$29,314,020.48	\$11,546,181.21
Capital Appropriation - Higher Education Fund	49,880,728.00	48,419,905.00
Additions to Permanent and Term Endowments	6,189,746.07	12,110,247.28
Transfers In		
Transfers From State Agencies	714,179,447.80	579,996,181.48
Transfers From State Agencies - Capital Assets	769,553.74	6,906.18
Transfers Out		
Transfers To State Agencies	(8,939,143.55)	(1,838,305.70)
Transfers To State Agencies - Capital Assets	(150,477.58)	
Legislative Transfers - In	38,263,643.00	8,330,711.71
Legislative Appropriations Lapsed	1,083,229.72	(1,866,738.77)
<b>Total Capital Contributions, Endowments and Transfers</b>	<b>\$830,590,747.68</b>	<b>\$656,705,088.39</b>
<b>Change in Net Position</b>	<b>\$1,206,282,105.94</b>	<b>\$1,222,838,675.11</b>
<b>Net Position, Beginning of Year</b>	<b>\$8,939,605,602.91</b>	<b>\$7,716,766,927.80</b>
<b>Net Position, End of Year (Exhibit III)</b>	<b>\$10,145,887,708.85</b>	<b>\$8,939,605,602.91</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.

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Schedule IV-1

The Texas A University System

Combined Proprietary Statement of NACUBO Function to Natural Classification Matrix  
For the Year Ended August 31, 2024

	Instruction	Research	Public Service	Academic Support
<b>Natural Classification</b>				
Salaries and Wages	\$947,715,454.19	\$550,030,654.58	\$222,487,265.89	\$305,499,951.74
Payroll Related Costs	296,292,337.18	163,494,061.45	95,670,984.88	97,120,429.33
Cost of Goods Sold	1,305,219.51	376,349.06	224,077.16	251,077.08
Professional Fees and Services	74,373,259.18	159,997,830.96	174,543,941.42	66,578,734.03
Travel	23,877,193.66	27,634,675.58	10,768,996.36	10,604,057.38
Materials and Supplies	49,270,328.26	88,236,914.69	98,137,609.99	56,717,748.70
Communications and Utilities	4,718,008.24	15,905,937.38	9,950,936.52	13,646,635.69
Repairs and Maintenance	9,145,276.03	33,032,087.63	5,942,787.21	13,434,523.30
Rentals and Leases	34,313,838.45	20,793,197.41	167,020,891.52	16,602,027.78
Printing and Reproduction	2,278,797.35	3,418,960.72	1,034,533.59	1,726,488.64
Federal Pass Through	2,134,060.78	20,533,076.50	139,288,968.68	65,836.87
State Pass Through		1,713,624.33	1,510,143.79	
Depreciation and Amortization				
Bad Debt Expense				
Interest	25,812.29	70,106.79	73,132.65	14,516.86
Scholarships	3,340,813.31	52,131,831.96	1,572,724.15	2,300,269.09
Claims and Losses				
Other Operating Expenses	50,373,354.97	153,956,317.63	558,925,995.15	32,544,615.00
<b>Total Proprietary Operating Expenses</b>	<b>\$1,499,163,753.40</b>	<b>\$1,291,325,626.67</b>	<b>\$1,487,152,988.96</b>	<b>\$617,106,911.49</b>

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Schedule IV-1

The Texas A University System

Combined Proprietary Statement of NACUBO Function to Natural Classification Matrix  
For the Year Ended August 31, 2024

	Student Service	Institutional Support	Operation & Maintenance of Plant	Scholarships & Fellowships
<b>Natural Classification</b>				
Salaries and Wages	\$118,750,113.76	\$191,682,520.49	\$38,756,434.31	\$26,691,576.74
Payroll Related Costs	46,414,209.70	88,912,683.16	16,442,530.12	3,423,209.07
Cost of Goods Sold	25,323.83	44,103.03	(132,075.35)	6,799.45
Professional Fees and Services	30,941,712.15	69,485,141.64	80,483,355.60	9,835,504.00
Travel	6,612,705.88	3,044,133.50	286,365.37	1,853,066.76
Materials and Supplies	18,280,029.65	12,590,209.28	13,042,229.21	1,959,420.58
Communications and Utilities	3,324,839.56	2,912,740.74	89,480,176.81	1,051,095.00
Repairs and Maintenance	6,069,315.89	8,840,704.50	136,626,513.52	1,243,579.16
Rentals and Leases	14,269,881.36	11,317,986.49	6,596,612.17	1,779,421.10
Printing and Reproduction	1,959,477.40	1,125,754.97	39,107.89	73,561.97
Federal Pass Through				
State Pass Through		47,291.30		46,126.42
Depreciation and Amortization				
Bad Debt Expense	537,330.15			
Interest	9,323.88	17,541.62	9,207.92	254.51
Scholarships	2,946,109.61	15,001,762.86	139,548.85	241,880,014.90
Claims and Losses			41,999.83	
Other Operating Expenses	32,290,125.56	28,137,294.29	31,009,776.87	6,113,022.10
<b>Total Proprietary Operating Expenses</b>	<b>\$282,430,498.38</b>	<b>\$433,159,867.87</b>	<b>\$412,821,783.12</b>	<b>\$295,956,651.76</b>

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## Schedule IV-1

## The Texas A University System

Combined Proprietary Statement of NACUBO Function to Natural Classification Matrix  
For the Year Ended August 31, 2024

	Auxiliary	Depreciation / Amortization	Current Year	Prior Year
<b>Natural Classification</b>				
Salaries and Wages	\$173,792,027.73	\$0.00	\$2,575,405,999.43	\$2,318,371,271.78
Payroll Related Costs	35,292,733.25		843,063,178.14	815,191,232.92
Cost of Goods Sold	3,158,860.20		5,259,733.97	6,578,265.48
Professional Fees and Services	114,976,854.07		781,216,333.05	681,292,339.29
Travel	22,627,175.79		107,308,370.28	95,952,703.57
Materials and Supplies	29,551,269.83		367,785,760.19	328,737,969.66
Communications and Utilities	35,618,897.63		176,609,267.57	159,241,033.41
Repairs and Maintenance	34,289,613.55		248,624,400.79	205,134,624.14
Rentals and Leases	27,832,142.44		300,525,998.72	213,659,139.80
Printing and Reproduction	1,000,853.60		12,657,536.13	13,469,062.98
Federal Pass Through			162,021,942.83	602,132,693.85
State Pass Through			3,317,185.84	4,134,938.22
Depreciation and Amortization		586,407,632.07	586,407,632.07	558,093,162.64
Bad Debt Expense			537,330.15	375,184.82
Interest	12,204.17		232,100.69	181,324.65
Scholarships	19,354,640.54		338,667,715.27	321,193,346.15
Claims and Losses			41,999.83	29,683,198.09
Other Operating Expenses	79,430,609.87		972,781,111.44	1,583,061,630.42
<b>Total Proprietary Operating Expenses</b>	<b>\$576,937,882.67</b>	<b>\$586,407,632.07</b>	<b>\$7,482,463,596.39</b>	<b>\$7,936,483,121.87</b>

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Exhibit V  
The Texas A&M University System  
Combined Proprietary Statement of Cash Flows  
For the Year Ended August 31, 2024

	Current Year	Prior Year
<b>Cash Flows From Operating Activities</b>		
Proceeds Received From Tuition and Fees	\$1,454,079,341.45	\$1,359,429,801.00
Proceeds Received From Customers	364,147,370.12	444,939,241.76
Proceeds From Grants and Contracts	1,326,332,047.30	1,255,124,489.11
Proceeds From Auxiliary Enterprises	426,373,483.39	386,912,735.02
Proceeds From Loan Programs	637,069,704.49	615,009,692.77
Proceeds From Other Operating Revenues	144,789,683.64	108,793,657.36
Payments to Suppliers for Goods and Services	(2,935,336,329.89)	(3,336,642,307.87)
Payments to Employees	(3,269,797,041.50)	(2,948,826,617.07)
Payments for Loans Provided	(641,522,756.93)	(623,389,275.71)
Payments for Other Operating Expenses	(597,561,828.97)	(780,038,167.16)
<b>Net Cash Used By Operating Activities</b>	<b>(\$3,091,426,326.90)</b>	<b>(\$3,518,686,750.79)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Proceeds From State Appropriations	\$1,757,742,642.73	\$1,437,633,060.91
Proceeds From Gifts	305,255,739.75	399,807,545.45
Proceeds From Endowments	6,189,746.07	12,110,247.28
Proceeds From Transfers From Other Funds	740,037,864.70	512,379,566.80
Proceeds From Other Grant Receipts	1,205,946,777.87	2,409,131,756.81
Proceeds From Other Noncapital Financing Activities	48,830,239.12	120,929,389.83
Payments for Transfers to Other Funds	(18,743,105.26)	(2,322,291.71)
Payments for Other Noncapital Financing Uses	(47,961,891.75)	(119,792,789.38)
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>\$3,997,298,013.23</b>	<b>\$4,769,876,485.99</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds From Sale of Capital Assets	\$1,597,780.72	\$5,924,232.97
Proceeds From Debt Issuance	956,820,491.06	633,625,395.95
Proceeds From Interfund Payables	10,007,803.99	
Proceeds From Other Financing Activities	28,282,147.69	11,755,585.39
Payments for Additions to Capital Assets	(920,150,736.05)	(709,783,577.51)
Payments of Principal On Debt	(613,865,951.75)	(712,981,967.60)
Payments for Leases/SBITA	(8,781,129.00)	(15,719,055.76)
Payments of Interest On Debt Issuance	(168,471,512.49)	(183,022,710.07)
Payments for Interfund Receivables	(1,551,196.61)	(11,612,292.82)
Payments of Other Costs On Debt Issuance	(3,592,937.89)	(3,606,873.76)
<b>Net Cash Used By Capital &amp; Related Financing Activities</b>	<b>(\$719,705,240.33)</b>	<b>(\$985,421,263.21)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds From Sales of Investments	\$2,769,437,574.47	\$2,070,604,185.06
Proceeds From Interest and Investment Income	270,810,874.80	198,839,661.14
Payments to Acquire Investments	(2,762,961,893.23)	(2,206,032,736.24)
<b>Net Cash Provided By Investing Activities</b>	<b>\$277,286,556.04</b>	<b>\$63,411,109.96</b>
<b>Net Increase In Cash and Cash Equivalents</b>	<b>\$463,453,002.04</b>	<b>\$329,179,581.95</b>
Proprietary Cash and Cash Equivalents, Beginning of Year	\$2,371,506,420.80	\$2,042,326,838.85
<b>Proprietary Cash and Cash Equivalents, End of Year (Schedule Three)</b>	<b>\$2,834,959,422.84</b>	<b>\$2,371,506,420.80</b>



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Exhibit V  
The Texas A&M University System  
Combined Proprietary Statement of Cash Flows  
For the Year Ended August 31, 2024

	Current Year	Prior Year
<b>Reconciliation of Operating Loss to Net Cash Used By Operating Activities</b>		
Operating Loss	(\$3,838,226,199.70)	(\$4,396,211,209.55)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used By Operating Activities</b>		
Amortization and Depreciation	\$586,407,632.07	\$558,093,162.64
Bad Debt Expense	9,611,806.97	4,922,989.79
Pension Expense	176,508,587.00	94,504,755.00
OPEB Expense	68,337,135.00	171,048,559.00
Changes In Assets and Liabilities		
(Increase) Decrease In Receivables	20,859,048.02	(58,996,505.36)
(Increase) Decrease In Due From Agencies/Funds	(737,783.52)	(20,629,409.24)
(Increase) Decrease In Inventories	(4,442,457.43)	3,152,134.29
(Increase) Decrease In Prepaid Expenses	(4,579,261.93)	(23,881,913.17)
(Increase) Decrease In Loans and Contracts	(2,999,965.60)	(7,113,033.16)
(Increase) Decrease In Other Assets	(2,734,855.81)	512,458.05
(Increase) Decrease In Deferred Outflows - Pensions	(68,468,637.00)	(172,309,364.00)
(Increase) Decrease In Deferred Outflows - OPEB	(97,070,126.00)	16,825,109.00
Increase (Decrease) In Payables	(6,707,704.87)	65,408,853.22
Increase (Decrease) In Due to Other Agencies/Funds	(61,506,050.54)	172,320,634.77
Increase (Decrease) In Unearned Revenue	105,043,900.48	38,027,460.50
Increase (Decrease) In Deposits	518,645.39	(192,649.75)
Increase (Decrease) In Employees Compensable Leave	10,414,866.04	7,765,529.54
Increase (Decrease) In OPEB Liability	(453,158,515.00)	(494,842,582.00)
Increase (Decrease) In Pension Liability	101,090,162.00	401,789,991.00
Increase (Decrease) In Self Insured Accrued Liability	(1,875,107.00)	(1,263,058.00)
Increase (Decrease) In Other Liabilities	2,266,329.48	(125,930,467.13)
Increase (Decrease) In Deferred Inflows - Pensions	(116,334,373.00)	(299,827,844.00)
Increase (Decrease) In Deferred Inflows - OPEB	493,844,040.00	425,248,673.00
Increase (Decrease) in Deferred Inflows of Resources – Leases	(7,487,441.95)	97,955,182.64
Increase (Decrease) in Deferred Inflows of Resources – PPP Assets		24,935,792.13
<b>Total Adjustments</b>	<b>\$746,799,872.80</b>	<b>\$877,524,458.76</b>
<b>Net Cash Used By Operating Activities</b>	<b>(\$3,091,426,326.90)</b>	<b>(\$3,518,686,750.79)</b>
<b>Non-Cash Transactions</b>		
Donation of Capital Assets	\$29,314,020.48	\$11,546,181.21
Net Change In Fair Value of Investments	649,630,815.00	351,449,853.11
Amortization of Bond Premiums and Discounts	22,206,412.44	22,185,539.25
Borrowing Under Lease Purchase	21,980,860.81	95,052,474.94
Other	(1,754,485.00)	2,422,674.62

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.

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**Exhibit VI**  
**The Texas A&M University System**  
**Combined Statement of Fiduciary Net Position - Custodial Funds**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Assets</b>		
Cash and Cash Equivalents (Schedule Three-F)	\$1,295,364.92	\$9,138,214.53
Investments (Note 3)	1,970,940.91	1,713,821.37
Restricted Cash and Cash Equivalents		
Cash and Cash Equivalents (Schedule Three-F)	40,995,403.17	32,076,668.65
Investments (Note 3)	422,700,456.75	363,081,270.63
Receivables, Net (Note 24)		
Interest and Dividends	1,024,403.32	1,050,461.00
Gifts	46,934,516.40	46,596,038.35
Student	1,416,669.02	1,386,143.11
Investment Trades	691,125.50	258,268.33
Accounts	590,710.43	3,457,398.94
Other	411,739.08	2,250,111.98
Other Assets	12,452.05	677.60
<b>Total Assets</b>	<b>\$518,043,781.55</b>	<b>\$461,009,074.49</b>
<b>Liabilities</b>		
Payables (Note 24)		
Accounts	\$1,280,682.05	\$1,416,807.48
Investment Trades	767,610.47	676,182.85
Other	345,422.20	448,357.56
Other Liabilities	5,511,537.94	5,259,669.52
<b>Total Liabilities</b>	<b>\$7,905,252.66</b>	<b>\$7,801,017.41</b>
<b>Net Position</b>		
Restricted for		
Individuals, Organizations, & Other Entities	\$510,138,528.89	\$453,208,057.08
<b>Total Fiduciary Net Position (Exhibit VII)</b>	<b>\$510,138,528.89</b>	<b>\$453,208,057.08</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.

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**Exhibit VII**  
**The Texas A&M University System**  
**Combined Statement of Changes in Fiduciary Net Position - Custodial Funds**  
**For the Year Ended August 31, 2024**

	Current Year	Prior Year
<b>Additions</b>		
<b>Contributions</b>		
Contributions from Foundations/Alumni Associations	\$18,824,205.67	\$24,212,811.50
Contributions from External Entities to Student Organizations	4,184,142.11	3,077,711.87
Contributions from Other Organizations	374,486.36	886,651.99
<b>Total Contributions</b>	<b>\$23,382,834.14</b>	<b>\$28,177,175.36</b>
<b>Investment Income</b>		
Interest/Dividends/Other Income	\$8,289,571.73	\$7,081,564.18
Realized Gain Sale of Investments	3,243,453.72	9,532,051.64
Net Increase (Decrease) in Fair Value of Investments	38,389,228.76	12,210,991.30
Total Investment Income	\$49,922,254.21	\$28,824,607.12
Less: Investment Activity Costs	(2,180,528.42)	(2,007,576.97)
<b>Total Net Investment Income</b>	<b>\$47,741,725.79</b>	<b>\$26,817,030.15</b>
<b>Other Additions</b>		
Receipts for Sales Revenue from Public Private Partnerships	\$13,126,528.95	\$12,230,305.04
Receipts for Dues and Event Revenues from Student Organizations	16,907,920.84	13,233,433.83
Receipts from Other Organizations	1,980,193.26	2,009,110.72
Miscellaneous Additions	2,657,317.99	2,578,236.95
<b>Total Other Additions</b>	<b>\$34,671,961.04</b>	<b>\$30,051,086.54</b>
<b>Total Additions</b>	<b>\$105,796,520.97</b>	<b>\$85,045,292.05</b>
<b>Deductions</b>		
Refunds of Contributions for Investments Held for Non A&M Entities	\$0.00	\$81,118,970.20
Payments of Operational Costs for Public Private Partnerships	8,753,879.72	13,307,639.13
Payments of Operational and Event Costs for Student Organizations	18,461,555.74	16,094,904.35
Payments of Operational Costs for Foundations/Alumni Associations	17,421,159.95	15,290,994.72
Miscellaneous Deductions	4,229,453.75	4,267,282.21
<b>Total Deductions</b>	<b>\$48,866,049.16</b>	<b>\$130,079,790.61</b>
<b>Net Decrease in Fiduciary Net Position</b>	<b>\$56,930,471.81</b>	<b>(\$45,034,498.56)</b>
Net Position, Beginning of Year	\$453,208,057.08	\$498,242,555.64
<b>Fiduciary Net Position, End of Year (Exhibit VI)</b>	<b>\$510,138,528.89</b>	<b>\$453,208,057.08</b>

The Accompanying Summary of Significant Accounting Policies and Notes to  
Financial Statements are an integral part of this statement.



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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Notes to the Combined Financial Statements

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Note 1 - Summary of Significant Accounting Policies**

The accompanying financial statements of the A&M System are prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) pronouncements, the requirements of the Texas Comptroller of Public Accounts, and the guidelines from the National Association of College and University Business Officers.

#### **Financial Reporting Structure, Basis of Accounting and Measurement Focus**

##### **Proprietary Funds**

For financial reporting purposes, the A&M System is considered a special-purpose government engaged in business-type activities for the State of Texas Annual Comprehensive Financial Report (ACFR). Accordingly, the A&M System's proprietary financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. Operating items are distinguished from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with ongoing operations.

##### **Fiduciary Funds**

The A&M System is a fiduciary entity for several different types of custodial funds. These fiduciary activities are reported separately from other financial activities since the A&M System cannot access the assets to finance its operations. The A&M System's fiduciary responsibilities include ensuring assets reported in these funds are secure and outflows occur based upon the custodial entity's intended purposes. Fiduciary funds also use the economic resources measurement focus and the full accrual basis of accounting; additions are recognized in the reporting period they are earned, and deductions are recognized in the reporting period they are incurred.

The A&M System reports on several types of fiduciary custodial funds: investments held for other non-A&M institutions, student organizations, foundation/alumni associations, public private partnerships and other.

##### **Assets**

##### **Cash and Cash Equivalents**

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash and cash equivalents. With the exception of residual cash which results from the management of investment portfolios, the A&M System maintains cash and cash equivalents for the purpose of meeting short-term disbursement requirements.

##### **Investments**

Current and non-current investments are reported at fair value. Fair value is defined as the price received if an investment were sold in an orderly transaction between market participants at the measurement date. Measuring fair value requires gathering information, or inputs, about the asset or liability being measured. The fair value hierarchy categorizes the inputs used to measure fair value into three levels. Level 1 inputs

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

are quoted prices in active markets for assets or liabilities identical to the ones being measured, Level 2 inputs are observable for similar assets or liabilities, and Level 3 inputs are unobservable inputs.

The notes to the financial statements disclose the input levels used to determine fair value, and also display the deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

#### **Current Assets**

On the proprietary Statement of Net Position, items classified as current are defined as resources expected to be realized or consumed within one year.

#### **Receivables**

Receivable balances are grouped into several receivable categories. Accounts receivable reflect amounts owed for goods and services provided, or the value of a Public Private Partnership (P3) Asset to be transferred. Refer to Note 27 - Public-Private and Public-Public Partnerships for additional details.

Self-insured health and dental receivable represents August premiums for the A&M System's self-insured arrangement for group health and dental plan insurance coverage. The investment trades category reports pending security sales which have been traded and not settled as of the end of the reporting period. Other receivables include items such as travel advances, returned checks, and various items accrued.

Receivable balances are presented net of an allowance for uncollectible accounts. The allowance is based on management's judgment of potential uncollectible amounts, which includes such factors as historical experience and type of receivable. Refer to Note 24 - Disaggregation of Receivable and Payable Balances, for additional details.

#### **Lease Receivables**

Lease receivables are recorded by the A&M System as the present value of lease payments expected to be received under leases meeting the \$100,000 threshold per contract excluding short-term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short-term leases, those with a maximum period of 12 months, are recognized as collected. Additional details are provided in Note 8 – Leases.

#### **Other Assets**

Balances reported as Other Assets consist mostly of prepaid expenses along with other miscellaneous deposit balances. The Other Assets reported in the Non-Current section include the A&M System's share of a split interest agreement.

#### **Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Livestock held for educational purposes is recorded at estimated fair value. The capitalization threshold for personal property is \$5,000. The capitalization threshold is \$100,000 for buildings and building improvements, facilities and other improvements, purchased software, land use rights with terms, and leasehold improvements. Infrastructure has a capitalization threshold of \$500,000. Internally developed software has a capitalization threshold of \$1,000,000. All land, land improvements, permanent land use rights, library books/materials, museums/collections, and works of art/historical treasures are capitalized.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets; generally, 10 to 30 years for buildings and building improvements, 10 to 45 years for infrastructure, 4 to 15 years for equipment, and 15 years for library books.

#### **Right-to-Use-Assets**

Right-to-Use (RTU) assets represent the right to use another entity's nonfinancial asset (building, land, equipment, subscription software, etc.) for a specified period of time as defined in the lease contract. RTU assets and the related lease liability are recognized at the lease commencement date and measured based on the present value of future lease payments. The minimum threshold for capitalizing RTU assets is based on the net present value of future payments, \$100,000 per unit for leases (building, land, equipment) and \$500,000 per contract for software-based information technology arrangements (SBITA).

#### **Liabilities**

##### **Payables**

Payable balances are grouped into various payable categories on the Statement of Net Position. Accounts payable represents the liability for the value of assets or services received, as of the date of the financial statements, for which payment is pending. Payroll payable includes accrued salary, wages, and benefits. The investment trades category reports pending security purchases traded and not settled as of the end of the reporting period. Self-insured health and dental payable represents a liability for self-insured group health and dental insurance plan coverage. Other payables include a variety of items, including payables for investment manager fees, sales taxes, and student liabilities.

##### **Lease Liabilities**

Lease liabilities represent the A&M System's obligation to make lease payments arising from leases meeting the \$100,000 threshold per RTU asset, excluding short-term leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted based on a borrowing rate determined by the A&M System. Short-term leases, those with a maximum period of 12 months, are expensed as incurred. Additional details are provided in Note 8 - Leases and Software Subscriptions.

##### **Software Subscriptions**

Subscription-Based Information Technology Arrangements (SBITA) are contracts that involve control over the right to use another party's IT software or IT software combined with tangible capital assets for a specified period. Software subscription liabilities represent the A&M System's obligation to make software payments arising from contracts meeting the \$500,000 threshold per contract, excluding short-term contracts with a term of less than 12 months.

Software subscription liabilities are recognized at the commencement date based on the present value of future payments over the remaining term of the contract. The present value of future payments is discounted based on a borrowing rate determined by the A&M System. Short-term leases, those with a maximum period of 12 months, are expensed as incurred. See Note 8 - Leases and Software Subscriptions for additional details.



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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Asset Retirement Obligations (AROs)**

An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. AROs result from the normal operations of tangible capital assets and include legally enforceable liabilities associated with the asset's retirement, disposal, and any associated environmental remediation. The A&M System is reporting AROs related to radioactive material licenses and nuclear research facilities, as detailed in Note 5 - Long-Term Liabilities.

#### **Notes from Direct Borrowings**

Notes from Direct Borrowings are reported in the liabilities section of the proprietary Statement of Net Position and represent debt from contractual obligations to make one or more payments over time to settle a contractual obligation. For the A&M System, this is for financed purchases for capital assets. See Note 5 - Long-Term Liabilities for additional details.

#### **Pension Liability, and related Deferred Outflows and Deferred Inflows of Resources**

The pension values provided by the Texas Comptroller's Office define the Texas A&M System's proportional share of the Teacher Retirement System of Texas (TRS) unfunded pension liability. TRS is a public employee retirement system (PERS) which is a multiple-employer, cost sharing, defined benefit pension plan. The plan is administered through a trust. For more information, see Note 9 - Pension Plans and Optional Retirement Program.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TRS plan and additions to/deductions from TRS' fiduciary net position have been determined on the full accrual basis. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

#### **Other Post-Employment Benefits (OPEB), and related Deferred Outflows and Deferred Inflows of Resources**

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees in accordance with State statutes. These benefits are provided to the A&M System's retirees under the A&M System group insurance program, which is a single-employer defined benefit Other Post-Employment (OPEB) plan. The State contributes to the cost of each participant's insurance coverage.

The total current and non-current OPEB liability, deferred outflows of resources and deferred inflows of resources is measured based on a calculation prepared by the A&M System's actuary. For more information, see Note 11 – Postemployment Health Care and Life Insurance Benefits.

#### **Unearned Revenue**

The A&M System members record receivables when revenue is earned but not collected. Unearned revenue is recognized when cash is received prior to revenue recognition, and is considered a liability.

#### **Deferred Outflows of Resources and Deferred Inflows of Resources**

The proprietary Statement of Net Position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period, and have a positive effect on net position, similar to assets. Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period, and have a negative effect on net position, similar to liabilities.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Revenues and Expenses**

Operating revenues include activities such as student tuition and fees, net sales and services of auxiliary enterprises, and most federal, state and local grants and contracts. Operating expenses include salaries and wages, payroll related costs, professional fees and services, materials and supplies, and scholarships.

Nonoperating revenues include activities such as State appropriations, gifts and contributions, investment income and other revenue sources which are defined as nonoperating revenues by the GASB (Governmental Accounting Standards Board). Nonoperating expenses include activities such as interest expense on capital asset financings, and other expenses.

#### **Net Position**

Net Position is the difference between assets plus deferred outflows of resources, less liabilities plus deferred inflows of resources.

#### **Net Investment in Capital Assets**

Net investment in capital assets, consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bond, notes and other debt attributed to the acquisition, construction or improvement of those assets.

#### **Restricted Net Position**

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted assets are available for use, restricted resources are used first, then unrestricted resources are used as needed.

#### **Unrestricted Net Position**

Unrestricted net position consists of net resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management but can be removed or modified.

#### **Other Significant Accounting Policies**

The combined financial statements for the A&M System include the proprietary and fiduciary financial statements of each member of the A&M System, including the A&M System Offices, as well as the Texas A&M Research Foundation (Research Foundation). Due to/from, transfers, federal and state pass throughs between A&M System members have been eliminated.

Certain operations provide goods and services to internal customers. These operations include activities such as self- insured programs, repairs & maintenance, utilities, computer services, and other services with interdepartmental activities. The revenues were eliminated to the extent of expenses for these internal transactions in the proprietary Statement of Revenues, Expenses, and Changes in Net Position to avoid inflating revenues and expenses. Receivables and payables between A&M System members were eliminated except those arising from service department operations and auxiliary enterprises, which are considered to be exchange in nature.

An endowment appreciation reserve was created in the fiscal year 1997 for the purpose of providing a consistent and predictable income stream for the System Endowment Fund. The appreciation reserve is

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

administered by the A&M System Offices. All realized gains and losses are deposited to or funded from the appreciation reserve, and distributions from the reserve are used to supplement current income when the income received is insufficient to meet the required distribution in accordance with the System Endowment Fund spending policy.

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

### Note 2 - Capital Assets

The proprietary fund summary of changes in Capital Assets for the year ended August 31, 2024 is presented below.

Capital Asset Activity							
	Beginning Balance	Adjustments	Completed CIP	Interagency Transactions	Additions	Deletions	Ending Balance
<b>Non-Depreciable/Amortizable Assets</b>							
Land and Land Improvements	\$ 246,526,429.10	\$ -	\$ 584,000.28	\$ -	\$ 24,811,436.56	\$ (89,035.22)	\$ 271,832,830.72
Construction in Progress	1,305,189,261.79	-	(420,873,057.29)	-	755,185,279.16	(2,921.00)	1,639,498,562.66
Other Tangible Capital Assets	73,752,373.75	-	25,540.96	-	896,093.19	(793,541.00)	73,880,466.90
Land Use Rights	119,070.00	-	-	-	-	-	119,070.00
<b>Non-Depreciable/Amortizable Assets</b>	<b>1,625,587,134.64</b>	<b>-</b>	<b>(420,263,516.05)</b>	<b>-</b>	<b>780,892,808.91</b>	<b>(885,497.22)</b>	<b>1,985,330,930.28</b>
<b>Depreciable Assets</b>							
Buildings	8,333,970,582.33	176,820.01	332,183,666.09	8,357,295.91	9,732,881.12	(43,703,803.78)	8,640,717,441.68
Infrastructure	1,118,192,752.28	-	39,583,385.09	-	890,026.62	(797,692.51)	1,157,868,471.48
Facilities and Other Improvements	1,142,621,334.55	-	21,163,304.67	-	684,772.38	(421,599.85)	1,164,047,811.75
Furniture and Equipment	1,242,011,177.95	66,825.79	20,973,907.42	860,634.29	115,011,102.11	(44,542,417.29)	1,334,381,230.27
Vehicles, Boats and Aircraft	180,865,471.54	(5,018.81)	1,401,428.00	(101,023.60)	27,449,791.77	(4,792,059.64)	204,818,589.26
Other Capital Assets	221,529,238.39	(176,820.01)	7,350.00	-	7,702,433.46	(10,099,104.23)	218,963,097.61
<b>Total Depreciable Assets</b>	<b>12,239,190,557.04</b>	<b>61,806.98</b>	<b>415,313,041.27</b>	<b>9,116,906.60</b>	<b>161,471,007.46</b>	<b>(104,356,677.30)</b>	<b>12,720,796,642.05</b>
<b>Less Accumulated Depreciation</b>							
Buildings	(4,198,655,386.61)	(4,018.62)	-	(7,804,891.10)	(343,147,863.35)	25,513,968.73	(4,524,098,190.95)
Infrastructure	(590,350,898.16)	-	-	-	(45,825,991.28)	-	(636,176,889.44)
Facilities and Other Improvements	(501,671,771.45)	-	-	-	(38,882,798.47)	66,035.25	(540,488,534.67)
Furniture and Equipment	(921,875,668.28)	(66,825.79)	-	(758,479.24)	(89,957,618.66)	27,434,495.74	(985,224,096.23)
Vehicles, Boats and Aircraft	(133,800,253.29)	5,018.81	-	65,539.90	(13,516,538.09)	4,027,211.73	(143,219,020.94)
Other Capital Assets	(171,315,970.83)	4,018.62	-	-	(7,268,551.59)	5,744,405.62	(172,836,098.18)
<b>Total Accumulated Depreciation</b>	<b>(6,517,669,948.62)</b>	<b>(61,806.98)</b>	<b>-</b>	<b>(8,497,830.44)</b>	<b>(538,599,361.44)</b>	<b>62,786,117.07</b>	<b>(7,002,042,830.41)</b>
<b>Depreciable Assets, Net</b>	<b>5,721,520,608.42</b>	<b>-</b>	<b>415,313,041.27</b>	<b>619,076.16</b>	<b>(377,128,353.98)</b>	<b>(41,570,560.23)</b>	<b>5,718,753,811.64</b>
<b>Amortizable Assets - Intangible</b>							
Land Use Rights	255,457.00	-	-	-	-	-	255,457.00
Computer Software	128,251,575.81	-	4,950,474.78	-	1,443,507.45	(156,976.39)	134,488,581.65
<b>Total Intangible Assets- Amortizable</b>	<b>128,507,032.81</b>	<b>-</b>	<b>4,950,474.78</b>	<b>-</b>	<b>1,443,507.45</b>	<b>(156,976.39)</b>	<b>134,744,038.65</b>
<b>Less Accumulated Amortization</b>							
Land Use Rights	(255,457.00)	-	-	-	-	-	(255,457.00)
Computer Software	(118,774,442.62)	-	-	-	(4,926,829.02)	156,976.39	(123,544,295.25)
<b>Total Accumulated Amortization</b>	<b>(119,029,899.62)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,926,829.02)</b>	<b>156,976.39</b>	<b>(123,799,752.25)</b>
<b>Amortizable Intangible Assets, Net</b>	<b>9,477,133.19</b>	<b>-</b>	<b>4,950,474.78</b>	<b>-</b>	<b>(3,483,321.57)</b>	<b>-</b>	<b>10,944,286.40</b>
<b>Total Capital Assets, Net</b>	<b>\$7,356,584,876.25</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 619,076.16</b>	<b>\$ 400,281,133.36</b>	<b>\$(42,456,057.45)</b>	<b>\$ 7,715,029,028.32</b>

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**The Texas A&M University System  
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Capital Asset Activity-Continued								
	Beginning Balance	Adjustments	Completed CIP	Interagency Transactions	Additions	Deletions	Ending Balance	
Right-to-Use Assets								
RTU-Land and Land								
Improvements	\$ 123,522.07	\$ -	\$ -	\$ -	\$ 5,031,259.28	\$ -	\$	5,154,781.35
RTU-Building and Building								
Improvements	225,182,303.97	-	-	-	8,178,200.23	(6,002,967.62)		227,357,536.58
RTU-Equipment	2,419,254.42	-	-	-	742.48	(329,815.92)		2,090,180.98
RTU-Software Subscription	62,451,034.36				8,632,705.66	(952,158.91)		70,131,581.11
Total Right-to-Use Assets	290,176,114.82	-	-	-	21,842,907.65	(7,284,942.45)		304,734,080.02
Less Accumulated Amortization for RTU Assets								
RTU-Land and Land								
Improvements	(33,686.64)	-	-	-	(142,642.86)	-		(176,329.50)
RTU-Building and Building								
Improvements	(35,551,886.95)	-	-	-	(22,860,662.05)	5,265,764.34		(53,146,784.66)
RTU-Equipment	(639,112.32)		-	-	(494,691.48)	329,815.92		(803,987.88)
RTU-Software Subscription	(17,184,941.94)	-	-	-	(19,383,445.22)	952,158.91		(35,616,228.25)
Total Accumulated Amortization- RTU Assets	(53,409,627.85)	-	-	-	(42,881,441.61)	6,547,739.17		(89,743,330.29)
Right-to-Use Assets, Net	\$ 236,766,486.97	\$ -	\$ -	\$ -	\$ (21,038,533.96)	\$ (737,203.28)	\$	214,990,749.73
Total Capital and Right-to-Use Assets, Net								
	\$7,593,351,363.22	\$ -	\$ -	\$ 619,076.16	\$ 379,242,599.40	\$(43,193,260.73)	\$	7,930,019,778.05

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Note 3 - Deposits, Investments and Repurchase Agreements

The *Texas Education Code*, Title III, Chapter 51.0031 grants authority for a governing board to invest funds under prudent person standards “if a governing board has under its control at least \$25 million in book value of endowment funds.”

The A&M System’s investment policy authorizes the following types of investments: U.S. Government obligations, U.S. Government Agency obligations, other government obligations, corporate obligations, equity, international obligations, international equity, certificates of deposit, banker’s acceptances, negotiable certificates of deposit, money market mutual funds, mutual funds, repurchase agreements, venture capital, private equity, hedge funds, Real Estate Investment Trusts (REITs), securities lending, derivatives, timber, bank loans, energy and real estate.

#### Deposits of Cash in Bank

Cash in bank consists of all cash in local and foreign banks. These amounts are reported on the Proprietary and Fiduciary Combined Statements of Net Position as part of the “Cash and Cash Equivalents” line items. The table below summarizes cash balances as of August 31, 2024.

Cash in Bank		
Balance	Proprietary Funds	Fiduciary Funds
Bank Balance	\$12,969,595.35	\$443,916.36
Carrying Amount	\$12,148,339.33	\$443,916.36

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The A&M System’s policy requires collateral of 102% pledged against all deposits and limits the amounts of funds which may be deposited with any bank to the lesser of \$100,000,000 or 10% of total deposits. The A&M System regulation applicable to working fund bank accounts requires the Chancellor, or designee, to approve a working fund in any bank with which the A&M System does not have a depository agreement. As permitted by the Texas Education Code, Title III, Chapter 51.003, the A&M System maintained foreign bank accounts to accommodate operational needs for educational programs in Qatar. During fiscal year 2024, the A&M System held bank accounts in Doha, Qatar for the operation of Texas A&M University at Qatar and Texas A&M Engineering Experiment Station research centers that have locations in Qatar. The daily average exposure during fiscal year 2024 was \$1,342,472.16. No appropriated or tuition funds other than those collected from students enrolled in the affected programs are deposited with the foreign bank. The funds held in Qatar were not insured or collateralized. As of August 31, 2024, the balance was \$439,931.24, all of which is proprietary and included in the Bank Balances Exposed to Custodial Credit Risk table on the following page.

Incidental amounts of various foreign currencies are temporarily held through Bank of New York (BNY), its foreign branches, and/or foreign sub-custodian banks. These amounts represent funds related to trade settlement, interest, and/or dividend payments received in foreign currencies that are not yet converted to U.S. dollars. Such deposits of foreign currency are not insured or collateralized and are subject to custodial risk and the risk of fluctuations in exchange rates. As of August 31, 2024, uncollateralized foreign currency

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

held by or through BNY included proprietary funds of \$3,506,262.15 and fiduciary funds of \$223,793.46. These amounts are included in the Bank Balances Exposed to Custodial Credit Risk table below.

Funds received by the A&M System's investment custodian after the cut-off time for investment in the money market fund (due to late wire deposits and/or failed transactions) remain as cash and are not invested until the following business day. For each occurrence during fiscal year 2024, the first \$250,000.00 of uninvested cash was insured by the FDIC. All balances in excess of the FDIC coverage, were fully collateralized by pledged securities held in a separate pool by the pledging financial institution, BNY. As of August 31, 2024, the uninvested cash balance included \$1,907,799.64 of proprietary funds and \$119,869.46 of fiduciary funds, of which \$250,000.00 was covered by FDIC insurance and the remaining was collateralized as described above.

The bank balances (including foreign currency balances), exposed to custodial credit risk as of August 31, 2024, are presented in the table below.

<b>Bank Balances Exposed to Custodial Credit Risk</b>	
	<b>Uninsured and Uncollateralized</b>
Proprietary Funds	\$3,946,193.39
Fiduciary Funds	\$223,793.46

Foreign currency risk for deposits is the risk that changes in exchange rates will adversely affect the deposits. The A&M System does not have a deposit policy for foreign currency risk. The exposure to foreign currency risk for deposits as of August 31, 2024, is presented in the following table.

<b>Bank Balances Exposed to Foreign Currency Risk</b>		
<b>Currency</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Brazilian Real	\$ 56,923.18	\$ 3,633.39
British Pound	69.88	7.75
Euro	1,908,656.03	121,813.57
Hong Kong Dollar	752,443.47	48,026.79
Qatar Riyal	439,931.24	-
Swiss Franc	788,169.59	50,311.96
Total	<u>\$ 3,946,193.39</u>	<u>\$ 223,793.46</u>

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Investments**

Investments are presented according to the hierarchy of inputs used to measure fair value.

- Level 1 has been assigned to investments for which quoted prices (unadjusted) are available for identical assets in active markets on the measurement date. These assets include equities (common stock, listed ADRs and listed preferred stock), exchange-traded mutual funds, exchange-traded options, money market funds and U.S. Treasury securities.
- Level 2 has been assigned to investments for which there are inputs, other than quoted prices, that are observable for an asset or liability, either directly or indirectly. These assets include cash equivalents, collateralized mortgage obligations, corporate bonds, mortgage-backed securities, municipal bonds, non-exchange traded options, short-term obligations, U.S. agency securities.
- Level 3 has been assigned to assets to which there are unobservable inputs. Examples of these assets are certain commingled funds and private equity partnerships (discussed below).

The net asset value per share (NAV), or its equivalent, may be used for an investment that does not have a readily determined fair value, provided the NAV is calculated consistent with the Financial Accounting Standards Board's (FASB) measurement principles for investment companies. The NAV is commonly used for certain alternative investments (such as private equity funds, hedge funds and certain commingled funds). The A&M System invests in private investments and limited partnerships including hedge funds, private equity, commingled funds, venture capital, natural resources, energy, and real estate. The fair value of these investments is based on the investment manager determined NAV as allowed by the standard. The valuations at the date provided by the investment managers have been adjusted by rolling forward to August 31, 2024, to include the following events: capital contributions or distributions since the most recent investment manager valuation date reported to the A&M System, changes in the composition of assets or liabilities reported by the investment manager since the valuation date of the NAV, and fair value changes of assets or liabilities reported since the investment manager valuation date. In the case of certain hedge funds, the A&M System has adjusted the reported July 31, 2024, NAV by the estimated performance as of August 31, 2024, as reported by the investment manager and by any cash inflows and outflows since the investment manager valuation date.

The repurchase agreements held by Texas Treasury Safekeeping Trust Company (TTSTC) are reported at amortized cost.

Mineral rights held for the purpose of generating income are reported at fair value based on three times the previous twelve months of income. The fair value reported as of August 31, 2024, is \$140,023,507.77 (\$139,984,959.06 Proprietary and \$38,548.71 Fiduciary).

The A&M System invests in private equity technology partnerships through A&M System Technology Commercialization. The fair value of these investments is estimated based on the cost (pro-rata share of contributed capital based on percentage ownership in the company) or 3<sup>rd</sup> party pricing of stock (based on fund raising). Adjustments are made for impairments, such as the termination of a license agreement or inactivity of the company. The fair value reported as of August 31, 2024, is \$4,951,740.52, all of which is proprietary.

Texas Woman's University (TWU) invests in the A&M System investment pools as authorized by Chapter 51.0031 of the Texas Education Code. As of August 31, 2024, the A&M System Cash Concentration Pool



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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

and System Endowment Fund included investments valued at \$239,968,191.56 for TWU. These amounts are categorized as fiduciary funds.

The following tables display the fair value of investments as of August 31, 2024, as reported in the financial statements and detailed by investment type. The investment type table includes categories to show the level of inputs used in determining the fair value of investments.

#### Proprietary Investments per Financial Statements

##### Schedule of Cash & Cash Equivalents

Cash Equivalents	\$	717,375,071.51
Restricted Cash Equivalents		571,616,472.18

##### Statement of Net Position

Non-Current Investments	5,394,590,970.96
Non-Current Restricted Investments	1,292,970,981.98
Total Investments	<u>\$ 7,976,553,496.63</u>

#### Fiduciary Investments per Financial Statements

##### Schedule of Cash & Cash Equivalents

Cash Equivalents	\$	1,288,575.03
Restricted Cash Equivalents		40,548,276.70

##### Statement of Net Position

Investments	1,970,940.91
Restricted Investments	422,700,456.75
Total Investments	<u>\$ 466,508,249.39</u>

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

Proprietary Funds - Investment Fair Value						
Investment Type	Fair Value Hierarchy					Total Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	
U.S. Treasury Securities	\$ 273,204,114.30	\$ -	\$ -	\$ -	\$ -	\$ 273,204,114.30
U.S. Treasury TIPS	2,226,807.30	-	-	-	-	2,226,807.30
U.S. Government Agency Obligations	-	250,728,304.11	-	-	-	250,728,304.11
Corporate Obligations	-	430,028,327.21	49,483,996.72	-	-	479,512,323.93
Corporate Asset and Mortgage Backed Securities	-	119,482,881.50	-	-	-	119,482,881.50
U.S. Equity	1,308,061,923.63	-	-	-	-	1,308,061,923.63
International Obligations	-	193,461,363.86	3,972,478.67	-	-	197,433,842.53
International Equity	599,852,537.84	-	-	-	-	599,852,537.84
Repurchase Agreements - TTSTC	-	-	-	405,889.72	-	405,889.72
Fixed Income Money Market & Bond Mutual Fund	1,723,293,652.02	-	-	-	-	1,723,293,652.02
Mutual Funds - U.S. Equity	58,460.78	-	-	-	-	58,460.78
Mutual Funds - International Equity	17,764.24	-	-	-	-	17,764.24
Other Commingled Funds - Fixed Income	21,459,075.44	-	19,322,413.76	-	-	40,781,489.20
International Other Commingled Funds - Equity	511,179,773.65	-	287,805,977.64	-	235,886,770.81	1,034,872,522.10
Real Estate - Mineral Rights	-	-	139,984,959.06	-	-	139,984,959.06
Alternative Investments - Hedge Funds						
Domestic	-	-	-	-	886,486,526.46	886,486,526.46
International	-	-	-	-	514,411,273.70	514,411,273.70
Alternative Investments - Limited Partnerships and Research Commercialization						
Private Equity	-	-	4,951,740.52	-	116,373,972.12	121,325,712.64
International Private Equity	-	-	-	-	93,075,244.90	93,075,244.90
Real Estate	-	-	-	-	38,151,356.77	38,151,356.77
International Real Estate	-	-	-	-	21,127,038.16	21,127,038.16
Natural Resources	-	-	-	-	89,249,508.94	89,249,508.94
International Natural Resources	-	-	-	-	33,054,468.61	33,054,468.61
Other Investments						
Political Subdivisions	-	9,754,894.19	-	-	-	9,754,894.19
Total Investments	\$ 4,439,354,109.20	\$ 1,003,455,770.87	\$ 505,521,566.37	\$ 405,889.72	\$ 2,027,816,160.47	\$ 7,976,553,496.63

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Fiduciary Funds - Investment Fair Value					
Investment Type	Fair Value Hierarchy				Total Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value	
U.S. Treasury Securities	\$ 14,506,439.76	\$ -	\$ -	\$ -	\$ 14,506,439.76
U.S. Treasury - TIPS	127,146.33	-	-	-	127,146.33
U.S. Government Agency Obligations	-	14,447,656.11	-	-	14,447,656.11
Corporate Obligations	-	24,385,430.72	3,080,208.75	-	27,465,639.47
Corporate Asset and Mortgage Backed Securities	-	6,050,121.65	-	-	6,050,121.65
U.S. Equity	83,110,018.79	-	-	-	83,110,018.79
International Obligations	-	11,022,096.43	250,292.90	-	11,272,389.33
International Equity	38,189,868.72	-	-	-	38,189,868.72
Fixed Income Money Market & Bond Mutual Fund	67,000,913.03	-	-	-	67,000,913.03
Mutual Funds - U.S. Equity	1,530,647.33	-	-	-	1,530,647.33
Mutual Funds - International Equity	52,582.48	-	-	-	52,582.48
Other Commingled Funds - Fixed Income	1,373,976.07	-	1,236,173.15	-	2,610,149.22
International Other Commingled Funds - Equity	32,390,461.35	-	18,052,265.05	15,123,901.85	65,566,628.25
Real Estate - Mineral Rights	-	-	38,548.71	-	38,548.71
Alternative Investments - Hedge Funds					
Domestic	-	-	-	54,400,905.94	54,400,905.94
International	-	-	-	31,661,542.99	31,661,542.99
Alternative Investments - Limited Partnerships					
Private Equity	-	-	-	14,222,435.07	14,222,435.07
International Private Equity	-	-	-	11,375,023.15	11,375,023.15
Real Estate	-	-	-	4,662,599.24	4,662,599.24
International Real Estate	-	-	-	2,582,002.86	2,582,002.86
Natural Resources	-	-	-	10,907,467.74	10,907,467.74
International Natural Resources	-	-	-	4,039,692.25	4,039,692.25
Other Investments					
Political Subdivisions	-	518,572.25	-	-	518,572.25
Annuity	169,258.72	-	-	-	169,258.72
Total Investments	\$ 238,451,312.58	\$ 56,423,877.16	\$ 22,657,488.56	\$ 148,975,571.09	\$ 466,508,249.39

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**The Texas A&M University System  
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The investments measured at Net Asset Value (NAV) as of August 31, 2024, including unfunded commitments, are presented in the following tables.

<b>Proprietary Funds - Investments Reported at Net Asset Value (NAV)</b>						
		<b>Redemption</b>				
<b>Investment Strategy</b>	<b>Fair Value</b>	<b>Frequency Range Low</b>	<b>Frequency Range High</b>	<b>Notice Period Range Low</b>	<b>Notice Period Range High</b>	<b>Unfunded Commitment</b>
<b>Commingled Funds</b>						
International Equity	\$ 235,886,770.81	Monthly	Monthly	3 days	10 days	
<b>Hedge Funds*</b>						
Domestic	886,486,526.46	Quarterly	Semi-Annually	65 days	1.75 years	
International	514,411,273.70	Quarterly	Semi-Annually	65 days	1.75 years	
<b>Limited Partnerships</b>						
Private Equity	116,373,972.12	N/A	N/A	N/A	N/A	\$ 64,442,549.14
International Private Equity	93,075,244.90	N/A	N/A	N/A	N/A	48,741,096.76
Real Estate	38,151,356.77	N/A	N/A	N/A	N/A	23,885,422.11
International Real Estate	21,127,038.16	N/A	N/A	N/A	N/A	8,590,083.55
Natural Resources	89,249,508.94	N/A	N/A	N/A	N/A	45,899,474.70
International Natural Resources	33,054,468.61	N/A	N/A	N/A	N/A	15,646,843.10
Total	<u>\$2,027,816,160.47</u>					<u>\$207,205,469.36</u>

\*Of the total Hedge Fund Fair Value, \$38,900,032.82 is invested in funds that are considered illiquid and not immediately eligible for redemption. The Frequency Range and Notice Period ranges for this portion of Hedge Funds are not applicable. The illiquid portion of Hedge Funds is fully funded.

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

Fiduciary Funds - Investments Reported at Net Asset Value (NAV)						
		Redemption				
Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Commingled Funds						
International Equity	\$ 15,123,901.85	Monthly	Monthly	3 days	10 days	
Hedge Funds*						
Domestic	54,400,905.94	Quarterly	Semi-Annually	65 days	1.75 years	
International	31,661,542.99	Quarterly	Semi-Annually	65 days	1.75 years	
Limited Partnerships						
Private Equity	14,222,435.07	N/A	N/A	N/A	N/A	\$ 7,875,729.89
International Private Equity	11,375,023.15	N/A	N/A	N/A	N/A	5,956,805.21
Real Estate	4,662,599.24	N/A	N/A	N/A	N/A	2,919,113.78
International Real Estate	2,582,002.86	N/A	N/A	N/A	N/A	1,049,821.56
Natural Resources	10,907,467.74	N/A	N/A	N/A	N/A	5,609,521.50
International Natural Resources	4,039,692.25	N/A	N/A	N/A	N/A	1,912,250.70
Total	<u>\$ 148,975,571.09</u>					<u>\$ 25,323,242.64</u>

\*Of the total Hedge Fund Fair Value, \$2,855,700.18 is invested in funds that are considered illiquid and not immediately eligible for redemption. The Frequency Range and Notice Period ranges for this portion of Hedge Funds are not applicable. The illiquid portion of Hedge Funds is fully funded.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The A&M System's investment policy requires that direct repurchase agreements and security lending transactions be fully collateralized by obligations authorized under the A&M System investment policy and such collateral be held by a third party. There was no custodial credit risk related to securities lending or repurchase agreements as of August 31, 2024. The A&M System did not participate in a securities lending program during fiscal year 2024 and the only direct repurchase agreement investments were held through Texas Treasury Safekeeping Trust Company.

Foreign investments are administered in book entry form by the A&M System's custodian, Bank of New York (BNY) Asset Servicing, through a network of international securities depositories and subcustodians. Non-U.S. securities held at international securities depositories are processed through those entities (Euroclear Bank and Clearstream). Securities held at local non-U.S. market depositories are processed through BNY's subcustodian network. Subcustodians settle transactions based on instructions from BNY Asset Servicing. BNY Asset Servicing settles transactions directly in the U.K., the U.S., Germany, France, the Netherlands, Ireland, Italy, Belgium, the Cayman Islands and the Channel Islands. Funds are received upon the delivery of securities in connection with sale transactions and funds are paid in connection with purchase transactions upon receipt of securities, unless contrary to market practice or client instruction. In the event that funds are not received or delivered on the settlement date, the settlement "fails." Failed trades are monitored daily, weekly, or monthly (as appropriate) via the applicable custody system to help facilitate resolution in a timely manner. On a daily basis, the subcustodians send confirmations of settlement to the

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

custodian which are reconciled to the custody system. Subcustodians are evaluated by the custodian prior to selection and reviewed throughout the year to ensure overall service performance is maintained and verify compliance with various regulatory requirements. Subcustodians must meet high standards and have stringent controls. BNY identifies subcustodians who are leaders in the securities processing industry in their respective countries. Subcustodians are initially selected and annually monitored on operational risk, financial risk, legal/regulatory risk and reputational risk. A full credit review is performed prior to selection and annually thereafter.

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investments. The A&M System's policy authorizes the utilization of derivatives for the purpose of hedging currency risk but does not otherwise address foreign currency risk. The exposure to foreign currency risk as of August 31, 2024, is presented in the following tables.

<b>Proprietary Funds - Investments Exposed to Foreign Currency Risk</b>					
<b>Currency</b>	<b>International Obligations</b>	<b>International Equity</b>	<b>International Equity Mutual Funds</b>	<b>International Equity Commingled Funds</b>	<b>International Alternative Investments</b>
U.S. Dollar Foreign Securities	\$ 197,433,842.53	\$ 284,335,309.80	\$ 17,764.24	\$ 1,034,872,522.10	\$ 652,579,830.45
Brazil Real		8,256,612.72			
British Pound		33,916,218.81			3,556,179.48
Euro		136,708,696.36			5,532,015.44
Hong Kong Dollar		14,579,690.92			
Japanese Yen		61,425,086.89			
Mexican Peso		9,757,184.08			
Singapore Dollar		5,688,579.04			
South Korean Won		17,899,808.34			
Swiss Franc		27,285,350.88			
<b>Total</b>	<b>\$ 197,433,842.53</b>	<b>\$ 599,852,537.84</b>	<b>\$ 17,764.24</b>	<b>\$ 1,034,872,522.10</b>	<b>\$ 661,668,025.37</b>

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**The Texas A&M University System  
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<b>Fiduciary Funds - Investments Exposed to Foreign Currency Risk</b>					
<b>Currency</b>	<b>International Obligations</b>	<b>International Equity</b>	<b>International Equity Mutual Funds</b>	<b>International Equity Commingled Funds</b>	<b>International Alternative Investments</b>
U.S. Dollar Foreign Securities	\$ 11,272,389.33	\$ 18,052,501.29	\$ 52,582.48	\$ 65,566,628.25	\$ 48,547,563.91
Brazil Real		527,019.50			
British Pound		2,164,146.94			434,612.06
Euro		8,725,603.81			676,085.28
Hong Kong Dollar		930,594.53			
Japanese Yen		3,920,687.73			
Mexican Peso		622,786.73			
Singapore Dollar		363,101.49			
South Korean Won		1,142,563.02			
Swiss Franc		1,740,863.68			
Total	<u>\$ 11,272,389.33</u>	<u>\$ 38,189,868.72</u>	<u>\$ 52,582.48</u>	<u>\$ 65,566,628.25</u>	<u>\$ 49,658,261.25</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The A&M System's investment policy requires that traditional fixed income securities have a long-term rating of B or better at the time of purchase and traditional fixed income portfolios maintain an overall credit rating of A or better. Securities using short-term credit ratings must be rated at least A-2, P-2, F-2 or equivalent. As of August 31, 2024, the A&M System's credit quality distribution for securities with credit risk exposure is presented in the following tables.

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**The Texas A&M University System  
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<b>Proprietary Funds</b>								
<b>Investments Exposed to Credit Risk - Standard &amp; Poor's (in thousands)</b>								
<b>Investment Type</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>B</b>	<b>CCC</b>	<b>Not Rated by S&amp;P</b>
U.S. Government Agency Obligations	283	233,792		5,709	4,939			6,005
Corporate Obligations	2,674	14,935	79,745	238,432	82,735	53,259	1,185	6,547
Corporate Asset and Mortgage Backed Securities	52,348	18,445	10,893	3,559	430			33,808
International Obligations		601	42,717	114,544	28,149	2,401		9,022
Repurchase Agreements (TTSTC)		406						
Fixed Income Money Market and Bond Mutual Fund	1,723,294							
Other Commingled Funds - Fixed Income								40,781
Other Investments (Municipals)		3,193	3,304					3,258

<b>Fiduciary Funds</b>								
<b>Investments Exposed to Credit Risk - Standard &amp; Poor's (in thousands)</b>								
<b>Investment Type</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>B</b>	<b>CCC</b>	<b>Not Rated by S&amp;P</b>
U.S. Government Agency Obligations	14	13,619		279	242			294
Corporate Obligations	131	806	4,445	13,336	4,915	3,287	74	471
Corporate Asset and Mortgage Backed Securities	2,581	1,037	547	174	29			1,682
International Obligations		29	2,309	6,580	1,715	153		487
Fixed Income Money Market and Bond Mutual Fund	67,001							
Other Commingled Funds - Fixed Income								2,610
Other Investments (Municipals)		184	176					159

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2024, no single issuer represented more than 4.9% of the A&M System's total investments.



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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

The A&M System's investment policy states that no more than 4.9% of the voting stock of any one corporation be owned by the A&M System at any given time. The A&M System maintained compliance with this policy throughout fiscal year 2024.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the A&M System manages its exposure to fair value losses arising from changing interest rates by requiring traditional fixed income managers to maintain duration of +/- 30% of the effective duration of the appropriate index. In addition, the A&M System's policy limits the duration of its short-term investment portfolio to a maximum of one year. The A&M System's exposure to interest rate risk is presented on the following page using the effective duration method.

Investments Exposed to Interest Rate Risk				
Investment Type	Proprietary Funds		Fiduciary Funds	
	Effective Duration	Fair Value	Effective Duration	Fair Value
U.S. Treasury Securities	6.244	\$ 273,204,114.30	6.575	\$14,506,439.76
U.S. Treasury TIPS	22.340	2,226,807.30	22.340	127,146.33
U.S. Government Agency Obligations	5.378	250,728,304.11	5.460	14,447,656.11
Corporate Obligations	3.911	479,512,323.93	4.009	27,465,639.47
Corporate Asset and Mortgage Backed Securities	2.520	119,482,881.50	2.472	6,050,121.65
International Obligations	4.361	197,433,842.53	4.466	11,272,389.33
Repurchase Agreements (TTSTC)	0.003	405,889.72	-	-
Other Commingled Funds - Fixed Income	2.699	40,781,489.20	2.662	2,610,149.22
Other Investments - Municipals	7.117	9,754,894.19	7.198	518,572.25
Total		<u>\$ 1,373,530,546.78</u>		<u>\$76,998,114.12</u>

#### Securities Lending

The A&M System did not participate in any securities lending programs during fiscal year 2024.

#### Derivative Investing

The A&M System Investment Policy allows investment in certain derivative securities to modify risk/return characteristics or to cost-effectively implement a change in asset allocation. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index.

The A&M System entered into forward currency contracts for the purpose of hedging international currency risk on certain non-U.S. dollar denominated investment securities. When entering into a forward currency contract, the A&M System agrees to receive or deliver a fixed quantity of foreign currency for an agreed-

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

upon price on a certain future date. These contracts are valued daily and the A&M System's net equity in the contracts, representing unrealized gain or loss on the contracts, as measured by the differences between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date is recognized on the Statement of Revenues, Expenses, and Changes in Net Position as investment income or loss. The unrealized gain on open foreign currency exchange contracts is reported as an investment derivative and the unrealized loss is included with trade payables. The foreign currency forwards are traded over-the-counter and categorized as Level 2 of the fair value hierarchy.

These investments involve market and/or credit risk in excess of the amount recognized in the consolidated Statement of Net Position. Risks arise from the possibility that counterparties will be unable to meet the terms of their contracts and from movement in currency, securities values and interest rates. There were no open forward currency exchange derivative contracts as of August 31, 2024.

Several investment strategies in which the A&M System invests may employ the use of forward currency exchange contracts as a hedge in connection with portfolio purchases and sales of securities denominated in foreign currencies. Risks are consistent with those described in the above paragraph regarding direct currency hedging. The contracts are valued at the prevailing forward exchange rate of the underlying currencies and the unrealized gain (loss) is recorded daily. Unrealized gains and losses that represent the difference between the value of the forward contract to buy and the forward contract to sell are included in the net unrealized gain (loss) from the forward contracts.

During the fiscal year the A&M System has also invested in Treasury futures. The instruments are used only for the purpose of managing interest rate risk in the fixed income portfolios. As of August 31, 2024, there were no open Treasury futures in the portfolios.

The A&M System has invested in hedge funds with external managers who invest in equity and fixed income securities of both domestic and international entities. These investment managers may invest in both long-term and short-term securities and may utilize leverage in their portfolios. They may also utilize credit default swaps and total return swaps as part of their investment strategies. The investments may be subject to a lock-up restriction of one or more years before the investment may be withdrawn from the manager without penalty, which in some cases may be significant. There are certain risks associated with these private funds, some of which include investment manager risk, market risk and liquidity risk, as well as the risk of utilizing leverage in the portfolios. When credit default swaps or total return swaps are used, there is additional risk of counterparty non-performance and unanticipated movements in the fair value of the underlying securities.

The A&M System's investment in hedge funds as of August 31, 2024, is presented in the table below:

<b>Hedge Fund Investments</b>		
<b>Net Asset Value</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Hedge Funds	\$ 1,400,897,800.16	\$ 86,062,448.93

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Private Investments

Private investments in limited partnerships are managed by external investment managers or general partners who invest primarily in private companies. These investments, both domestic and international, are illiquid and may not be realized for a period of several years after the investments are made. There are certain risks associated with these investments, some of which are liquidity risk, market risk, event risk and investment manager risk. As of August 31, 2024, the A&M System has committed to various private investments as shown in the table below. The valuations for the limited partnerships are based on the most recent investment manager determined Net Asset Value (NAV) rolled forward to August 31, 2024, to include the following events: capital contributions or distributions, changes in the composition of assets or liabilities, and fair value changes reported since the last valuation date of the NAV.

The A&M System has also invested directly in companies and partnerships to promote research commercialization. The fair value of the investments in research commercialization is estimated based on the cost (pro-rata share of contributed capital based on percentage ownership in the company) or third-party pricing of stock (based on fund raising). Adjustments are made for impairments, such as the termination of a license agreement or inactivity of the company. Associated risks include those applicable to other private investments as well as the risk of enterprise failure.

Private Investments		
Description	Proprietary Funds	Fiduciary Funds
Commitments to Limited Partnerships	\$ 766,183,423.09	\$ 93,637,724.91
Funded Amount to Limited Partnerships	606,460,845.75	74,117,518.25
Net Asset Value (NAV) of Limited Partnerships	391,031,589.50	47,789,220.31
Research Technology Investments	4,951,740.52	

Hedge funds, private investment and public market funds including investments in private placement vehicles, are subject to risks, which could include the loss of invested capital. The risks include the following:

- Non-regulation risk – The A&M System’s general partners and investment managers are registered as required with the Securities and Exchange Commission (SEC). Seven investment managers are exempt reporting advisers. One investment manager, not registered with the SEC, is a United Kingdom LLP and registered with the Financial Conduct Authority of the United Kingdom.
- Key personnel risk – The success of certain funds is substantially dependent upon key investment professionals and the loss of those individuals may adversely impact the fund’s performance.
- Liquidity risk – The A&M System’s investment funds may impose lock-up periods, which may cause the A&M System to incur penalties to redeem its investment prior to a certain period of time elapsing.
- Limited transparency – As private investment vehicles, these funds may not fully disclose the holdings of their portfolios.
- Investment strategy risk – These funds often employ sophisticated investment strategies and the use of leverage, which could result in the loss of invested capital.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Permanent University Fund**

The Permanent University Fund (PUF) is administered by the University of Texas System and is not reflected in the financial statements of the A&M System. Prior to changes in the arbitrage laws, bond proceeds were appropriated only after the bonds had been sold and cash was on hand. Currently, receipt of cash may or may not precede appropriations of bond or note proceeds.

The total carrying value of the PUF assets at August 31, 2024, was \$31,198,110,732.87, excluding PUF land grants. By acts of the Legislature and provisions of the State Constitution, the net income of the PUF is divided one-third to the A&M System and two-thirds to the University of Texas System. The A&M System's one-third share of the net distributions and other revenues was \$665,017,078.33 for the fiscal year ended August 31, 2024, and was credited to the A&M System Available University Fund.

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**The Texas A&M University System  
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**Note 4 - Short-Term Debt**

There was no reportable activity for short-term debt during the year ended August 31, 2024.

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## The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

### Note 5 - Long-Term Liabilities

The proprietary funds' long-term liabilities are defined as liabilities whose average maturity is greater than one year. The table below presents a summary of changes in these liabilities.

Long-Term Liabilities Activity						
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Employees' Compensable Leave	\$ 127,199,240.06	\$ 10,765,855.20	\$ (350,989.16)	\$ 137,614,106.10	\$ 16,894,365.89	\$ 120,719,740.21
Claims & Judgments	13,563,692.00	3,394,786.00	(2,151,893.00)	14,806,585.00	3,394,786.00	11,411,799.00
Notes and Loans Payable	123,014,000.00	470,000,000.00	(312,590,000.00)	280,424,000.00	9,895,000.00	270,529,000.00
Direct Borrowings - Notes	54,775,006.93	-	(3,518,771.97)	51,256,234.96	3,504,316.33	47,751,918.63
Bonds Payable	4,861,289,714.56	446,004,539.31	(260,460,000.00)	5,046,834,253.87	322,615,109.72	4,724,219,144.15
Lease Liability	196,015,689.58	13,170,998.19	(19,846,331.72)	189,340,356.05	18,700,018.57	170,640,337.48
Subscription Liability	37,661,069.46	8,809,862.62	(18,736,917.76)	27,734,014.32	18,413,835.19	9,320,179.13
Liabilities Payable from Restricted Assets	33,608,424.96	21,579,424.32	-	55,187,849.28	45,050,456.00	10,137,393.28
Asset Retirement Obligations	12,426,635.27	900,000.00	-	13,326,635.27	-	13,326,635.27
Pollution Remediation Obligations (Other Liabilities)	-	16,842.00	-	16,842.00	16,842.00	-
Total	<u>\$ 5,459,553,472.82</u>	<u>\$974,642,307.64</u>	<u>\$(617,654,903.61)</u>	<u>\$5,816,540,876.85</u>	<u>\$ 438,484,729.70</u>	<u>\$ 5,378,056,147.15</u>

### Notes and Loans Payable

The proprietary funds' notes payable consists of amounts used to make permanent improvements at various institutions in the A&M System, to refund and retire the Board's Permanent University Fund Commercial Paper Notes, to provide interim financing for capital improvements and acquisition of equipment and land, to pay interest on the notes, to refund outstanding notes as they mature and to pay the costs of issuing the notes. In the event of default or failure to make required note payments, the A&M System will be required to perform any conditions or obligations described in the note agreement. The A&M System is responsible for all reasonable expenses related to the enforcement.

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**The Texas A&M University System  
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<b>Notes and Loans Payable-Debt Service Requirements</b>				
<b>Description</b>	<b>Balances</b>		<b>Increases</b>	<b>Balances</b>
	<b>September 1, 2023</b>			<b>August 31, 2024</b>
Permanent University Fund Commercial Paper Notes	\$ -	\$ 60,000,000.00	\$ -	\$ 60,000,000.00
Permanent University Fund Commercial Paper Taxable Notes		85,000,000.00	85,000,000.00	
Revenue Financing System Commercial Paper Notes, Series B	26,538,000.00	180,000,000.00	91,764,000.00	114,774,000.00
Revenue Financing System Commercial Paper Taxable Notes, Series B	96,476,000.00	145,000,000.00	135,826,000.00	105,650,000.00
Total	\$ 123,014,000.00	\$ 470,000,000.00	\$ 312,590,000.00	\$ 280,424,000.00

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest*</b>	<b>Total</b>
2025	\$ 9,895,000.00	\$ 9,870,924.80	\$ 19,765,924.80
2026	10,243,000.00	9,522,620.80	19,765,620.80
2027	10,604,000.00	9,162,067.20	19,766,067.20
2028	10,977,000.00	8,788,806.40	19,765,806.40
2029	11,365,000.00	8,402,416.00	19,767,416.00
2030-2034	63,112,000.00	35,722,438.40	98,834,438.40
2035-2039	75,030,000.00	23,804,739.20	98,834,739.20
2040-2044	89,198,000.00	9,636,422.40	98,834,422.40
Total	\$ 280,424,000.00	\$ 114,910,435.20	\$ 395,334,435.20

\* For this schedule, the assumption is that Permanent University Fund Commercial Paper Notes, Revenue Financing System Commercial Paper Notes and Revenue Financing System Commercial Paper Taxable Notes in the amount of \$280.424 million will be refunded into long-term bonds. For estimated debt service on this exhibit, the rate of 3.52% corresponds to the municipal market data published on August 31, 2024. Notes are remarketed in commercial paper mode at current market rates with maturities between 1 and 270 days.

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**Direct Borrowings – Notes**

The A&M System has various leases for the purchase of capital assets where the A&M System takes ownership at the end of the lease. These direct financing arrangements are reported as Direct Borrowings - Notes. The related assets are capitalized at the present value of future minimum payments. The future payment requirements and the cost of the leased assets are presented in the following tables below.

<b>Future Minimum Payments</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 3,504,316.33	\$ 2,325,736.22	\$ 5,830,052.55
2026	3,539,367.50	2,058,394.99	5,597,762.49
2027	3,711,090.67	1,907,198.46	5,618,289.13
2028	3,944,090.05	1,747,333.08	5,691,423.13
2029	4,188,821.67	1,576,984.04	5,765,805.71
2030-2034	24,325,882.79	4,928,117.85	29,254,000.64
3035-2039	6,346,048.65	1,099,510.22	7,445,558.87
2040-2044	1,696,617.30	244,076.28	1,940,693.58
Total	<u>\$ 51,256,234.96</u>	<u>\$ 15,887,351.14</u>	<u>\$ 67,143,586.10</u>

<b>Cost of Assets Financed with Direct Borrowings</b>			
<b>Asset Description</b>	<b>Cost</b>	<b>Accumulated Depreciation/ Amortization</b>	<b>Total</b>
Buildings	\$ 74,161,534.42	\$ 26,834,386.87	\$ 47,327,147.55
Infrastructure	730,759.97	179,644.97	551,115.00
Facilities & Other Improvements	259,196.66	84,958.82	174,237.84
Equipment	2,257,808.55	1,467,265.57	790,542.98
Total	<u>\$ 77,409,299.60</u>	<u>\$ 28,566,256.23</u>	<u>\$ 48,843,043.37</u>

The outstanding notes from direct borrowings for equipment and facilities contain provisions where, in the event of default, all remaining payments may be declared immediately due or the lessor may repossess the assets or, in the case of software, render the asset unusable, or the lessor may proceed with court action to enforce performance.

The financing arrangements for capital improvements contain provisions that, in the event of default, the lessor has the right to take one or any combination of several options. These options include demand immediate payment for all remaining payments, retake possession of the leased asset, or require the A&M System to return the leased asset at the A&M System's expense. The A&M System has no unused lines of credit.



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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Compensated Absences**

Full-time State employees earn eight to twenty-one hours per month annual leave depending on years of State employment. Under the State's policy, an employee with 35 or more years of State service may carry up to 532 hours accrued leave forward from one fiscal year to another.

Employees with at least six months of State service who terminate employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The A&M System accrues the dollar value of annual leave benefits which are payable upon retirement, termination, or death of its employees. The amounts of these liabilities and their related benefits are reported in the statement of net position. The estimated liability, \$137,614,106.10 as of August 31, 2024, is based on calculations from the A&M System centralized leave tracking system and employer estimates. The A&M System made lump sum payments of \$15,868,076.08 for accrued vacation to employees who separated from State service during the fiscal year ended August 31, 2024.

Sick leave accumulation is not limited. Sick leave is earned at the rate of eight hours per month and is paid only when an employee is absent due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave payment to an employee's estate is the lesser of one-half of the employee's accumulated entitlement or 336 hours. The A&M System policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since the historical use of sick leave has been minimal.

#### **Claims and Judgments**

Claims and judgments related to the A&M System self-insured worker's compensation plan include a current portion of \$3,394,786.00 and a non-current portion of \$11,411,799.00 for a total worker's compensation liability of \$14,806,585.00. This liability represents the current and non-current portion of the incurred but not reported (IBNR) liability based on actuarial analysis of the plan. The IBNR represents claims that will be paid out over future fiscal years. This current portion was estimated based on actual claims paid out over the last five fiscal years.

#### **Asset Retirement Obligations**

An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. The A&M System's non-current liabilities include AROs related to radioactive material licenses and nuclear research facilities.

The A&M System has two nuclear reactors which were placed in service in 1957 and 1965, respectively. The U.S. Nuclear Regulatory Commission (NRC) requires a decommissioning plan for the retirement of these assets. The estimated liability for the decommissioning plan is \$9,724,884.50. The estimate was calculated using NRC publications NUREG/CR-1756 and NUREG-1307 Rev. 15, adjusted using the consumer price index inflation calculator. A 25% contingency is also included in the estimate.

The A&M System has four radioactive material licenses authorizing the possession and use of radioactive materials. The A&M System is financially accountable for any decommissioning or decontamination costs

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as required by the Texas Department of State Health Services (Texas Administrative Code, Title 25, Part 1, Chapter 289, Subchapter F, Rule 289.252), and the U.S. Nuclear Regulatory Commission (10 CFR 30.35). The estimated liability related to these licenses is \$3,601,750.77.

#### Pollution Remediation Obligations (Other Liabilities)

The A&M System was responsible for asbestos removal in buildings that were demolished or remodeled. The A&M System established a \$16,842.00 current liability for this pollution remediation obligation in the fiscal year 2024 and this amount was paid off during fiscal year 2025.

#### Liabilities Payable from Restricted Assets

Liabilities payable from restricted assets reported on the proprietary Statement of Net Position represent payables at year-end from assets with external restrictions. The balance reported represents payables from bond proceeds.

#### Pledged Future Revenues

Sources of proprietary fund pledged revenues include tuition and fees, auxiliary enterprises, sales of goods and services, and other non-operating activities. The table below provides the pledged future revenue information for the Texas A&M University System Permanent University Fund and Revenue Financing System bonds.

Pledged Future Revenue Information	
Pledged revenue required for future principal and interest on existing revenue bonds	\$6,810,701,171.81
Term of commitment year ending 8/31	2057
Percentage of revenue pledged	100%
Current year pledged revenue	\$4,079,323,870.52
Current year principal and interest paid	\$435,752,101.71

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024

#### Note 6 – Bonded Indebtedness

##### A. Financial Reporting

The A&M System has established a financing program known as the Revenue Financing System. Members of the A&M System may use the Revenue Financing System as a long-term debt program to finance capital assets or as a short-term debt program to finance equipment or to interim finance construction projects. Members' financing requests are evaluated for adequate revenue streams and bonding capacity.

Assets created as a result of the expenses of Permanent University Fund and Revenue Financing System Bonds and Notes (see Note 5) proceeds, which are subsequently capitalized, are reported on the applicable members' Statement of Net Position in the Capital Assets category. The associated bond liability is reported in total on the A&M System Offices financial statements.

As of August 31, 2024, \$319,486,786.38 of Revenue Financing System debt proceeds had been appropriated prior to the receipt of the proceeds. As of August 31, 2024, \$315,875,172.52 of Permanent University Fund debt proceeds had been appropriated prior to the receipt of the proceeds.

##### B. General Information

At August 31, 2024, the A&M System had outstanding bonds payable of \$4,896,160,000.00 as detailed below, which does not include unamortized premium of \$150,674,253.87.

Bonds payable are due in annual installments varying from \$60,000.00 to \$55,740,000.00 with interest rates ranging from 0.741% to 5.50%, with the final installment due in 2057. The debt service requirements table summarizes the principal and interest expense for the next five years and beyond for bonds issued and outstanding.

Revenue for debt service on the Permanent University Fund Bonds and Notes is derived from liens on and pledges of payout distributions from the Permanent University Fund allocable to the A&M System.

Sources of revenue for debt service on the Revenue Financing System Bonds and Notes are pledged revenues from any and all of the revenues, funds, and balances now or hereafter lawfully available to the Board and derived from or attributable to any participant of the Revenue Financing System which are lawfully available to the Board for the payment of Parity Obligations, including unrestricted funds and reserve balances.

All bonds are for the benefit of business-type activities. General information related to bonds payable is summarized in the following tables.

<b>Bonds Payable</b>			
	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Outstanding Principal</u>
Permanent University Fund Bonds	1.96-5.50%	2025-2049	\$ 1,464,535,000.00
Revenue Financing System Bonds	0.741-5.25%	2025-2057	3,431,625,000.00
			<u>\$ 4,896,160,000.00</u>

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**The Texas A&M University System  
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<b>Debt Service Requirements</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 298,845,000.00	\$ 185,946,627.05	\$ 484,791,627.05
2026	296,460,000.00	175,262,261.28	471,722,261.28
2027	307,755,000.00	163,609,699.82	471,364,699.82
2028	291,830,000.00	151,929,868.46	443,759,868.46
2029	297,580,000.00	140,770,984.98	438,350,984.98
2030-2034	1,195,795,000.00	548,023,485.16	1,743,818,485.16
2035-2039	990,425,000.00	339,770,505.12	1,330,195,505.12
2040-2044	764,595,000.00	154,513,437.16	919,108,437.16
2045-2049	406,420,000.00	48,136,202.74	454,556,202.74
2050-2054	38,335,000.00	5,919,900.04	44,254,900.04
2055-2057	8,120,000.00	658,200.00	8,778,200.00
Total	<u>\$ 4,896,160,000.00</u>	<u>\$ 1,914,541,171.81</u>	<u>\$ 6,810,701,171.81</u>

**Permanent University Fund Bonds, Series 1998**

- Issued September 9, 1998, to refund \$65,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Variable Rate Notes, Series B, and \$27,860,000.00 of Permanent University Fund Bonds, Series 1992B then outstanding in the aggregate principal amount of \$36,360,000.00; and to pay the costs of issuing the bonds.
- \$92,520,000.00 authorized; all authorized bonds have been issued. \$12,335,000.00 was refunded by Permanent University Fund Bonds, Series 2006. \$9,735,000.00 was refunded by Permanent University Fund Bonds, Series 2009AB. \$1,015,000.00 was refunded by Permanent University Fund Bonds, Series 2011. Outstanding balance at August 31, 2024 was \$13,390,000.00.

**Permanent University Fund Bonds, Series 2009AB**

- Issued April 7, 2009, to refund \$100,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to currently refund \$9,735,000.00 of Permanent University Fund Bonds, Series 1998; to provide funding for project costs of approximately \$113,700,000.00; and to pay the costs of issuing the bonds.
- \$218,895,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$173,525,000.00.

**Permanent University Fund Bonds, Series 2012A**

- Issued July 18, 2012, to refund \$79,715,000.00 of the Board's previously issued and outstanding Permanent University Fund Bonds, Series 2004; and to pay the cost of issuing the bonds.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$70,680,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$0.00.

#### Permanent University Fund Bonds, Taxable Series 2012B

- Issued July 18, 2012, to refund \$125,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; and to pay the cost of issuing the bonds.
- \$125,750,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$56,610,000.00.

#### Permanent University Fund Bonds, Series 2013

- Issued December 11, 2013, to currently refund \$76,965,000.00 of Permanent University Fund Bonds, Series 2003; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$208,465,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$56,160,000.00.

#### Permanent University Fund Bonds, Series 2015A

- Issued April 23, 2015, to advance refund \$103,880,000.00 of Permanent University Fund Bonds, Series 2006; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$143,555,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$132,005,000.00.

#### Permanent University Fund Bonds, Taxable Series 2015B

- Issued April 23, 2015, to advance refund \$8,175,000.00 of Permanent University Fund Bonds, Series 2006; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$145,445,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$78,230,000.00.

#### Permanent University Fund Bonds, Series 2017A

- Issued October 31, 2017, to refund \$30,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to advance refund \$61,760,000.00 of Permanent University Fund Bonds, Series 2011; and to pay the costs of issuing the bonds.
- \$90,365,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$75,685,000.00.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### Permanent University Fund Bonds, Taxable Series 2017B

- Issued October 31, 2017, to refund \$69,350,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to advance refund \$675,000.00 of Permanent University Fund Bonds, Series 2011; to provide funding for eligible projects and to pay the costs of issuing the bonds.
- \$310,515,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$310,280,000.00.

#### Permanent University Fund Bonds, Taxable Series 2019

- Issued December 17, 2019, to refund \$125,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes; to provide funding for eligible projects; and to pay the costs of issuing the bonds.
- \$351,890,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$336,585,000.00.

#### Permanent University Fund Bonds, Series 2023

- Issued March 9, 2023, to refund \$125,000,000.00 of the Board's previously issued and outstanding Permanent University Fund Commercial Paper Notes, Series A; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$245,595,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$232,065,000.00.

#### Revenue Financing System Bonds, Series 2013B

- Issued July 3, 2013, to refund \$267,675,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to refund \$3,989,119.00 of Revenue Financing System Bonds, Series 2002; to refund \$26,775,000.00 of Revenue Financing System Bonds, Series 2003B; to pay capitalized interest; and to pay the costs of issuing the bonds.
- \$265,405,000.00 authorized; all authorized bonds have been issued. \$135,010,000.00 was refunded by Revenue Financing System Bonds, Series 2017E. Outstanding balance at August 31, 2024 was \$27,865,000.00.

#### Revenue Financing System Bonds, Series 2015A

- Issued February 18, 2015, to currently refund \$71,240,000.00 of Revenue Financing System Bonds, Series 2005A and to pay the cost of issuing the bonds.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$64,670,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$5,840,000.00.

#### Revenue Financing System Bonds, Series 2015B

- Issued February 18, 2015, to currently refund \$155,972,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes and to pay the cost of issuing the bonds.
- \$142,155,000.00 authorized; all authorized bonds have been issued. \$65,290,000.00 was refunded by Revenue Financing System Bonds, Series 2017E. Outstanding balance at August 31, 2024 was \$46,775,000.00.

#### Revenue Financing System Bonds, Taxable Series 2015C

- Issued January 27, 2015, to currently refund \$149,395,000.00 of Revenue Financing System Bonds, Series 2005B; to refund \$24,115,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; and to pay the cost of issuing the bonds.
- \$176,925,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$42,070,000.00.

#### Revenue Financing System Bonds, Taxable Series 2015D

- Issued July 23, 2015, to provide funding for eligible projects and to pay the cost of issuing the bonds.
- \$67,250,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$53,395,000.00.

#### Revenue Financing System Bonds, Taxable Series 2016A

- Issued April 12, 2016, to advance refund \$82,670,000.00 of Revenue Financing System Bonds, Series 2008 and to pay the cost of issuing bonds.
- \$91,520,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$37,050,000.00.

#### Revenue Financing System Bonds, Taxable Series 2016B

- Issued April 12, 2016, to refund \$139,405,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to provide funding for eligible projects; and to pay the cost of issuing the bonds.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$325,575,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$247,220,000.00.

#### Revenue Financing System Bonds, Series 2016C

- Issued July 20, 2016, to advance refund \$132,540,000.00 of Revenue Financing System Bonds, Series 2009A; to advance refund \$49,420,000.00 of Revenue Financing System Bonds, Series 2009B; to advance refund \$43,225,000.00 of Revenue Financing System Bonds, Series 2009D; and to pay the cost of issuing the bonds.
- \$207,445,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$132,235,000.00.

#### Revenue Financing System Bonds, Taxable Series 2016D

- Issued July 20, 2016, to advance refund \$13,885,000.00 of Revenue Financing System Bonds, Series 2009A; to advance refund \$2,925,000.00 of Revenue Financing System Bonds, Series 2009B; to advance refund \$5,995,000.00 of Revenue Financing System Bonds, Series 2009C; to advance refund \$60,495,000.00 of Revenue Financing System Bonds, Series 2009D; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$176,860,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$122,080,000.00.

#### Revenue Financing System Bonds, Series 2016E

- Issued July 20, 2016, to advance refund \$21,300,000.00 of Revenue Financing System Bonds, Series 2009C; to advance refund \$122,735,000.00 of Revenue Financing System Bonds, Series 2009D; and to pay the cost of issuing the bonds.
- \$139,350,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$83,495,000.00.

#### Revenue Financing System Bonds, Taxable Series 2017A

- Issued January 31, 2017, to refund approximately \$5,000,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$388,705,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$208,180,000.00.



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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### Revenue Financing System Bonds, Taxable Series 2017B

- Issued June 21, 2017, to advance refund \$4,580,000.00 of Revenue Financing System Bonds, Series 2010A; to advance refund \$10,890,000.00 of Revenue Financing System Bonds, Series 2010B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$398,670,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$209,710,000.00.

#### Revenue Financing System Bonds, Series 2017C

- Issued June 21, 2017, to advance refund \$35,915,000.00 of Revenue Financing System Bonds, Series 2010A; to advance refund \$69,965,000.00 of Revenue Financing System Bonds, Series 2010B; to pay the cost of issuing the bonds.
- \$97,425,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$75,825,000.00.

#### Revenue Financing System Bonds, Taxable Series 2017D

- Issued December 20, 2017, to refund \$157,885,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; and to pay the cost of issuing the bonds.
- \$158,680,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$131,970,000.00.

#### Revenue Financing System Bonds, Series 2017E

- Issued December 20, 2017, to advance refund \$83,850,000.00 of Revenue Financing System Bonds, Series 2011B; to advance refund \$135,010,000.00 of Revenue Financing System Bonds, Series 2013B; to advance refund \$46,470,000.00 of Revenue Financing System Bonds, Series 2013D; to advance refund \$65,290,000.00 of Revenue Financing System Bonds, Series 2015B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$341,995,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$301,130,000.00.

#### Revenue Financing System Bonds, Taxable Series 2019A

- Issued January 29, 2019 to refund \$175,215,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to provide funding for eligible projects; and to pay the cost of issuing the bonds.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

- \$223,730,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$179,220,000.00.

#### Revenue Financing System Bonds, Taxable Series 2019B

- Issued August 14, 2019, to advance refund \$230,525,000.00 of Revenue Financing System Bonds, Taxable Series 2013C; to refund \$159,118,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$429,645,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$389,820,000.00.

#### Revenue Financing System Bonds, Taxable Series 2020A

- Issued July 30, 2020, to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$157,780,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$137,595,000.00.

#### Revenue Financing System Bonds, Taxable Series 2021A

- Issued April 6, 2021, to refund \$141,090,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$189,425,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$175,340,000.00.

#### Revenue Financing System Bonds, Taxable Series 2021B

- Issued April 7, 2021, to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$226,375,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$202,635,000.00.

#### Revenue Financing System Bonds, Series 2022

- Issued October 18, 2022, to refund \$167,784,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$208,520,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$194,780,000.00.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### Revenue Financing System Bonds, Series 2024A

- Issued May 30, 2024, to refund \$84,552,000.00 of the Board's previously issued and outstanding Revenue Financing System Commercial Paper Notes, Series B; to provide funding for eligible projects; and to pay the cost of issuing the bonds.
- \$427,395,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2024 was \$427,395,000.00.

#### **C. Advance Refunding Bonds**

The A&M System has defeased certain revenue bond issues by placing the proceeds of new bond issues in irrevocable trusts to provide for all future debt service payments on the issues. Accordingly, the liability for the bonds is not included in the financial statements. At August 31, 2024, the principal balance outstanding for the defeased bonds is \$0.00.

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2024**

#### **Note 7 - Derivatives**

The A&M System Investment Policy allows investment in certain derivative securities. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index. Investment derivatives are used to manage transaction, interest rate, or currency exchange risk in purchasing, selling or holding investments.

At the fiscal year-end the A&M System did not have any exchange traded futures contracts or any derivative forward currency contracts.

#### **Hedging Derivatives**

The A&M System did not enter into hedging derivatives in fiscal year 2024.

#### **Investment Derivatives**

Investment derivatives expose the A&M System to certain investment-related risks. More detail about investment derivatives is disclosed in Note 3.