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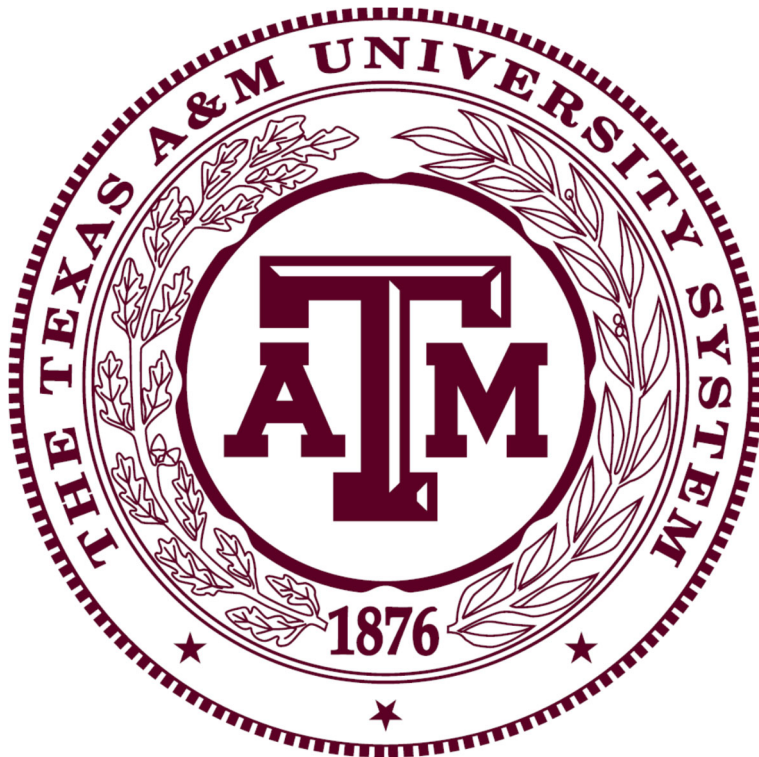
# ANNUAL FINANCIAL REPORT

of

**The Texas A&M University System**

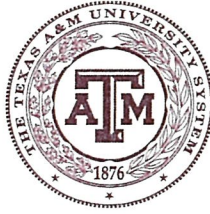
*For the Year Ended August 31, 2023*

*With Comparative Totals for the Year Ended August 31, 2022*



Texas A&M University ■ Texas A&M University at Galveston ■ Texas A&M 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, 2023

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, 2023.

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
Annie Valicek (Student Regent)	Term Expires May 31, 2024

## 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, Interim 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
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	Yossef A. Elabd, Interim Director 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, 2023

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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 Division of Emergency Management. The agencies provide research, public service, and instruction to benefit the state.

The A&M System educates over 157,000 students and reaches another 23 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 \$7.2 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.

#### ***Coronavirus Disease (COVID) Response***

The Coronavirus disease continues to subside across the U.S. and Texas. The public health emergency declaration ended May 11, 2023. The A&M System received over \$74 million in Higher Education Emergency Relief Fund (HEERF). This was a \$2 billion decline from prior years.

#### ***Additional State Funding Received in 2023***

In June 2023, Governor Gregg Abbott approved additional state funding for several agencies and higher education institutions. Texas A&M University System was approved over \$1.19 billion for several initiatives including funding to help with the freezing of undergraduate tuition and fees for Texas residents, providing additional affordability contingencies, plus funding for "Keeping Texas Prepared" and a 5% pay increase for the eight A&M system agency employees, and \$775 million in new initiatives.

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2023

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#### *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 fiscal year ended August 31, 2023, with comparative data to fiscal year 2022 and some data for fiscal year 2021. 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
  - Statement of Fiduciary Net Position, and
  - Statement of Changes in Fiduciary Net Position
- Note disclosures to the financial statements
- Required Supplementation Information

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 2023 for the proprietary funds.

- The implementation of both GASB 96 Subscription-based Information Technology Arrangements (SBITAs or Software Subscription leases) and GASB 94 Public-Private and Public-Public Partnerships (P3's or PPPs) and Availability Payment Arrangements (APAs) occurred in fiscal year 2023. This required significant analysis from each A&M member. The lease software purchased for GASB 87 Leases was used to successfully implement these two accounting standards. The Statement of Net Position increased both Assets and Liabilities plus Deferred Inflows of Resources with the implementation of these accounting standards. (*See Note 8 Leases and SBITAs and Note 27 Public Private Partnerships.*)

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2023

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- Software Subscription leases reported a net Right to Use (RTU) Subscription Asset value of \$45.3 million with a corresponding Software Subscription liability of \$37.6 million.
  - P3 contracts reported \$26 million in Noncurrent Accounts Receivable.
  - Lease Receivables is \$208.2 million.
  - Deferred Inflow of Resources-Leases is \$229 million which includes offsets in both Lease Receivables and Accounts Receivables.
  - Current and Noncurrent Lease Liabilities is \$196 million.
- Federal and State Operating and Non-Operating Revenue decreased by \$1.7 billion as the COVID virus subsides. There was a decrease in assistance needed for students, cities, and counties plus fewer costs for COVID testing, and personal protective equipment.
- Operating expenses decreased over \$1.6 billion, mostly attributable to the decrease in costs associated with COVID.
- Operating federal pass-through expenses decreased by \$2.2 billion where the need for disaster funding was reduced for other state agencies.
  - Professional fees and services decreased by \$284 million, mostly related to TDEM's decrease in lab testing and audit firm costs related to COVID disaster claims.
- Noncurrent investment balances reported on the Proprietary Statement of Net Position are \$5.93 billion, which was an increase of \$467 million from 2022's \$5.46 billion. Equity markets generated positive gains over the past twelve months as investors believed the global economy would continue to grow modestly despite the significant increase in market interest rates (see the *Economic Outlook section* for more details).
- The Non-State Funded *Pension* liability significantly increased by \$426 million totaling \$771 million for 2023 compared to \$345 million Pension liability reported in 2022. This liability increased due to the investment returns on the Teacher's Retirement System (TRS) actuary report. The total TRS pension liability is funded at over 75.6%. (See *Note 9 Pension and ORP*.)
- There was a \$102 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 \$300 million decrease in deferred inflows of resources, which reflects the difference between projected and actual investment returns.

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2023

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- Investment Income was \$560 million on the Proprietary funds, which was a \$1.4 billion significant increase from 2022. The \$560 million investment income components include the items below.
    - \$352 million in unrealized gain on investments
    - \$225 million in interest, dividend, and royalty income, less
    - \$17 million in realized losses on investments
  
  - Total bonds payable and notes payable decreased by \$84.3 million in 2023 totaling a little over \$5 billion. See Note 5 Long-term Liabilities for more information.
    - There was a \$298.8 million decrease in commercial paper issued.
    - Bonds payable increased by over \$219.4 million.
    - Notes from direct borrowing related to loans decreased by \$4.9 million.
  
  - Tuition remained stable and reported a minimal increase in net tuition and fees, reporting a \$2.5 million increase. A&M institutions are continuing to see increases in attendance from the prior years while continuing to freeze in-state tuition.
  
  - State appropriations including legislative revenue, capital appropriations and legislative transfers-in reported an increase of \$465 million increasing the total to over \$1.87 billion for 2023. These state appropriations are a vital part of the A&M System's funding for operations and defraying tuition costs for students.
  
  - The Non-State Funded portion of the *Other Post-Employment Benefits* (OPEB) 2023 current and non-current liability balance is \$2.323 billion, which was a decrease of \$377 million from the prior year. The decrease is related to an increase in the investment discount rate from 2.14% to 3.64%.
    - OPEB expenses reported a decrease of \$50.15 million. The 2023 OPEB expense was \$118.28 million compared to \$168.43 million in the prior year.
  
  - The A&M System's net position totaled \$8.940 billion, which is a \$1.2 billion increase from 2022, which was \$7.717 billion, due to several factors.
    - A \$329 million increase in Cash and Cash Equivalents, plus an increase in Noncurrent Investments of \$470 million and an increase for Deferred Outflows of \$25 million.
    - An increase in Liabilities and Deferred Inflows of \$576 million, Current and Noncurrent Liabilities increased by \$328 million and Deferred Inflows of Resources increased by \$248 million.
    - An increase in Capital Assets, net, of \$225 million.
    - An increase in Interfund Receivables of \$86.4 million.

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2023

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#### *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 the 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 as 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, 2023**

<b>Statement of Net Position</b>			
<b>(in millions)</b>			
<b>Assets and Deferred Outflows of Resources</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Current Assets	\$4,084	\$3,193	\$3,312
Capital Assets, Net	7,593	7,371	7,161
Non-Current Investments	5,928	5,461	1,677
Other Assets	2,022	1,829	7,855
Deferred Outflows	1,131	1,106	992
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$20,758</b>	<b>\$18,960</b>	<b>\$19,320</b>
<b>Liabilities and Deferred Inflows of Resources</b>			
Current Liabilities	\$2,449	\$2,286	\$2,164
Non-Current Liabilities	8,152	7,988	8,108
Deferred Inflows	1,217	969	558
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$11,818</b>	<b>\$11,243</b>	<b>\$10,830</b>
<b>Net Position</b>			
Net Investment in Capital Assets	\$2,359	\$2,133	\$2,514
Restricted			
Expendable	1,637	1,517	1,152
NonExpendable	467	458	434
Unrestricted	4,477	3,609	4,390
<b>Total Net Position</b>	<b>\$8,940</b>	<b>\$7,717</b>	<b>\$8,490</b>

The Statement of Net Position indicates an increase in total assets of 9.5%. This \$1.8 billion increase in assets is mostly attributable to \$467 million increase in non-current investments; and an increase of \$223 million in net capital assets and an increase in Deferred Outflows of \$25 million and a \$434 million increase in Legislative Appropriations due to the additional state funding.

Total liabilities and deferred inflows of resources increased by \$576 million from the previous year. There was a \$63 million increase in payables. The new GASB 87/96-lease and software subscription liabilities are reported at \$182 million. Deferred Inflows of Resources for Pensions decreased by \$298 million. In addition, a \$165 million increase in noncurrent liabilities.

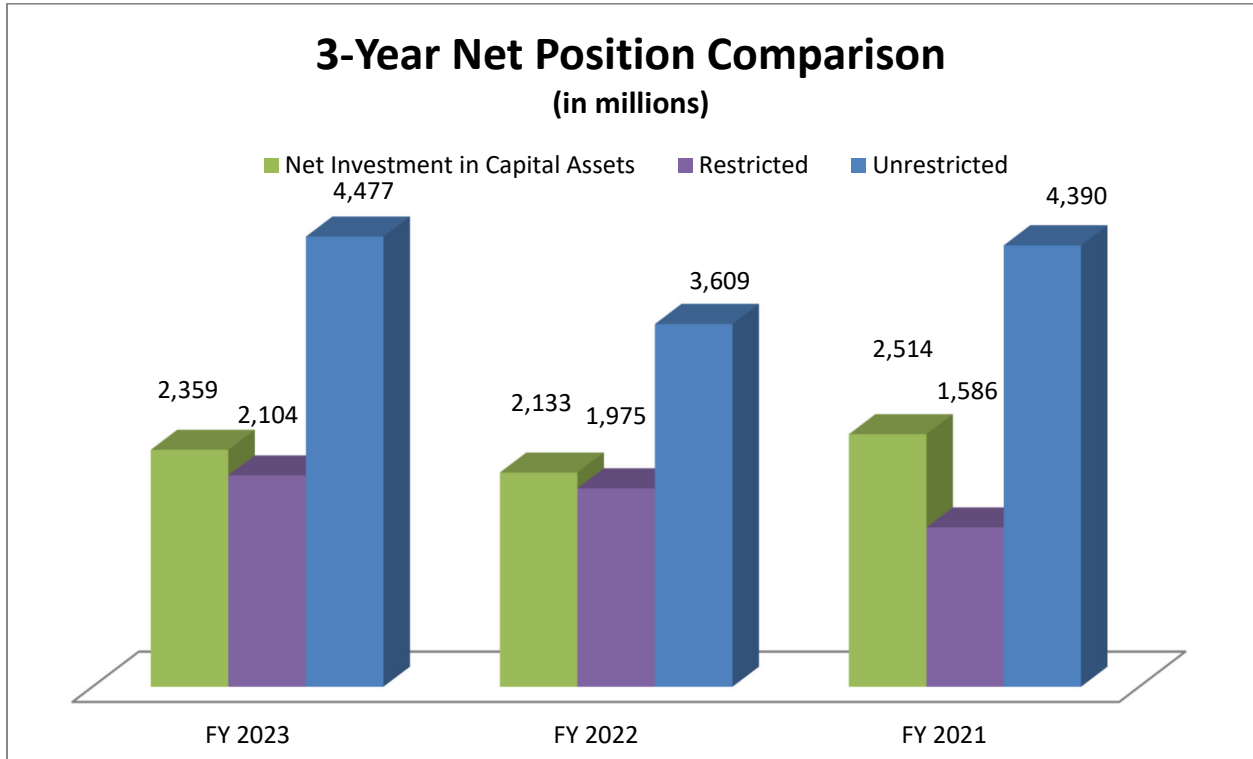
Total bonds payable and notes payable decreased by \$84.3 million in 2023 totaling \$5 billion. (See *Note 5 Long-term Liabilities.*)

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**The Texas A&M University System  
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For the Year Ended August 31, 2023**

The final section of the statement reports the net position of the A&M System totaling \$8.94 billion. Total net position reported an increase of \$1.2 billion or 15.8% from the 2022 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	\$254
Encumbrances	388
Unrealized Gain on Investments	628
Portion of Debt Service Payment	235
Inventories	25
Higher Education Fund	63
Self-Insured Plans	77
Prepaid Expenses, Tuition Set Asides and Other Reserves	153
Other State Funds	213
<b>Allocations For</b>	
Capital Projects	895
Funds Functioning as Endowments	411
Scholarships and Faculty Initiatives Operations	839
	296
<b>Total Unrestricted Reserves</b>	<b>\$4,477</b>

The overall *unrestricted* net position was \$4.477 billion for fiscal year 2023 compared to \$3.609 billion in 2022.

***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, 2023**

Generally, operating revenues are received for providing goods and services to the various students, customers and constituencies of the A&M System. Operating expenses are those expenses incurred to provide teaching, research expertise plus acquire goods and services provided in return for the 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</b>			
<b>(in millions)</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Operating Revenues and Expenses</b>			
Operating Revenues	\$3,540	\$3,394	\$3,215
Operating Expenses	(7,936)	(9,562)	(13,788)
<b>Operating (Loss)</b>	<b>(4,396)</b>	<b>(6,168)</b>	<b>(10,573)</b>
Non-Operating Revenues	4,962	4,780	11,156
<b>Income (Loss) Before Other Revenues and Transfers</b>	<b>566</b>	<b>(1,388)</b>	<b>583</b>
Other Revenues and Transfers	657	616	565
<b>Change in Net Position</b>	<b>1,223</b>	<b>(772)</b>	<b>1,148</b>
Net Position, Beginning of Year	\$7,717	\$8,490	\$7,342
Restatement	0	(1)	0
Net Position as Restated	7,717	8,489	7,342
<b>Net Position, End of Year</b>	<b>\$8,940</b>	<b>\$7,717</b>	<b>\$8,490</b>

The condensed Statement of Revenues, Expenses and Changes in Net Position reflects a \$1.22 billion increase in net position.

During the 2023 fiscal year, the explanations for the changes are listed below.

- Operating revenues increased by \$146.4 million for several revenue streams including a \$97.9 million increase in Federal and State Revenue plus \$54.3 million increase in Other Sales and Services related to more students attending more classes on campus.
- Non-Operating revenues increased by \$182 million due to a reduction in stimulus funding of \$1.9 billion, and an increase in investment income of \$1.3 billion.

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2023

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During the 2023 fiscal year, operating expenses decreased by \$1.62 billion from \$9.56 billion to \$7.94 billion. The most significant changes are listed below.

- Operating federal pass-through expenses decreased by \$2.2 billion due to a reduction in COVID funding needs by other state agencies.
- Other Operating Expenses increased by \$567 million mostly attributable Texas Division of Emergency Management expenses to state agencies, cities, counties and other governmental entities for wildfires and other disaster funding needs.
- Professional fees and services decreased by \$284 million, mostly related to TDEM decrease in audit firm costs related to COVID claims.
- Salaries & Wages increased by 6.9% or \$148.8 million due to employees hired to ensure institutions and agencies were able to assist students on campus and assist the public.
- OPEB expenses reported a decrease of \$50 million based upon the A&M System's actuary report.
- Non-General Revenue funded pension expense increased by \$66 million based upon the Teacher's Retirement System's actuary report.
- Depreciation and amortization expense was \$558 million, an increase of \$29 million, which is consistent with the prior year.

Other Revenues and Transfers increased by \$41 million from \$616 million to \$657 million in 2023. The main factor was the transfer from the University of Texas, which increased by \$42 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 eliminated was approximately \$931 million. Most of this activity relates to the self-insured programs, which reported operating expenses of approximately \$517 million. Of the remaining \$414 million in operating expenses eliminated, \$205 million were professional fees & services; \$90 million included utilities, communications, and \$85 million in repairs and maintenance. When reviewing the expenses by natural classification approximately \$115 million represented salaries and wages and \$32 million represented other payroll related costs.

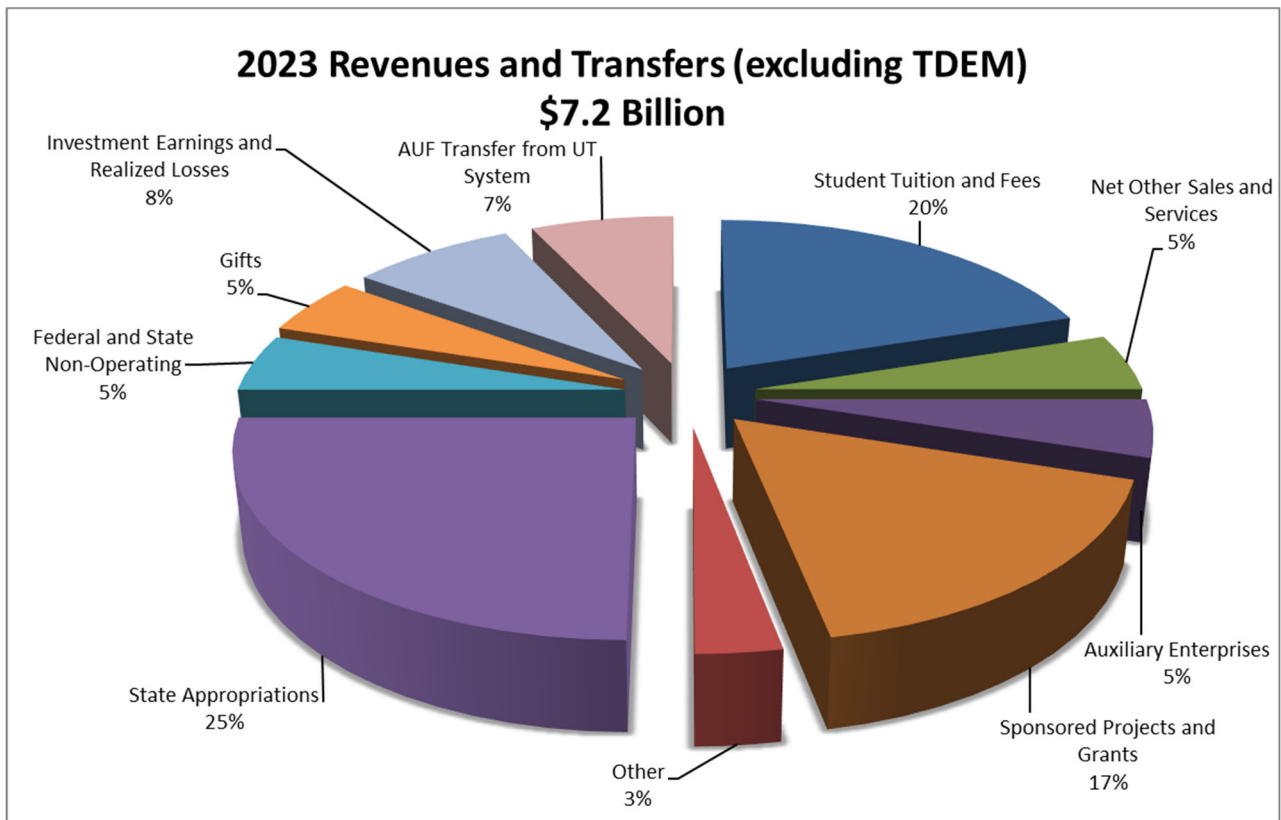
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**The Texas A&M University System  
Management’s Discussion and Analysis  
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To analyze the A&M System institutions and agencies, the graph below excludes Texas Division of Emergency Management (TDEM)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

There was a \$1.3 billion increase in revenue totaling \$7.2 billion compared to \$5.9 billion in the prior year. The increases are related to the increase in investment income and legislative revenue.

TDEM’s total revenues were \$2.2 billion for 2023 compared to \$3.9 billion for 2022. As the state of Texas continues to recover from the COVID pandemic, there is a reduction in the need for disaster funding.



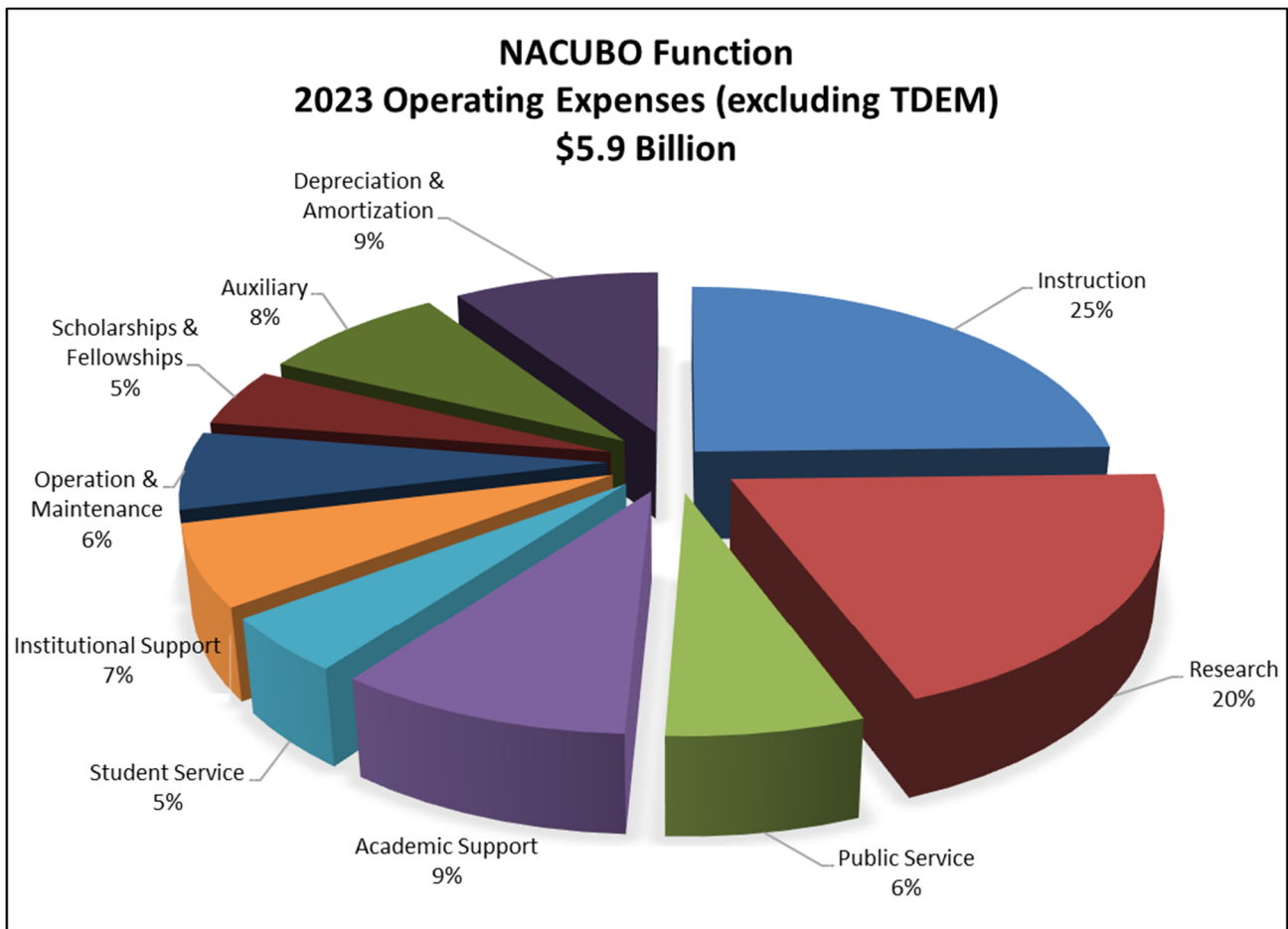
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**The Texas A&M University System  
Management’s Discussion and Analysis  
For the Year Ended August 31, 2023**

To analyze the A&M System institutions and agencies, the graphs below exclude 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 2023, total operating expenses were \$5.9 billion; instruction and research are the primary functions for A&M members.

TDEM reported \$2 billion Public Service operating expenses, \$1.7 billion was sent to other Texas state agencies and governmental entities plus \$103 million was spent on professional fees and services.

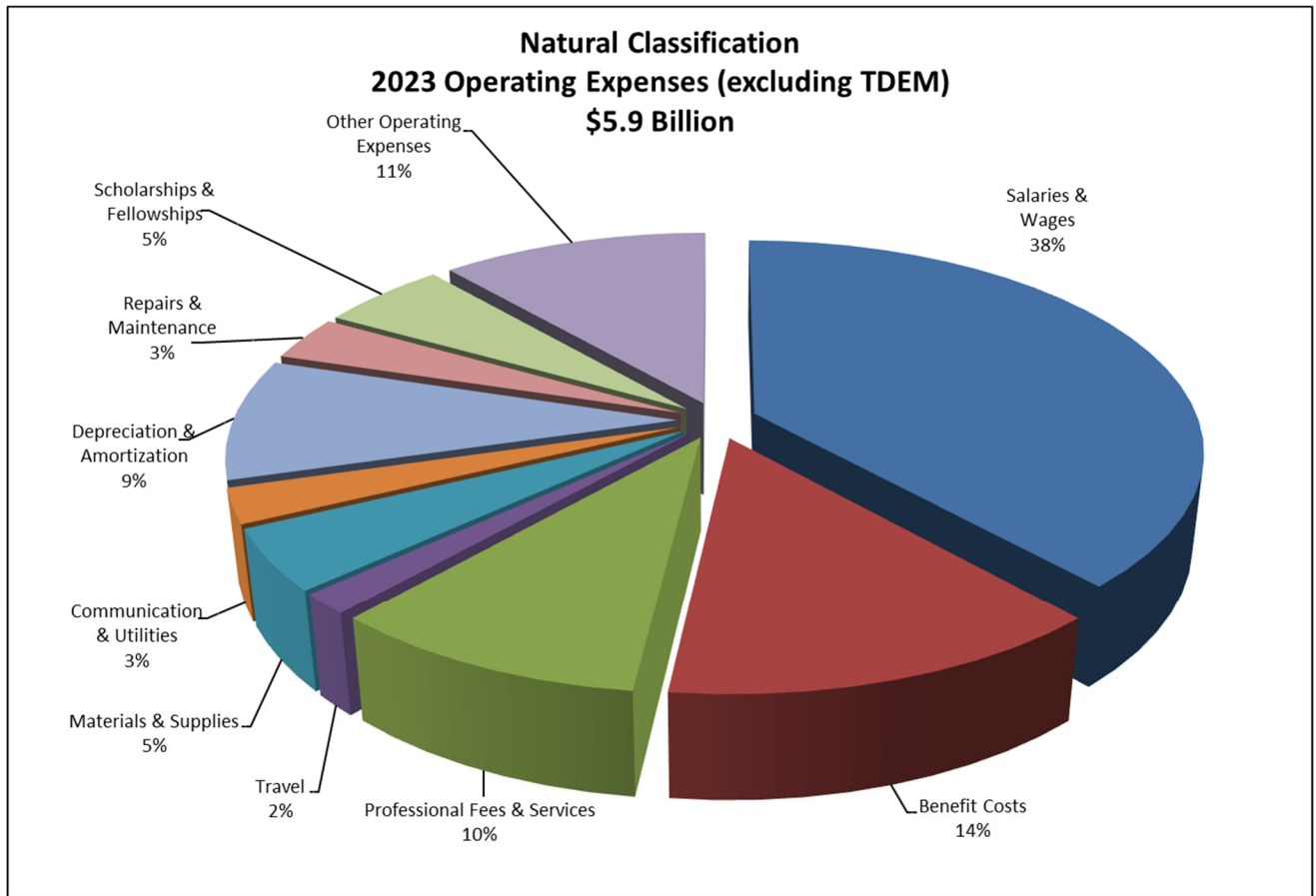


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**The Texas A&M University System  
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For the Year Ended August 31, 2023**

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

For 2023, total operating expenses were \$5.9 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, 2023**

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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 by 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.

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<b>Statement of Cash Flows</b>			
<b>(in millions)</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Cash Flows From</b>			
Operating Activities	\$(3,519)	(\$5,599)	(\$9,451)
Non-Capital Financing Activities	4,770	6,411	10,832
Capital and Related Financing Activities	(985)	(782)	(681)
Investing Activities	64	(149)	(156)
Net Change in Cash & Cash Equivalents	330	(119)	544
Cash & Cash Equivalents, Beginning of Year	2,042	2,161	1,617
Restatement of Cash & Cash Equivalents	0	0	0
Cash & Cash Equivalents as Restated	2,042	2,161	1,617
<b>Cash &amp; Cash Equivalents, End of Year</b>	<b>\$2,372</b>	<b>\$2,042</b>	<b>\$2,161</b>

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***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 2023 was \$1.3 billion, which is a \$296.7 million increase from the prior year. Completed projects totaled \$263 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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Below is a list of major construction projects related to debt funding projects and projects exceeding \$4 million in total project costs. This list includes over \$2.2 billion in construction projects in various stages of completion.

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

<b>A&amp;M Member and Project Name</b>	<b>Projected Fiscal Year Completion</b>	<b>Projected Budget (in Dollars)</b>
<b>Texas A&amp;M University System Office</b>		
Ft. Worth Law & Education Building	2026	\$ 150,000,000
STEM Education Center at RELLIS	2026	43,425,406
<b>Sub-total</b>		<b>\$ 193,425,406</b>
<b>Texas A&amp;M University</b>		
CUP Generator Replacement Project	2024	\$ 26,500,000
Interior Finishes Renovation Dunn Hall Phase II	2024	6,947,609
CUP Structural Repairs	2024	6,700,000
Utility Plant Control Upgrade	2024	7,500,000
Outdoor Competition Throws and Warm-up Track	2024	9,250,000
Bright Area Development	2025	237,735,550
Business Education Complex	2025	84,197,309
<b>Sub-total</b>		<b>\$ 378,830,468</b>
<b>Tarleton State University</b>		
Interprofessional Education Building	2024	\$ 66,000,000
Parking Garage	2024	41,000,000
Research Administration Building	2024	7,000,000
Convocation Center	2025	110,000,000
Dick Smith Library Reno & Expansion	2025	9,500,000
Health Sciences & Human Services Building	2025	80,000,000
<b>Sub-total</b>		<b>\$ 313,500,000</b>

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<b>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>		
Campus Wide Fire Alarm System Replacement	2024	\$ 11,002,000
<b>Texas A&amp;M Agrilife Research</b>		
Animal Reproductive Biotechnology Center	2024	\$ 13,000,000
Borlaug Center Renovation and Addition	2024	60,000,000
AgriLife Vernon Campus Storm Repairs	2024	14,000,000
Amarillo Research & Extension Center at Canyon	2025	30,000,000
<b>Sub-total</b>		<b>\$ 117,000,000</b>
<b>Texas A&amp;M University-Galveston</b>		
Infrastructure, Dock Improvements, and Ship FF&E-Phase I	2024	\$ 35,000,000
Engineering Classroom & Research Building	2026	50,992,125
		<b>\$ 85,992,125</b>
<b>Texas A&amp;M Forest Service</b>		
Hudson Office	2024	\$ 5,000,000
<b>Texas A&amp;M University-Corpus Christi</b>		
Student Services Center Renovations	2024	\$ 6,600,000
Chaparral Renovation - Phase I	2024	9,300,000
Arts & Media Building	2026	80,922,833
<b>Sub-total</b>		<b>\$ 96,822,833</b>
<b>Texas A&amp;M University-Kingsville</b>		
Deferred Maintenance Across Campus	2026	\$ 47,922,833
<b>Texas A&amp;M International University</b>		
ESCO Utility Project #2	2024	\$ 6,220,000
Health Sciences Education, Research & Trade Center	2026	71,200,000
<b>Sub-total</b>		<b>\$ 77,420,000</b>
<b>Texas A&amp;M University-Commerce</b>		
Student Services Building	2024	\$ 19,500,000
Ag Multi-purpose Education & Training Center	2025	47,322,833
New Event Center/Arena	2026	58,000,000
<b>Sub-total</b>		<b>\$ 124,822,833</b>
<b>West Texas A&amp;M University</b>		
Bain Athletic Expansion Phase II	2024	\$ 8,979,500
Renovation of Education Bldg and Health/Safety Upgrade	2026	45,804,019
<b>Sub-total</b>		<b>\$ 54,783,519</b>

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<b>A&amp;M Member and Project Name</b>	<b>Projected Fiscal Year Completion</b>	<b>Projected Budget (in Dollars)</b>
<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 Reno	2026	22,400,000
<b>Sub-total</b>		<b>\$ 102,094,082</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>		
New Recreation Center	2024	\$ 19,200,000
TAMU-San Antonio Housing Phase II	2024	32,500,000
Public Health & Education Building	2026	54,219,617
		<b>\$ 105,919,617</b>
<b>Texas A&amp;M University System Shared Services</b>		
RELLIS Campus Infrastructure Phase 4B	2024	\$ 7,744,000
Campus Substation Equipment	2024	4,227,000
<b>Sub-total</b>		<b>\$ 11,971,000</b>
<b>Texas A&amp;M Engineering Experiment Station</b>		
Propulsion Test Facility at TEES Turbo-machinery Lab	2024	\$ 6,400,000
Detonation Research Test Facility	2024	9,500,000
Ballistic Aero Optics Materials Facility	2024	54,626,000
Nuclear Engineering Education Building	2024	15,100,000
<b>Sub-total</b>		<b>\$ 85,626,000</b>
<b>Texas Division of Emergency Management</b>		
TDEM Headquarters and State Emergency Operations Center	2025	\$ 360,647,047
<b>TOTAL</b>		<b>\$ 2,267,602,596</b>

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2023

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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 2023, 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 2022 had a par amount of approximately \$208.52 million with a true interest cost of 4.29%. The A&M System also issued tax-exempt bonds under the Permanent University Fund debt program to refund previously outstanding commercial paper, to provide funding for eligible projects, and to pay the costs of issuing the bonds. The Permanent University Fund Bonds, Series 2023 had a par amount of approximately \$245.60 million with a true interest cost of 3.64%.

In fiscal year 2023, there was a total of \$117 million in commercial paper issued. Revenue Financing System Commercial Paper Notes in the amount of \$60 million and Revenue Financing System Taxable Commercial Paper Notes in the amount of \$57 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 Tuition Revenue Bond 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 positive gains over the past twelve months as investors believed the global economy would continue to grow modestly despite the significant increase in market interest rates. Fixed income markets struggled as yields increased and bond prices fell. The Federal Reserve has tightened monetary policy and raised the Federal Funds rate to a range of 5.25-5.50%. Although there have been some signs of commodity prices easing, the Federal Reserve is continuing to monitor the elevated levels of inflation in various parts of the economy.

The U.S. consumer has been resilient and consumer spending has continued to support the economy. The U.S. economy is expected to grow modestly despite a slight increase in the unemployment rate. Inflation is expected to moderate, but the path of inflation will depend on various global factors including the trajectory of the war in Ukraine.

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

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advantage of market volatility by acquiring assets at discounted valuations, which will help to enhance the long-term returns of the portfolios.

#### ***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 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 2023. 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 on the Fiduciary Statement of Net Position are \$365 million, which was a decrease of \$52 million from the prior year's total of \$417 million. The investment activity reported a \$28.8 million gain due to the unrealized increases in fair value totaling \$12.2 million, \$7 million interest earnings and \$9.5 million realized gains.
- Fiduciary funds reported an ending *Restricted for Other Individuals, Organizations and Other Entities* net position of \$453 million which was a decrease of \$45 million from the prior year's net position of \$498 million.
- Contributions from various entities accounted for \$28 million.
- Other Additions totaled \$30 million, mostly from sales revenue from Public Private Partnerships and revenues from Student Organizations.
- Other Deductions included \$81 million refund to Investments Held for Non-A&M Entities and the remaining \$49 million from various entities.

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#### *Significant Events*

Several leadership changes occurred in the A&M System during fiscal year 2023; these changes are included below.

#### **Fiscal Year 2023**

- In December 2022, Dr. Tomikia P. LeGrande was named the ninth President of Prairie View A&M University.
- In March 2023 Governor Greg Abbott appointed David Bagget, John Bellinger and Sam Torn to the Board of Regents.
- In May 2023 Bill Mahomes was elected Chairman of the Board of Regents.
- In June 2023, Al Davis was appointed Director of the Texas A&M Forest Service.
- In June 2023, Dr. Salvador Hector Ochoa was named President of the Texas A&M University-San Antonio.
- In June 2023 Governor Greg Abbott appointed Annie Valicek Student Regent, she is an agri-business and economics major at West Texas A&M University.
- In July 2023, Dr. Ross C. Alexander was named President of the Texas A&M University-Texarkana.
- In July 2023, Richard Rhodes was named Interim President of Texas A&M University-Central Texas
- In July 2023, Mark A. Welsh, III was named Interim President of Texas A&M University

#### *Fiscal Year 2023 Announcements*

On November 4, 2022, the George H.W. Bush Combat Development Complex (BCDC) at Texas A&M RELLIS Campus was dedicated by leaders of The Texas A&M University System and guests. BCDC is the result of a three-year partnership between the U.S. Army Futures Command and the Texas A&M System, Texas A&M Engineering Experiment Station and the State of Texas.

On November 10, 2022, The Texas A&M University System Board of Regents designated twelve Texas A&M System faculty members and eleven agency service, extension or research professionals as Regents Professors and Regents Fellows for 2022-2023.

This year's recipients of the Regents Professor Award are:

- Dr. Bart Ballard, Texas A&M University-Kingsville
- Dr. Irene Calboli, Texas A&M University
- Dr. Chuleeporn "Nikki" Changchit, Texas A&M University-Corpus Christi
- Dr. Michael R. Daley, Texas A&M University-Central Texas
- Dr. Robert W. Haynes, Texas A&M International University
- Dr. R. Malatesha Joshi, Texas A&M University
- Dr. Reza Langari, Texas A&M University
- Dr. Jay Maddock, Texas A&M Health Science Center
- Dr. Samba Reddy, Texas A&M Health Science Center
- Dr. E. Gloria C. Regisford, Prairie View A&M University

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- 
- Dr. Wendell Sadler, Tarleton State University
  - Dr. Bradford P. Wilcox, Texas A&M University

On December 1, 2022, Texas A&M University-San Antonio announced its new partnership with Texas A&M University Health Science Center and University Health, which brings three nationally recognized entities together to co-create and expand education pathways and research opportunities in the high-demand health sciences eco-system for historically underserved communities. The partnership will establish an affiliation agreement and guiding framework for collaborations among University Health's existing and future community hospitals and public health facilities. The agreement focuses on educational and research opportunities impacting Bexar County, adjoining counties, and South Texas, as well as supporting the military community. The collaboration is expected to expand undergraduate, graduate, and professional health-related medical education and clinical programs with Texas A&M Health, grow Texas A&M San Antonio enrollment in health science related program offerings for community health and rural health degree offerings, healthcare administration, behavioral health programs, health sciences and biomedical degrees.

On December 6, 2022, the National Nuclear Security Administration extended the management contract for the additional five-year option for The Texas A&M University System and its partners at Triad National Security LLC to continue managing and operating the Los Alamos National Laboratory.

On December 19, 2022, the National Science Foundation granted four awards, including one to the Texas A&M System for \$470,808. With the funding the Texas A&M System team will create research security training for the U.S. research enterprise which will play a foundational role in addressing the risks to maintaining the open and collaborative environment which has made the U.S. research community the best in the world.

On February 17, 2023, the U.S. Department of Transportation notified the Texas Congressional Delegation, Prairie View A&M University (PVAMU) was selected to lead a historic national-tier University Transportation Center (UTC). Joined by the Texas A&M Transportation Institute (TTI), Texas A&M engineering Experiment Station (TEES), and Texas A&M University, PVAMU will lead the National Center for Infrastructure Transformation, which will focus on enhancing the durability and extending the life of the nation's infrastructure. The National Center for Infrastructure Transformation will receive \$4 million per year for 5 years and is one of only five awarded national-tier centers. "Prairie View is the first HBCU to lead a national UTC, and we are proud to bring this to Texas, particularly when the national centers have historically been on the East and West coasts," said Chancellor Sharp.

On February 21, 2003, Texas A&M University System leaders announced a new approach to commercialization to lead to the creation of thousands of original discoveries, hundreds of innovative companies and a massive increase in patents derived from the hard work of Texas A&M System researchers and scientists. With the re-organization and consolidation of five commercialization offices, the historically separate entities will now serve all 19 members of the Texas A&M System. Chancellor Sharp stated the new office will help the System to build a robust

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### The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2023

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commercialization ecosystem and will allow System researchers to license technology and form companies to address national and global challenges.

On March 2, 2023, all universities and agencies in the Texas A&M University System removed Diversity, Equity, and Inclusion (DEI) statements from their employment or admission practices. “No university or agency in the A&M System will admit any student, nor hire any employee based on any factor other than merit,” said Chancellor Sharp.

On April 15, 2023, Dr. Scott Dindot, an associate professor in the Texas A&M School of Veterinary Medicine and Biomedical Sciences’ Department of Veterinary Pathobiology and in the School of Medicine’s Department of Molecular & Cellular Medicine, was named the inaugural Chancellor’s Innovation Award based on his works with a specific gene implicated in the rare disorder, Angelman syndrome (AS). Dr. Dindot developed a targeted drug therapy – now known as GTX-102, the drug therapy was the subject of a \$75 million acquisition by Ultragenyx Pharmaceutical, Inc., which is leading the continued development of treatment.

- AS affects approximately one in 15,000 live births per year; the disorder is caused by a loss of function of the UBE3A gene, which leads to developmental delay, absent speech, movement or balance disorder, and seizures.
- Dr. Dindot’s drug is the first molecular therapeutic for AS to advance into clinical development.

On April 17, 2023, the Texas A&M University System made a \$2.5 million commitment, \$500,000 for the next five years to the new National Center for Infrastructure Transformation at Prairie View A&M University (PVAMU). As previously mentioned, PVAMU was selected as the first HBCU to lead a competitively awarded national-tier University Transportation Center by the U.S. Department of Transportation.

On May 2, 2023, Points of Light, founded by former President George H.W. Bush, announced Rebecca Taylor, an engineering undergraduate, and her mother, Christyn Taylor Class of 1998, will be honored at its fifth annual awards celebration near the White House. The award is for their charity, Rebecca’s Wish, a 501(c)3 nonprofit which supports children with pediatric pancreatitis and has raised over \$3 million to help train pediatricians and start programs to support countless children around the United States.

On May 11, 2023, the Texas A&M University School of Law now ranks 29<sup>th</sup> nationally among law schools, according to U.S. News and World Report’s 2023-2024 ranking of Best Graduate Schools.

- Since its acquisition from Texas Wesleyan University a decade ago, Texas A&M Law has made significant leaps in the annual rankings – from unranked to the top 30.
- This growth has been driven by numerous factors, including university leadership and funding, the recruitment of high-caliber students and world-class faculty, research excellence, the provision of high-quality and innovative program education, and a

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### **The Texas A&M University System Management's Discussion and Analysis For the Year Ended August 31, 2023**

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systematic focus on ensuring student success on the bar exam and in a competitive employment market.

On May 18, 2023, the Texas A&M University System's Board of Regents approved various construction and lease projects, details are listed below.

- The Texas A&M-Fort Worth campus received approval for an eight-story building, at a cost of \$150 million, to anchor a new research campus in southeast downtown Fort Worth. It is the first of three high-rise structures to be built and financed by the Texas A&M System, the city of Fort Worth, Tarrant County and the private sector.
- Tarleton State University received approval for a \$110 million event center.
- An additional \$4 million was approved for the construction of a \$7 million Research Administration Building at the Texas A&M AgriLife Center at Tarleton State University.
- Texas A&M University-San Antonio received approval to renovate an existing campus softball facility into a multi-purpose softball facility and multi-purpose track and field facility with a \$10 million federal fund contribution from Bexar County and approval of a lease agreement with PopStroke Entertainment Group,
- A contract with a golf entertainment group co-owned by Tiger Woods' TGR Ventures was approved to build on Texas A&M System property at Century Square on University Avenue in College Station.

On June 7, 2023, the Texas A&M University System was recognized for being a national leader in counterintelligence and protecting sensitive information by the Defense Counterintelligence and Security Agency of the U.S. Department of Defense when awarded both the James S. Cogswell Award for Outstanding Industrial Security, the most prestigious honor it can bestow, and the DCSA Jack Donnelly Award for Excellence in Counterintelligence. "The Texas A&M System takes security very seriously, and we appreciate the recognition." John Sharp, chancellor of the Texas A&M System, said. "We will continue our diligent work to stay ahead of the malicious governments and rogue organizations who seek to access the sensitive work we have been trusted to do."

On June 19, 2023, Governor Gregg Abbott approved a record \$1.19 billion in new spending for the Texas A&M University System, including money to freeze undergraduate tuition and fees for Texas residents for the next two years. New overall spending for the A&M System includes \$180.9 million for the affordability contingency, \$43.1 million in formula and research performance fund for the A&M Health Science Center, \$159 million for the A&M System Agencies for "Keeping Texas Prepared" and 5% pay increases for agency employees in each of the next two years, and \$775 million in new initiatives.

On August 16, 2023, the members of the Board of Regents approved the creation of the Texas A&M Space Institute and the construction of a Texas A&M facility next to NASA's Johnson Space Center in Houston. The board's action follows a \$350 million investment from the Texas Legislature.

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#### *Significant Fiscal Year 2024 Announcements*

On October 9, 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 social and environmental contextual factors to advance implementation and dissemination research to achieve health equity.

On November 9, 2023, the Texas A&M University System Board of Regents voted to begin construction on the \$370 million State Emergency Operations Center and agency headquarters for the Texas Division of Emergency Management (TDEM) just east of Austin's Bergstrom International Airport.

- “With this investment by the Legislature and the support of the Governor and Board of Regents, Texas will increase its capabilities to better prepare for, respond to, recover from and mitigate against any disaster we face,” said Texas Emergency Management Chief Nim Kidd.
- Chief Kidd also stated, “Communication and coordination are cornerstones of emergency management, and our new facilities will provide TDEM, and our emergency management partners with the space and technology to more effectively serve our communities across Texas.”

#### *Upcoming Accounting Pronouncements*

GASB is continuing their research on modifying the financial reporting model which will be voted on in April 2024 and the revenue and expense recognition which is scheduled to be voted on in June 2027. 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.

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, 2023**

	Current Year	Prior Year
<b>Assets and Deferred Outflows</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents (Schedule Three)	\$2,136,899,689.95	\$1,719,326,824.51
Restricted		
Cash and Cash Equivalents (Schedule Three)	234,606,730.85	323,000,014.34
Legislative Appropriations	731,764,023.28	298,294,809.50
Receivables, Net (Note 24)		
Federal	247,572,277.59	193,188,910.90
Other Intergovernmental	5,828,881.03	4,179,330.13
Interest and Dividends	22,171,650.75	14,186,062.85
Gifts	34,861,458.27	31,817,372.88
Self-Insured Health and Dental	41,678,440.92	38,255,835.94
Student	54,923,713.42	48,545,676.48
Investment Trades	4,404,908.91	21,909,968.04
Accounts	186,774,936.06	165,833,992.81
Other	3,712,218.54	3,204,399.64
Lease Receivable (Note 8)	5,550,272.42	3,847,986.45
Due from Other Agencies	67,848,503.47	52,068,023.62
Consumable Inventories	17,784,558.73	18,455,121.52
Merchandise Inventories	7,478,817.04	9,960,388.54
Loans and Contracts	17,270,720.36	15,390,746.78
Interfund Receivables (Note 12)	65,118,657.82	57,945,670.24
Other Current Assets	197,377,024.77	173,220,218.65
<b>Total Current Assets</b>	<b>\$4,083,627,484.18</b>	<b>\$3,192,631,353.82</b>
<b>Non-Current Assets</b>		
Restricted		
Investments (Note 3)	\$1,233,617,010.75	\$1,156,623,703.30
Loans, Contracts and Other	6,319,125.88	5,306,871.00
Gifts Receivable	272,491,997.99	283,057,179.49
Accounts Receivable	26,091,695.25	
Loans and Contracts	11,568,281.14	7,617,911.37
Investments (Note 3)	4,693,472,052.88	4,303,695,812.36
Lease Receivable (Note 8)	202,659,904.52	103,863,322.99
Interfund Receivables (Note 12)	1,502,418,583.17	1,423,209,845.52
Capital Assets, Net (Note 2)	7,593,351,363.22	7,370,850,301.64
Assets Held in Trust	362,100.00	362,100.00
Other Non-Current Assets	974,428.58	5,908,766.70
<b>Total Non-Current Assets</b>	<b>\$15,543,326,543.38</b>	<b>\$14,660,495,814.37</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, 2023**

	Current Year	Prior Year
<b>Deferred Outflows of Resources (Note 28)</b>		
Unamortized Loss on Refunding Debt	\$56,845,765.23	\$60,391,789.07
Government Acquisition	0.00	3,759,455.27
Pension	356,787,499.00	254,825,351.00
Other Post Employment Benefits	717,580,049.00	787,173,958.00
<b>Total Deferred Outflows of Resources (Note 28)</b>	<b>\$1,131,213,313.23</b>	<b>\$1,106,150,553.34</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$20,758,167,340.79</b>	<b>\$18,959,277,721.53</b>
<b>Liabilities and Deferred Inflows</b>		
<b>Current Liabilities</b>		
Payables		
Accounts	\$481,702,560.84	\$423,131,992.33
Payroll	199,136,676.75	174,198,069.36
Investment Trade	11,714,539.90	32,367,895.31
Self-Insured Health and Dental	24,922,000.00	24,898,000.00
Student	5,098,088.63	5,371,056.74
Other	9,759,367.77	9,010,176.90
Interfund Payable (Note 12)	1,423,436.41	1,729,967.64
Due to Other Agencies	340,655,397.24	168,612,453.15
Unearned Revenue	889,858,198.31	848,176,521.72
Employees Compensable Leave	16,315,326.61	18,796,204.70
Other Post Employment Benefits (Note 11)	63,084,598.00	53,889,498.00
Claims and Judgments	1,312,021.00	1,744,002.00
Notes and Loans Payable (Note 5)	4,157,000.00	176,775,000.00
Notes From Direct Borrowings (Note 5)	3,452,375.56	4,789,741.04
Bonds Payable (Note 6)	282,666,412.44	262,975,901.82
Lease Liability (Note 8)	17,627,207.15	17,339,697.84
Right to Use Software Subscription Liability (Note 8)	15,933,987.73	
Liabilities Payable from Restricted Assets	24,442,235.73	20,891,184.43
Other Current Liabilities	55,643,183.56	41,255,497.41
<b>Total Current Liabilities</b>	<b>\$2,448,904,613.63</b>	<b>\$2,285,952,860.39</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, 2023**

	Current Year	Prior Year
<b>Non-Current Liabilities</b>		
Interfund Payable (Note 12)	\$3,410,278.91	\$14,616,040.50
Employees Compensable Leave	110,883,913.45	100,637,505.82
Other Post Employment Benefits (Note 11)	2,260,576,516.00	2,646,334,439.00
Pension Liability (Note 9)	771,327,658.00	345,380,129.00
Claims and Judgments	12,251,671.00	13,106,748.00
Notes and Loans Payable (Note 5)	118,857,000.00	245,003,000.00
Notes From Direct Borrowings (Note 5)	51,322,631.37	54,888,048.13
Bonds Payable (Note 6)	4,578,623,302.12	4,378,906,384.39
Assets Held in Trust	362,100.00	362,100.00
Liabilities Payable from Restricted Assets	9,166,189.23	4,099,904.57
Lease Liability (Note 8)	178,388,482.43	143,610,767.37
Right to Use Software Subscription Liability (Note 8)	21,727,081.73	
Asset Retirement Obligations (Note 5)	12,426,635.27	12,426,635.27
Other Non-Current Liabilities	23,054,318.07	28,284,351.27
<b>Total Non-Current Liabilities</b>	<b>\$8,152,377,777.58</b>	<b>\$7,987,656,053.32</b>
<b>Deferred Inflows of Resources (Note 28)</b>		
Pension	\$106,067,301.00	\$405,895,145.00
Other Post Employment Benefits	881,131,703.00	455,883,030.00
Split-Interest Agreement	955,368.83	889,705.95
Leases and Book Value P3 Asset	229,124,973.84	106,233,999.07
<b>Total Deferred Inflows of Resources (Note 28)</b>	<b>\$1,217,279,346.67</b>	<b>\$968,901,880.02</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>\$11,818,561,737.88</b>	<b>\$11,242,510,793.73</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$2,358,670,589.73	\$2,133,353,546.05
<b>Restricted for</b>		
Capital Projects	576,421,017.89	655,855,207.00
Education	660,248,176.56	471,914,750.83
Endowment and Permanent Funds		
Nonexpendable	467,520,171.36	457,596,025.74
Expendable	400,217,577.29	389,204,386.42
Unrestricted	4,476,528,070.08	3,608,843,011.76
<b>Total Proprietary Net Position (Exhibit IV)</b>	<b>\$8,939,605,602.91</b>	<b>\$7,716,766,927.80</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, 2023**

	Current Year	Prior Year
<b>Operating Revenues</b>		
Tuition and Fees	\$1,856,353,253.61	\$1,781,224,133.98
Discounts and Allowances	(502,074,031.06)	(429,450,855.27)
Professional Fees	1,031,220.57	2,217,562.02
Auxiliary Enterprises	445,349,357.75	440,041,613.49
Discounts and Allowances	(54,790,343.84)	(42,861,540.64)
Other Sales of Goods and Services	381,448,584.53	327,142,537.22
Discounts and Allowances	(8,929,859.55)	(8,435,132.30)
Interest Revenue - Loans	676,852.44	736,069.18
Federal Revenue	702,554,356.18	635,131,018.78
Federal Pass Through Revenue	130,667,097.07	173,175,027.14
State Grant Revenue	6,868,508.53	5,296,350.82
State Pass Through Revenue	148,228,507.94	134,090,578.18
Other Grants and Contracts	335,876,410.58	286,058,172.28
Other Operating Revenue	97,011,997.57	89,468,768.95
<b>Total Operating Revenues</b>	<b>\$3,540,271,912.32</b>	<b>\$3,393,834,303.83</b>
<b>Operating Expenses</b>		
Instruction	\$1,459,082,436.37	\$1,356,016,664.52
Research	1,172,588,821.88	1,075,818,211.46
Public Service	2,372,558,463.44	4,186,799,129.43
Academic Support	561,577,852.81	515,672,906.12
Student Service	267,114,777.13	248,856,743.01
Institutional Support	389,761,054.62	362,468,097.94
Operation & Maintenance of Plant	373,012,977.61	383,683,812.36
Scholarships & Fellowships	280,447,107.77	453,370,118.87
Auxiliary	502,246,467.60	450,801,122.64
Depreciation / Amortization	558,093,162.64	528,429,678.10
<b>Total Operating Expenses (Schedule IV-1)</b>	<b>\$7,936,483,121.87</b>	<b>\$9,561,916,484.45</b>
<b>Total Operating Loss</b>	<b>(\$4,396,211,209.55)</b>	<b>(\$6,168,082,180.62)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Legislative Revenue	\$1,820,839,369.72	\$1,357,436,945.65
Federal Revenue	1,530,785,248.83	4,189,609,451.97
Federal Pass Through Revenue	656,163,329.47	(80,484,963.33)
State Pass Through Revenue	226,841,522.55	120,498,807.56
Gifts	389,708,349.01	220,809,063.02
Investment Income	558,834,005.04	(830,505,806.70)
Investing Activities Expense	(22,358,104.22)	(23,935,720.90)
Interest Expense	(188,745,671.84)	(179,824,682.08)



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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, 2023**

	Current Year	Prior Year
Borrower Rebates and Agent Fees	(2,454,338.04)	(285,406.03)
Gain on Sale or Disposal of Capital Assets	2,714,888.47	14,281,512.45
Settlement of Claims	(811,823.70)	(78,231.68)
Other Nonoperating Revenues	115,586,311.78	33,284,982.07
Other Nonoperating Expenses	(124,758,290.80)	(41,006,569.24)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$4,962,344,796.27</b>	<b>\$4,779,799,382.76</b>
<b>Income (Loss) Before Other Revenues and Transfers</b>	<b>\$566,133,586.72</b>	<b>(\$1,388,282,797.86)</b>
<b>Capital Contributions, Endowments and Transfers</b>		
Capital Contributions	\$11,546,181.21	\$13,916,928.73
Capital Appropriation - Higher Education Fund	48,419,905.00	48,419,905.00
Additions to Permanent and Term Endowments	12,110,247.28	12,585,990.87
Transfers In		
Transfers From State Agencies	579,996,181.48	537,763,552.35
Transfers From State Agencies - Capital Assets	6,906.18	17,277.33
Transfers Out		
Transfers To State Agencies	(1,838,305.70)	(3,290,340.38)
Transfers To State Agencies - Capital Assets	0.00	(389,860.49)
Legislative Transfers - In	8,330,711.71	7,148,106.00
Legislative Appropriations Lapsed	(1,866,738.77)	(276,556.13)
<b>Total Capital Contributions, Endowments and Transfers</b>	<b>\$656,705,088.39</b>	<b>\$615,895,003.28</b>
<b>Change in Net Position</b>	<b>\$1,222,838,675.11</b>	<b>(\$772,387,794.58)</b>
Net Position, Beginning of Year	\$7,716,766,927.80	\$8,489,622,645.56
Restatement	0.00	(467,923.18)
<b>Net Position, Beginning of Year, Restated</b>	<b>\$7,716,766,927.80</b>	<b>\$8,489,154,722.38</b>
<b>Net Position, End of Year (Exhibit III)</b>	<b>\$8,939,605,602.91</b>	<b>\$7,716,766,927.80</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, 2023

	Instruction	Research	Public Service	Academic Support
<b>Natural Classification</b>				
Salaries and Wages	\$909,190,675.93	\$489,211,788.99	\$188,959,953.89	\$266,374,792.86
Payroll Related Costs	324,160,418.00	153,005,778.94	85,847,309.50	90,516,830.68
Cost of Goods Sold	946,636.85	(326,374.75)	423,169.33	245,205.12
Professional Fees and Services	70,349,577.36	153,187,803.70	131,365,199.01	59,887,679.05
Travel	19,920,523.33	25,613,524.88	8,803,578.00	9,324,398.77
Materials and Supplies	51,458,854.75	83,434,235.31	71,165,479.25	58,641,651.93
Communications and Utilities	4,298,191.83	15,177,560.71	5,827,924.91	10,983,699.54
Repairs and Maintenance	7,086,132.09	21,311,461.30	7,160,824.68	11,431,073.07
Rentals and Leases	26,120,674.76	17,658,432.29	101,404,071.11	12,905,532.55
Printing and Reproduction	2,447,806.01	3,522,124.26	1,286,566.39	1,917,731.26
Federal Pass Through	1,975,846.79	25,953,775.67	574,128,841.25	74,230.14
State Pass Through		457,305.59	3,086,973.50	
Depreciation and Amortization				
Bad Debt Expense				
Interest	14,353.93	42,969.59	76,947.57	11,312.39
Scholarships	3,005,280.54	47,123,187.22	840,392.34	3,340,980.15
Claims and Losses				
Other Operating Expenses	38,107,464.20	137,215,248.18	1,192,181,232.71	35,922,735.30
<b>Total Proprietary Operating Expenses</b>	<b>\$1,459,082,436.37</b>	<b>\$1,172,588,821.88</b>	<b>\$2,372,558,463.44</b>	<b>\$561,577,852.81</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, 2023

	Student Service	Institutional Support	Operation & Maintenance of Plant	Scholarships & Fellowships
<b>Natural Classification</b>				
Salaries and Wages	\$106,896,773.93	\$167,340,297.51	\$34,915,642.50	\$18,891,797.42
Payroll Related Costs	44,158,197.05	68,751,255.17	15,675,363.48	2,406,698.67
Cost of Goods Sold	22,844.01	40,160.19	1,900.00	1,200.00
Professional Fees and Services	26,525,855.94	49,788,289.72	76,161,884.08	5,910,449.44
Travel	6,229,711.59	2,639,328.52	317,838.83	1,528,699.46
Materials and Supplies	18,367,585.02	6,577,025.15	9,132,289.81	1,287,677.21
Communications and Utilities	2,201,574.56	5,519,616.21	84,031,807.29	15,830.34
Repairs and Maintenance	4,395,328.53	9,818,347.36	115,237,635.17	15,335.35
Rentals and Leases	14,355,885.19	9,362,526.14	4,692,765.47	1,642,089.29
Printing and Reproduction	2,344,941.18	1,001,347.01	38,198.92	20,413.30
Federal Pass Through				
State Pass Through				590,659.13
Depreciation and Amortization				
Bad Debt Expense	375,184.82			
Interest	7,888.96	8,037.75	11,447.28	188.11
Scholarships	2,078,182.60	16,752,259.86	128,773.75	228,469,446.28
Claims and Losses		27,602,142.39	2,081,055.70	
Other Operating Expenses	39,154,823.75	24,560,421.64	30,586,375.33	19,666,623.77
<b>Total Proprietary Operating Expenses</b>	<b>\$267,114,777.13</b>	<b>\$389,761,054.62</b>	<b>\$373,012,977.61</b>	<b>\$280,447,107.77</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, 2023

	Auxiliary	Depreciation / Amortization	Current Year	Prior Year
<b>Natural Classification</b>				
Salaries and Wages	\$136,589,548.75	\$0.00	\$2,318,371,271.78	\$2,169,574,484.24
Payroll Related Costs	30,669,381.43		815,191,232.92	710,436,643.52
Cost of Goods Sold	5,223,524.73		6,578,265.48	4,294,570.39
Professional Fees and Services	108,115,600.99		681,292,339.29	965,156,306.76
Travel	21,575,100.19		95,952,703.57	66,779,247.58
Materials and Supplies	28,673,171.23		328,737,969.66	418,907,660.13
Communications and Utilities	31,184,828.02		159,241,033.41	160,811,168.13
Repairs and Maintenance	28,678,486.59		205,134,624.14	213,220,839.69
Rentals and Leases	25,517,163.00		213,659,139.80	139,228,017.42
Printing and Reproduction	889,934.65		13,469,062.98	11,634,846.53
Federal Pass Through			602,132,693.85	2,762,551,962.68
State Pass Through			4,134,938.22	314,609.94
Depreciation and Amortization		558,093,162.64	558,093,162.64	528,429,678.10
Bad Debt Expense			375,184.82	316,609.92
Interest	8,179.07		181,324.65	137,545.72
Scholarships	19,454,843.41		321,193,346.15	352,548,164.60
Claims and Losses			29,683,198.09	41,284,958.69
Other Operating Expenses	65,666,705.54		1,583,061,630.42	1,016,289,170.41
<b>Total Proprietary Operating Expenses</b>	<b>\$502,246,467.60</b>	<b>\$558,093,162.64</b>	<b>\$7,936,483,121.87</b>	<b>\$9,561,916,484.45</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, 2023**

	Current Year	Prior Year
<b>Cash Flows From Operating Activities</b>		
Proceeds Received From Tuition and Fees	\$1,359,429,801.00	\$1,485,735,095.39
Proceeds Received From Customers	444,939,241.76	319,417,642.29
Proceeds From Grants and Contracts	1,255,124,489.11	1,136,883,413.99
Proceeds From Auxiliary Enterprises	386,912,735.02	391,392,400.03
Proceeds From Loan Programs	615,009,692.77	610,943,524.62
Proceeds From Other Operating Revenues	108,793,657.36	102,401,909.47
Payments to Suppliers for Goods and Services	(3,336,642,307.87)	(2,843,876,681.10)
Payments to Employees	(2,948,826,617.07)	(2,726,032,201.35)
Payments for Loans Provided	(623,389,275.71)	(611,579,788.83)
Payments for Other Operating Expenses	(780,038,167.16)	(3,464,586,946.14)
<b>Net Cash Used By Operating Activities</b>	<b>(\$3,518,686,750.79)</b>	<b>(\$5,599,301,631.63)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Proceeds From State Appropriations	\$1,437,633,060.91	\$1,447,725,700.83
Proceeds From Gifts	399,807,545.45	234,150,954.85
Proceeds From Endowments	12,110,247.28	12,585,990.87
Proceeds From Transfers From Other Funds	512,379,566.80	509,309,527.44
Proceeds From Other Grant Receipts	2,409,131,756.81	4,217,263,247.21
Proceeds From Other Noncapital Financing Activities	120,929,389.83	35,212,333.51
Payments for Transfers to Other Funds	(2,322,291.71)	(3,686,038.55)
Payments for Other Noncapital Financing Uses	(119,792,789.38)	(41,317,301.96)
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>\$4,769,876,485.99</b>	<b>\$6,411,244,414.20</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds From Sale of Capital Assets	\$5,924,232.97	\$24,164,757.24
Proceeds From Debt Issuance	633,625,395.95	716,003,102.24
Proceeds From State Grants and Contracts	-	903,140.33
Proceeds From Interfund Payables	-	10,000,000.00
Proceeds From Other Financing Activities	11,755,585.39	17,938,421.65
Payments for Additions to Capital Assets	(709,783,577.51)	(1,051,713,198.43)
Payments of Principal On Debt	(712,981,967.60)	(307,897,333.26)
Payments for Leases/SBITA	(15,719,055.76)	(13,807,946.45)
Payments of Interest On Debt Issuance	(183,022,710.07)	(174,613,406.97)
Payments for Interfund Receivables	(11,612,292.82)	(1,904,949.34)
Payments of Other Costs On Debt Issuance	(3,606,873.76)	(1,494,791.67)
<b>Net Cash Used By Capital &amp; Related Financing Activities</b>	<b>(\$985,421,263.21)</b>	<b>(\$782,422,204.66)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds From Sales of Investments	\$2,070,604,185.06	\$3,351,389,557.86
Proceeds From Interest and Investment Income	198,839,661.14	116,239,438.63
Payments to Acquire Investments	(2,206,032,736.24)	(3,616,342,931.99)
<b>Net Cash Provided (Used) By Investing Activities</b>	<b>\$63,411,109.96</b>	<b>(\$148,713,935.50)</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>\$329,179,581.95</b>	<b>(\$119,193,357.59)</b>
Proprietary Cash and Cash Equivalents, Beginning of Year	\$2,042,326,838.85	\$2,161,520,196.44
<b>Proprietary Cash and Cash Equivalents, End of Year (Schedule Three)</b>	<b>\$ 2,371,506,420.80</b>	<b>\$ 2,042,326,838.85</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, 2023**

	Current Year	Prior Year
<b>Reconciliation of Operating Loss to Net Cash Used By Operating Activities</b>		
Operating Loss	(\$4,396,211,209.55)	(\$6,168,082,180.62)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used By Operating Activities</b>		
Amortization and Depreciation	\$558,093,162.64	\$528,429,678.10
Bad Debt Expense	4,922,989.79	10,225,243.48
Pension Expense	94,504,755.00	(41,930,921.00)
OPEB Expense	171,048,559.00	168,432,726.00
Changes In Assets and Liabilities		
(Increase) Decrease In Receivables	(58,996,505.36)	(49,085,792.17)
(Increase) Decrease In Due From Agencies/Funds	(20,629,409.24)	(139,786.27)
(Increase) Decrease In Inventories	3,152,134.29	(4,474,401.12)
(Increase) Decrease In Prepaid Expenses	(23,881,913.17)	6,514,524.68
(Increase) Decrease In Loans and Contracts	(7,113,033.16)	3,650,143.23
(Increase) Decrease In Other Assets	512,458.05	3,294,486.84
(Increase) Decrease In Deferred Outflows - Pensions	(172,309,364.00)	53,144,425.77
(Increase) Decrease In Deferred Outflows - OPEB	16,825,109.00	(174,397,388.00)
Increase (Decrease) In Payables	65,408,853.22	171,815,860.21
Increase (Decrease) In Due to Other Agencies/Funds	172,320,634.77	(247,038,748.95)
Increase (Decrease) In Unearned Revenue	38,027,460.50	11,149,084.87
Increase (Decrease) In Deposits	(192,649.75)	121,176.25
Increase (Decrease) In Employees Compensable Leave	7,765,529.54	764,255.26
Increase (Decrease) In OPEB Liability	(494,842,582.00)	141,500,425.00
Increase (Decrease) In Pension Liability	401,789,991.00	(324,593,149.77)
Increase (Decrease) In Self Insured Accrued Liability	(1,263,058.00)	1,283,232.00
Increase (Decrease) In Other Liabilities	(125,930,467.13)	5,769,787.58
Increase (Decrease) In Deferred Inflows - Pensions	(299,827,844.00)	271,448,724.00
Increase (Decrease) In Deferred Inflows - OPEB	425,248,673.00	32,896,963.00
Increase (Decrease) in Deferred Inflows of Resources – Leases	97,955,182.64	-
Increase (Decrease) in Deferred Inflows of Resources – BV of P3 Assets	24,935,792.13	-
<b>Total Adjustments</b>	<b>\$877,524,458.76</b>	<b>\$568,780,548.99</b>
<b>Net Cash Used By Operating Activities</b>	<b>(\$3,518,686,750.79)</b>	<b>(\$5,599,301,631.63)</b>
<b>Non-Cash Transactions</b>		
Donation of Capital Assets	\$11,546,181.21	\$13,916,928.73
Net Change In Fair Value of Investments	351,449,853.11	(945,579,620.25)
Amortization of Bond Premiums and Discounts	22,185,539.25	23,471,968.74
Borrowing Under Lease Purchase	95,052,474.94	160,950,465.21
Other	2,422,674.62	789,435.98

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, 2023**

	Current Year	Prior Year
<b>Assets</b>		
Cash and Cash Equivalents (Schedule Three-F)	\$9,138,214.53	\$9,643,623.33
Investments (Note 3)	1,713,821.37	2,325,647.87
Restricted Cash and Cash Equivalents		
Cash and Cash Equivalents (Schedule Three-F)	32,076,668.65	34,643,835.66
Investments (Note 3)	363,081,270.63	414,880,017.43
Receivables, Net (Note 24)		
Interest and Dividends	1,050,461.00	1,020,034.14
Gifts	46,596,038.35	41,935,442.77
Student	1,386,143.11	2,900,543.05
Investment Trades	258,268.33	1,705,102.75
Accounts	3,457,398.94	120,995.54
Other	2,250,111.98	1,751,867.94
Other Assets	677.60	12,282.98
<b>Total Assets</b>	<b>\$461,009,074.49</b>	<b>\$510,939,393.46</b>
<b>Liabilities</b>		
Payables (Note 24)		
Accounts	\$1,416,807.48	\$4,321,131.30
Investment Trades	676,182.85	2,543,317.92
Other	448,357.56	699,966.68
Other Liabilities	5,259,669.52	5,132,421.92
<b>Total Liabilities</b>	<b>\$7,801,017.41</b>	<b>\$12,696,837.82</b>
<b>Net Position</b>		
Restricted for		
Individuals, Organizations, & Other Entities	\$453,208,057.08	\$498,242,555.64
<b>Total Fiduciary Net Position (Exhibit VII)</b>	<b>\$453,208,057.08</b>	<b>\$498,242,555.64</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, 2023**

	Current Year	Prior Year
<b>Additions</b>		
<b>Contributions</b>		
Contributions from Foundations/Alumni Associations	\$24,212,811.50	\$34,967,218.60
Contributions from External Entities to Student Organizations	3,077,711.87	2,438,314.92
Contributions from Investments Held for Non A&M Entities	-	191,683.01
Contributions from Other Organizations	886,651.99	250,514.59
<b>Total Contributions</b>	<b>\$28,177,175.36</b>	<b>\$37,847,731.12</b>
<b>Investment Income (Loss)</b>		
Interest/Dividends/Other Income	\$7,081,564.18	\$5,317,588.05
Realized Gain Sale of Investments	9,532,051.64	3,159,057.90
Net Increase (Decrease) in Fair Value of Investments	12,210,991.30	(84,215,509.73)
Total Investment Income (Loss)	\$28,824,607.12	(\$75,738,863.78)
Less: Investment Activity Costs	(2,007,576.97)	(2,200,226.98)
<b>Total Net Investment Income (Loss)</b>	<b>\$26,817,030.15</b>	<b>(\$77,939,090.76)</b>
<b>Other Additions</b>		
Receipts for Sales Revenue from Public Private Partnerships	\$12,230,305.04	\$12,907,329.31
Receipts for Dues and Event Revenues from Student Organizations	13,233,433.83	11,806,928.31
Receipts from Other Organizations	2,009,110.72	1,527,132.80
Miscellaneous Additions	2,578,236.95	3,120,881.06
<b>Total Other Additions</b>	<b>\$30,051,086.54</b>	<b>\$29,362,271.48</b>
<b>Total Additions</b>	<b>\$85,045,292.05</b>	<b>(\$10,729,088.16)</b>
<b>Deductions</b>		
Refunds of Contributions for Investments Held for Non A&M Entities	\$81,118,970.20	\$49,376,321.10
Payments of Operational Costs for Public Private Partnerships	13,307,639.13	12,405,326.11
Payments of Operational and Event Costs for Student Organizations	16,094,904.35	13,587,108.67
Payments of Operational Costs for Foundations/Alumni Associations	15,290,994.72	12,421,302.33
Miscellaneous Deductions	4,267,282.21	6,166,396.06
<b>Total Deductions</b>	<b>\$130,079,790.61</b>	<b>\$93,956,454.27</b>
<b>Net Decrease in Fiduciary Net Position</b>	<b>(\$45,034,498.56)</b>	<b>(\$104,685,542.43)</b>
Net Position, Beginning of Year	\$498,242,555.64	\$602,928,098.07
<b>Fiduciary Net Position, End of Year (Exhibit VI)</b>	<b>\$453,208,057.08</b>	<b>\$498,242,555.64</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, 2023

#### 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, 2023

#### 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 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.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

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. Self-insured health and dental 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.

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.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### **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.

#### **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.

##### **Subscription Liability**

Subscription liabilities represent the A&M System's obligation to make software lease payments arising from leases meeting the \$500,000 threshold per contract, excluding short-term leases. subscription liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. The 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.

##### **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 ARO's 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.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### **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 – Post-Employment 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.

#### **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.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### 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 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.

The A&M System continues to operationalize GASB Statement No. 87, Leases, which was effective 2022. It established a single model for lease accounting based on the principal leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred

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### **The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023**

inflow of resources. Limited exceptions to the single approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchase, leases for assets defined as investments and certain regulated lease. Leases should be recognized and measured using the facts and circumstances existing at the beginning of the earliest period presented.

#### **Reporting Considerations for COVID Response**

During fiscal year 2023, as we emerged from the COVID impact and resumed normal operations, the Federal Government continued to provide stimulus funding under the Higher Education Emergency Relief Fund (HEERF) programs to support students and to help cover expenses related to operations. For 2023, A&M member institutions received \$74 million from the HEERF programs.

#### **Additional State Funding Received in 2023**

In June 2023, Governor Gregg Abbott approved additional state funding for several agencies and higher education institutions. Texas A&M University System was approved over \$1.19 billion for several initiatives including funding to help with freezing undergraduate tuition and fees for Texas residents, affordability contingency, plus funding for “Keeping Texas Prepared” and 5% pay increases for agency employees in each of the next two years, and \$775 million in new initiatives.

#### **GASB Statement Implementations in Fiscal Year 2023**

In the fiscal year 2023, the A&M System adopted GASB 96-Subscription-based Information Technology Arrangements and GASB 94-Public-Private and Public-Public Partnerships and Availability Payment Arrangements as part of its financial reporting.

GASB 96 defines Subscription-Based Information Technology Arrangements (SBITA) as contracts involving control over the right to use another party's IT software or IT software combined with tangible capital assets for a specified period. Implementation details are available in Note 8 – Leases and SBITAs.

GASB 94 addresses Public-Private and Public-Public Partnership arrangements (PPPs), which involve governments contracting with operators to provide public services by transferring control over nonfinancial assets for a set period. Implementation details are available in Note 27 - Public-Private and Public-Public Partnerships.

These accounting standards enhance the transparency and compliance of our financial reporting.

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**The Texas A&M University System  
Notes to the Combined Financial Statements  
For the Year Ended August 31, 2023**

**Note 2 - Capital Assets**

The proprietary fund summary of changes in Capital Assets for the year ended August 31, 2023 is presented below.

<b>Capital Asset Activity</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>Non-Depreciable/Amortizable Assets</b>							
Land and Land Improvements	\$ 241,725,326.70	\$ -	\$ 1,533,724.28	\$ -	\$ 6,603,410.97	\$ (3,336,032.85)	\$ 246,526,429.10
Construction in Progress	1,008,535,015.21	-	(263,131,072.50)	-	560,268,666.18	(483,347.10)	1,305,189,261.79
Other Tangible Capital Assets	71,346,187.82	-	17,100.00	-	2,532,129.93	(143,044.00)	73,752,373.75
Land Use Rights	119,070.00	-	-	-	-	-	119,070.00
<b>Non-Depreciable/Amortizable Assets</b>	<b>1,321,725,599.73</b>	<b>-</b>	<b>(261,580,248.22)</b>	<b>-</b>	<b>569,404,207.08</b>	<b>(3,962,423.95)</b>	<b>1,625,587,134.64</b>
<b>Depreciable Assets</b>							
Buildings	8,148,220,777.46	(411,171.45)	183,915,988.64	-	16,047,179.05	(13,802,191.37)	8,333,970,582.33
Infrastructure	1,080,447,495.49	-	37,216,476.46	-	550,594.37	(21,814.04)	1,118,192,752.28
Facilities and Other Improvements	1,127,589,372.56	-	14,404,189.30	-	1,453,977.38	(826,204.69)	1,142,621,334.55
Furniture and Equipment	1,176,033,493.90	(44,961.80)	18,656,960.73	135,584.92	87,771,968.06	(40,541,867.86)	1,242,011,177.95
Vehicles, Boats and Aircraft	168,530,805.19	464,183.86	20,624.75	-	16,576,924.74	(4,727,067.00)	180,865,471.54
Other Capital Assets	211,506,219.84	-	7,257,258.34	-	7,771,953.36	(5,006,193.15)	221,529,238.39
<b>Total Depreciable Assets</b>	<b>11,912,328,164.44</b>	<b>8,050.61</b>	<b>261,471,498.22</b>	<b>135,584.92</b>	<b>130,172,596.96</b>	<b>(64,925,338.11)</b>	<b>12,239,190,557.04</b>
<b>Less Accumulated Depreciation</b>							
Buildings	(3,881,440,423.07)	-	-	-	(324,750,698.87)	7,535,735.33	(4,198,655,386.61)
Infrastructure	(549,679,482.03)	-	-	-	(40,671,416.13)	-	(590,350,898.16)
Facilities and Other Improvements	(463,891,121.13)	-	-	-	(38,265,495.05)	484,844.73	(501,671,771.45)
Furniture and Equipment	(864,758,899.28)	369,973.16	-	(128,678.74)	(83,922,993.69)	26,564,930.27	(921,875,668.28)
Vehicles, Boats and Aircraft	(126,250,336.21)	(378,023.77)	-	-	(11,438,565.06)	4,266,671.75	(133,800,253.29)
Other Capital Assets	(166,235,355.65)	-	-	-	(7,660,011.97)	2,579,396.79	(171,315,970.83)
<b>Total Accumulated Depreciation</b>	<b>(6,052,255,617.37)</b>	<b>(8,050.61)</b>	<b>-</b>	<b>(128,678.74)</b>	<b>(506,709,180.77)</b>	<b>41,431,578.87</b>	<b>(6,517,669,948.62)</b>
<b>Depreciable Assets, Net</b>	<b>5,860,072,547.07</b>	<b>-</b>	<b>261,471,498.22</b>	<b>6,906.18</b>	<b>(376,536,583.81)</b>	<b>(23,493,759.24)</b>	<b>5,721,520,608.42</b>
<b>Amortizable Assets - Intangible</b>							
Land Use Rights	255,457.00	-	-	-	-	-	255,457.00
Computer Software	146,920,883.47	-	108,750.00	-	828,691.78	(19,606,749.44)	128,251,575.81
<b>Total Intangible Assets- Amortizable</b>	<b>147,176,340.47</b>	<b>-</b>	<b>108,750.00</b>	<b>-</b>	<b>828,691.78</b>	<b>(19,606,749.44)</b>	<b>128,507,032.81</b>
<b>Less Accumulated Amortization</b>							
Land Use Rights	(255,457.00)	-	-	-	-	-	(255,457.00)
Computer Software	(117,019,416.63)	-	-	-	(12,911,038.27)	11,156,012.28	(118,774,442.62)
<b>Total Accumulated Amortization</b>	<b>(117,274,873.63)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,911,038.27)</b>	<b>11,156,012.28</b>	<b>(119,029,899.62)</b>
<b>Amortizable Intangible Assets, Net</b>	<b>29,901,466.84</b>	<b>-</b>	<b>108,750.00</b>	<b>-</b>	<b>(12,082,346.49)</b>	<b>(8,450,737.16)</b>	<b>9,477,133.19</b>
<b>Total Capital Assets, Net</b>	<b>\$7,211,699,613.64</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,906.18</b>	<b>\$ 180,785,276.78</b>	<b>\$(35,906,920.35)</b>	<b>\$ 7,356,584,876.25</b>

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<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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,522.07
RTU-Building and Building							
Improvements	174,908,511.88	-	-	-	52,519,654.04	(2,245,861.95)	225,182,303.97
RTU-Equipment	1,561,969.31	-	-	-	1,118,054.17	(260,769.06)	2,419,254.42
RTU-Software Subscription					62,451,034.36	-	62,451,034.36
<b>Total Right-to-Use Assets</b>	<b>176,594,003.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116,088,742.57</b>	<b>(2,506,631.01)</b>	<b>290,176,114.82</b>
<b>Less Accumulated Amortization for RTU Assets</b>							
RTU-Land and Land							
Improvements	(16,843.92)	-	-	-	(16,842.72)	-	(33,686.64)
RTU-Building and Building							
Improvements	(17,013,467.24)	-	-	-	(20,784,281.66)	2,245,861.95	(35,551,886.95)
RTU-Equipment	(413,004.10)	-	-	-	(486,877.28)	260,769.06	(639,112.32)
RTU-Software Subscription	-	-	-	-	(17,184,941.94)	-	(17,184,941.94)
<b>Total Accumulated Amortization- RTU Assets</b>	<b>(17,443,315.26)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,472,943.60)</b>	<b>2,506,631.01</b>	<b>(53,409,627.85)</b>
<b>Right-to-Use Assets, Net</b>	<b>\$ 159,150,688.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,615,798.97</b>	<b>\$ -</b>	<b>\$ 236,766,486.97</b>
<b>Total Capital and Right-to-Use Assets, Net</b>							
	<b>\$7,370,850,301.64</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,906.18</b>	<b>\$ 258,401,075.75</b>	<b>\$(35,906,920.35)</b>	<b>\$ 7,593,351,363.22</b>

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### 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, 2023.

<b>Cash in Bank</b>		
<b>Balance</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Bank Balance	\$32,683,900.62	\$555,834.76
Carrying Amount	\$31,639,945.45	\$571,065.33

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 2023, 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 extensions in Qatar. The daily average exposure during fiscal year 2023 was \$1,177,685.27. 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, 2023, the balance was \$805,365.96, 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 Mellon (BNY Mellon), 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, 2023, uncollateralized

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foreign currency held by or through BNY Mellon included proprietary funds of \$4,940,946.14 and fiduciary funds of \$260,408.07. 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 2023, 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, Bank of New York Mellon. As of August 31, 2023, the uninvested cash balance included \$108,204.39 of proprietary funds and \$15,639.69 of fiduciary funds, which were covered by FDIC insurance.

The bank balances (including foreign currency balances), exposed to custodial credit risk as of August 31, 2023, are presented in the table below.

<b>Bank Balances Exposed to Custodial Credit Risk</b>	
	<b>Uninsured and Uncollateralized</b>
Proprietary Funds	\$5,746,312.10
Fiduciary Funds	\$260,408.07

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, 2023, 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>
British Pound	\$ 61,060.44	\$ 2,647.77
Canadian Dollar	3,413,252.91	178,423.21
Indonesian Rupiah	82,594.24	4,416.21
Mexican Peso	770,736.87	36,575.94
Qatar Riyal	805,365.96	-
South Korean Won	562,631.43	32,435.92
Swiss Franc	50,670.25	5,909.02
<b>Total</b>	<b>\$ 5,746,312.10</b>	<b>\$ 260,408.07</b>

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### 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 technology 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, 2023 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, 2023, NAV by the estimated performance as of August 31, 2023, 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, 2023, is \$113,135,915.46 (\$113,095,785.66 Proprietary and \$40,129.80 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, 2023, is \$5,291,258.33, all of which is proprietary.

Texas Woman's University (TWU) invests in the A&M System investment pools as authorized by Section 51.0031 of the Education Code. As of August 31, 2023, the A&M System Cash Concentration Pool and

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System Endowment Funds included investments valued at \$209,963,784.20 for TWU. These amounts are categorized as fiduciary funds.

The following tables display the fair value of investments as of August 31, 2023, 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.

<b>Proprietary Investments per Financial Statements</b>	
Schedule of Cash & Cash Equivalents	
Cash Equivalents	\$ 681,662,576.83
Restricted Cash Equivalents	211,960,271.09
Statement of Net Position	
Non-Current Investments	4,693,472,052.88
Non-Current Restricted Investments	1,233,617,010.75
Total Investments	<u>\$ 6,820,711,911.55</u>

<b>Fiduciary Investments per Financial Statements</b>	
Schedule of Cash & Cash Equivalents	
Cash Equivalents	\$ 9,057,278.00
Restricted Cash Equivalents	31,576,539.85
Statement of Net Position	
Investments	1,713,821.37
Restricted Investments	363,081,270.63
Total Investments	<u>\$ 405,428,909.85</u>

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<b>Proprietary Funds - Investment Fair Value</b>						
<b>Investment Type</b>	<b>Fair Value Hierarchy</b>					<b>Total Fair Value</b>
	<b>Level 1 Inputs</b>	<b>Level 2 Inputs</b>	<b>Level 3 Inputs</b>	<b>Amortized Cost</b>	<b>Net Asset Value</b>	
U.S. Treasury Securities	\$ 300,445,217.52	\$ -	\$ -	\$ -	\$ -	\$ 300,445,217.52
U.S. Treasury TIPS	3,762,848.85		-	-	-	3,762,848.85
U.S. Government Agency Obligations	-	359,976,773.05	-	-	-	359,976,773.05
Corporate Obligations	-	481,983,165.05	23,724,032.30	-	-	505,707,197.35
Corporate Asset and Mortgage Backed Securities	-	180,309,037.89	-	-	-	180,309,037.89
U.S. Equity	1,094,411,818.88	-	-	-	-	1,094,411,818.88
International Obligations	-	229,673,511.94	17,275,895.74	-	-	246,949,407.68
International Equity	516,621,380.06	-	-	-	-	516,621,380.06
Repurchase Agreements - TTSTC	-	-	-	405,263.67	-	405,263.67
Fixed Income Money Market & Bond Mutual Fund	980,337,180.17	-	-	-	-	980,337,180.17
Mutual Funds - U.S. Equity	48,083.34	-	-	-	-	48,083.34
Mutual Funds - International Equity	19,895.39	-	-	-	-	19,895.39
Other Commingled Funds - Fixed Income	19,035,276.23	-	18,145,635.74	-	-	37,180,911.97
International Other Commingled Funds - Equity	386,461,910.55	-	235,052,352.46	-	221,856,588.46	843,370,851.47
Real Estate - Mineral Rights	-	-	113,095,785.66	-	-	113,095,785.66
Alternative Investments - Hedge Funds						
Domestic	-	-	-	-	737,982,512.42	737,982,512.42
International	-	-	-	-	499,622,735.61	499,622,735.61
Alternative Investments - Limited Partnerships and Research Commercialization						
Private Equity	-	-	5,291,258.33	-	118,192,489.44	123,483,747.77
International Private Equity	-	-	-	-	99,399,241.67	99,399,241.67
Real Estate	-	-	-	-	32,454,131.21	32,454,131.21
International Real Estate	-	-	-	-	19,200,796.41	19,200,796.41
Natural Resources	-	-	-	-	98,525,526.05	98,525,526.05
International Natural Resourc	-	-	-	-	16,684,912.66	16,684,912.66
Other Investments						
Political Subdivisions	-	10,716,654.80	-	-	-	10,716,654.80
<b>Total Investments</b>	<b>\$ 3,301,143,610.99</b>	<b>\$ 1,262,659,142.73</b>	<b>\$ 412,584,960.23</b>	<b>\$ 405,263.67</b>	<b>\$ 1,843,918,933.93</b>	<b>\$ 6,820,711,911.55</b>

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<b>Fiduciary Funds - Investment Fair Value</b>					
<b>Investment Type</b>	<b>Fair Value Hierarchy</b>				<b>Total Fair Value</b>
	<b>Level 1 Inputs</b>	<b>Level 2 Inputs</b>	<b>Level 3 Inputs</b>	<b>Net Asset Value</b>	
U.S. Treasury Securities	\$ 15,856,448.08	\$ -	\$ -	\$ -	\$ 15,856,448.08
U.S. Treasury - TIPS	211,130.14	-	-	-	211,130.14
U.S. Government Agency Obligations	-	19,917,783.77	-	-	19,917,783.77
Corporate Obligations	-	26,405,477.36	1,393,036.69	-	27,798,514.05
Corporate Asset and Mortgage Backed Securities	-	9,308,811.32	-	-	9,308,811.32
U.S. Equity	67,113,671.35	-	-	-	67,113,671.35
International Obligations	-	12,506,483.58	1,029,582.99	-	13,536,066.57
International Equity	31,470,959.27	-	-	-	31,470,959.27
Fixed Income Money Market & Bond Mutual Fund	46,176,760.35	-	-	-	46,176,760.35
Mutual Funds - U.S. Equity	1,236,904.81	-	-	-	1,236,904.81
Mutual Funds - International Equity	47,688.37	-	-	-	47,688.37
Other Commingled Funds - Fixed Income	1,151,495.80	-	1,133,519.10	-	2,285,014.90
International Other Commingled Funds - Equity	23,613,553.45	-	14,286,181.15	13,653,711.37	51,553,445.97
Real Estate - Mineral Rights	-	-	40,129.80	-	40,129.80
Alternative Investments - Hedge Funds					
Domestic	-	-	-	43,584,464.35	43,584,464.35
International	-	-	-	29,761,436.84	29,761,436.84
Alternative Investments - Limited Partnerships					
Private Equity	-	-	-	13,783,272.72	13,783,272.72
International Private Equity	-	-	-	11,591,657.49	11,591,657.49
Real Estate	-	-	-	3,784,708.68	3,784,708.68
International Real Estate	-	-	-	2,239,142.39	2,239,142.39
Natural Resources	-	-	-	11,489,767.26	11,489,767.26
International Natural Resou	-	-	-	1,945,747.17	1,945,747.17
Other Investments					
Political Subdivisions	-	548,642.20	-	-	548,642.20
Annuity	146,742.00	-	-	-	146,742.00
<b>Total Investments</b>	<b>\$ 187,025,353.62</b>	<b>\$ 68,687,198.23</b>	<b>\$ 17,882,449.73</b>	<b>\$ 131,833,908.27</b>	<b>\$ 405,428,909.85</b>

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The investments measured at Net Asset Value (NAV) as of August 31, 2023, 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	\$ 221,856,588.46	Monthly	Monthly	3 days	10 days	
<b>Hedge Funds*</b>						
Domestic	737,982,512.42	Quarterly	Semi-Annually	65 days	1.75 years	
International	499,622,735.61	Quarterly	Semi-Annually	65 days	1.75 years	
<b>Limited Partnerships</b>						
Private Equity	118,192,489.44	N/A	N/A	N/A	N/A	\$ 50,201,532.13
International Private Equity	99,399,241.67	N/A	N/A	N/A	N/A	34,696,697.27
Real Estate	32,454,131.21	N/A	N/A	N/A	N/A	31,470,759.25
International Real Estate	19,200,796.41	N/A	N/A	N/A	N/A	11,960,195.99
Natural Resources	98,525,526.05	N/A	N/A	N/A	N/A	40,392,619.55
International Natural Resour	16,684,912.66	N/A	N/A	N/A	N/A	2,592,479.21
<b>Total</b>	<b><u>\$1,843,918,933.93</u></b>					<b><u>\$171,314,283.40</u></b>

\*Of the total Hedge Fund Fair Value, \$38,877,392.89 is invested in funds that are considered illiquid and not eligible for redemption. The Frequency and Notice Period Ranges for this portion of the Hedge Funds are not applicable. The illiquid portion of Hedge Funds is fully funded.

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<b>Fiduciary Funds - Investments Reported at Net Asset Value (NAV)</b>						
<b>Investment Strategy</b>	<b>Fair Value</b>	<b>Redemption</b>				<b>Unfunded Commitment</b>
		<b>Frequency Range Low</b>	<b>Frequency Range High</b>	<b>Notice Period Range Low</b>	<b>Notice Period Range High</b>	
<b>Commingled Funds</b>						
International Equity	\$ 13,653,711.37	Monthly	Monthly	3 days	10 days	
<b>Hedge Funds*</b>						
Domestic	43,584,464.35	Quarterly	Semi-Annually	65 days	1.75 years	
International	29,761,436.84	Quarterly	Semi-Annually	65 days	1.75 years	
<b>Limited Partnerships</b>						
Private Equity	13,783,272.72	N/A	N/A	N/A	N/A	\$ 5,854,360.22
International Private Equity	11,591,657.49	N/A	N/A	N/A	N/A	4,046,230.38
Real Estate	3,784,708.68	N/A	N/A	N/A	N/A	3,670,030.64
International Real Estate	2,239,142.39	N/A	N/A	N/A	N/A	1,394,764.12
Natural Resources	11,489,767.26	N/A	N/A	N/A	N/A	4,710,472.67
International Natural Resources	1,945,747.17	N/A	N/A	N/A	N/A	302,327.57
<b>Total</b>	<u><u>\$ 131,833,908.27</u></u>					<u><u>\$ 19,978,185.60</u></u>

\*Of the total Hedge Fund Fair Value, \$2,757,404.11 is invested in funds that are considered illiquid and not eligible for redemption. The Frequency and Notice Period Ranges for this portion of the 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, 2023. The A&M System did not participate in a securities lending program during fiscal year 2023 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) Mellon 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 Mellon's subcustodian network. Subcustodians settle transactions based on instructions from BNY Mellon Asset Servicing. BNY Mellon 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

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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 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 Mellon 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, 2023, 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	\$ 233,022,897.89	\$ 237,070,820.84	\$ 19,895.39	\$ 843,370,851.47	\$ 630,267,171.71
Brazil Real		9,079,644.68			
British Pound		30,175,334.85			
Canadian Dollar		3,153,156.31			
Euro		117,341,830.13			4,640,504.64
Hong Kong Dollar		14,280,257.12			
Indonesian Rupiah	3,726,716.87				
Japanese Yen		57,709,200.12			
Mexican Peso	10,199,792.92				
Singapore Dollar		5,205,982.98			
South Korean Won		12,207,706.43			
Swedish Krona		2,042,058.83			
Swiss Franc		28,355,387.77			
<b>Total</b>	<b><u>\$ 246,949,407.68</u></b>	<b><u>\$ 516,621,380.06</u></b>	<b><u>\$ 19,895.39</u></b>	<b><u>\$ 843,370,851.47</u></b>	<b><u>\$ 634,907,676.35</u></b>

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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	\$ 12,754,185.16	\$ 14,439,260.42	\$ 47,688.37	\$ 51,553,445.97	\$ 44,996,821.41
Brazil Real		553,078.35			
British Pound		1,841,294.17			
Canadian Dollar		192,071.64			
Euro		7,147,798.30			541,162.48
Hong Kong Dollar		869,844.31			
Indonesian Rupiah	209,737.82				
Japanese Yen		3,515,233.09			
Mexican Peso	572,143.59				
Singapore Dollar		317,116.16			
South Korean Won		743,627.95			
Swedish Krona		124,390.08			
Swiss Franc		1,727,244.80			
<b>Total</b>	<b><u>\$ 13,536,066.57</u></b>	<b><u>\$ 31,470,959.27</u></b>	<b><u>\$ 47,688.37</u></b>	<b><u>\$ 51,553,445.97</u></b>	<b><u>\$ 45,537,983.89</u></b>

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, 2023, the A&M System's credit quality distribution for securities with credit risk exposure is presented in the following tables.

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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>D</b>	<b>Not Rated by S&amp;P</b>
U.S. Government Agency Obligations	337	349,225	2,439	3,374	486	402			3,714
Corporate Obligations	1,448	19,050	110,867	253,180	75,670	33,347			12,145
Corporate Asset and Mortgage Backed Securities	65,375	27,535	8,312	8,099	1,197	538	229		69,023
International Obligations	10,545	879	40,229	109,071	40,595	16,055	964		28,612
Repurchase Agreements (TTSTC)		405							
Fixed Income Money Market and Bond Mutual Fund	980,337								
Other Commingled Funds - Fixed Income									37,181
Other Investments (Municipals)		4,530	2,918						3,269

<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>D</b>	<b>Not Rated by S&amp;P</b>
U.S. Government Agency Obligations	16	19,380	115	181	30	19			177
Corporate Obligations	84	1,061	6,080	13,770	4,205	1,940			658
Corporate Asset and Mortgage Backed Securities	3,232	1,534	444	435	74	25	11		3,553
International Obligations	507	41	2,183	6,020	2,342	943	55		1,445
Fixed Income Money Market and Bond Mutual Fund	46,177								
Other Commingled Funds - Fixed Income									2,285
Other Investments (Municipals)		244	151						154

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2023, no single issuer represented more than 4.9% of the A&M System's total investments.

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 2023.

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.

<b>Investments Exposed to Interest Rate Risk</b>				
<b>Investment Type</b>	<b>Proprietary Funds</b>		<b>Fiduciary Funds</b>	
	<b>Effective Duration</b>	<b>Fair Value</b>	<b>Effective Duration</b>	<b>Fair Value</b>
U.S. Treasury Securities	7.694	\$ 300,445,217.52	7.946	\$15,856,448.08
U.S. Treasury TIPS	8.728	3,762,848.85	8.728	211,130.14
U.S. Government Agency Obligations	5.400	359,976,773.05	5.416	19,917,783.77
Corporate Obligations	5.059	505,707,197.35	5.149	27,798,514.05
Corporate Asset and Mortgage Backed Securities	2.018	180,309,037.89	1.967	9,308,811.32
International Obligations	4.007	246,949,407.68	4.079	13,536,066.57
Repurchase Agreements (TTSTC)	0.003	405,263.67	-	-
Other Commingled Funds - Fixed Income	2.351	37,180,911.97	2.387	2,285,014.90
Other Investments - Municipals	6.025	10,716,654.80	6.216	548,642.20
Total		\$ 1,645,453,312.78		\$89,462,411.03

#### **Securities Lending**

The A&M System did not participate in any securities lending programs during fiscal year 2023.

#### **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, 2023**

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, 2023.

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.

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, 2023, the weighted average effective duration for short futures contracts was 4.18 years and for long futures contracts was 4.63 years. Futures contracts expose the A&M System to minimal counterparty risk since they are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default, therefore, they are not presented in the tables above. Futures contracts are marked to market daily; meaning they are valued at the close of business each day and a gain or loss is recorded between the value of the contracts that day and on the previous day. The daily gain or loss difference is referred to as the daily variation margin, which is settled in cash with the broker each morning for the amount of the previous day's mark to market. The amount that is settled in cash with the broker each morning is the fair value of the futures contracts. The gains are reported as trade receivables and the losses are reported as trade payables in the Statement of Net Position. Exchange-traded futures contracts are categorized as Level 1 on the fair value hierarchy. The tables below disclose the type, notional value and fair values of the futures contracts as of August 31, 2023.

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<b>Proprietary Funds - Open Futures Contracts</b>				
	Notional Amount		Unrealized Gain	Unrealized Loss
	Long	Short	Trade Receivable	Trade Payable
Treasury Futures	\$ 104,195,358.69	\$ 75,058,424.53	\$ 710,680.36	\$ 464,803.39

<b>Fiduciary Funds - Open Futures Contracts</b>				
	Notional Amount		Unrealized Gain	Unrealized Loss
	Long	Short	Trade Receivable	Trade Payable
Treasury Futures	\$ 5,114,328.93	\$ 3,504,145.90	\$ 35,126.87	\$ 21,399.97

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, 2023, 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	\$ 1,237,605,248.03	\$ 73,345,901.19

**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, 2023, 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, 2023 to include the following

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

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	\$ 702,803,699.90	\$ 81,958,973.10
Funded Amount to Limited Partnerships	578,200,237.13	67,428,070.87
Net Asset Value (NAV) of Limited Partnerships	384,457,097.44	44,834,295.71
Research Technology Investments	5,291,258.33	

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). Four 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 – Many of 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.

#### 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, 2023, was \$29,254,431,511.04 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

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one-third share of the net distributions and other revenues was \$450,227,364.19 for the fiscal year ended August 31, 2023, and was credited to the A&M System Available University Fund.

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**Note 4 - Short-Term Debt**

There was no reportable activity for short-term debt during the year ended August 31, 2023.

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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>Within One Year</b>	<b>Amounts Due Thereafter</b>
Employees' Compensable Leave	\$ 119,433,710.52	\$ 9,343,349.11	\$ (1,577,819.57)	\$ 127,199,240.06	\$ 16,315,326.61	\$ 110,883,913.45
Claims & Judgments	14,850,750.00	530,409.70	(1,817,467.70)	13,563,692.00	1,312,021.00	12,251,671.00
Notes and Loans Payable	421,778,000.00	117,000,000.00	(415,764,000.00)	123,014,000.00	4,157,000.00	118,857,000.00
Direct Borrowings - Notes	59,677,789.17	369,130.99	(5,271,913.23)	54,775,006.93	3,452,375.56	51,322,631.37
Bonds Payable	4,641,882,286.21	454,115,000.00	(234,707,571.65)	4,861,289,714.56	282,666,412.44	4,578,623,302.12
Lease Liability	160,950,465.21	56,511,953.30	(21,446,728.93)	196,015,689.58	17,627,207.15	178,388,482.43
Subscription Liability	-	39,474,719.04	(1,813,649.58)	37,661,069.46	15,933,987.73	21,727,081.73
Liabilities Payable from Restricted	24,991,089.00	8,617,335.96	-	33,608,424.96	24,442,235.73	9,166,189.23
Asset Retirement Obligations	12,426,635.27	-	-	12,426,635.27	-	12,426,635.27
Total	<u>\$5,455,990,725.38</u>	<u>\$ 685,961,898.10</u>	<u>\$(682,399,150.66)</u>	<u>\$5,459,553,472.82</u>	<u>\$365,906,566.22</u>	<u>\$5,093,646,906.60</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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<b>Notes and Loans Payable-Debt Service Requirements</b>				
<b>Description</b>	<b>Balances</b>			<b>Balances</b>
	<b>September 1, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>August 31, 2023</b>
Permanent University Fund Commercial Paper Taxable Notes	\$ 125,000,000.00	\$ -	\$ 125,000,000.00	\$ -
Revenue Financing System Commercial Paper Notes, Series B	227,910,000.00	60,000,000.00	261,372,000.00	26,538,000.00
Revenue Financing System Commercial Paper Taxable Notes, Series B	68,868,000.00	57,000,000.00	29,392,000.00	96,476,000.00
Total	<u>\$ 421,778,000.00</u>	<u>\$ 117,000,000.00</u>	<u>\$ 415,764,000.00</u>	<u>\$ 123,014,000.00</u>

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest*</b>	<b>Total</b>
2024	\$ 4,157,000.00	\$ 4,846,751.60	\$ 9,003,751.60
2025	4,320,000.00	4,682,965.80	9,002,965.80
2026	4,490,000.00	4,512,757.80	9,002,757.80
2027	4,667,000.00	4,335,851.80	9,002,851.80
2028	4,852,000.00	4,151,972.00	9,003,972.00
2029-2033	27,282,000.00	17,737,210.20	45,019,210.20
2034-2038	33,096,000.00	11,922,164.20	45,018,164.20
2039-2043	40,150,000.00	4,867,870.00	45,017,870.00
Total	<u>\$ 123,014,000.00</u>	<u>\$ 57,057,543.40</u>	<u>\$ 180,071,543.40</u>

\* For this schedule, assumption is that Revenue Financing System Commercial Paper Notes and Revenue Financing System Commercial Paper Taxable Notes in the amount of \$123.014 million will be refunded into long term bonds. For estimated debt service on this exhibit, the rate of 3.94% corresponds to the municipal market data published on August 31, 2023. Notes are remarketed in commercial paper mode at current market rates with maturities between 1 and 270 days.

**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>
2024	\$ 3,452,375.56	\$ 2,167,027.72	\$ 5,619,403.28
2025	3,681,694.91	2,033,254.19	5,714,949.10
2026	3,590,834.86	1,891,815.17	5,482,650.03
2027	3,759,313.48	1,743,863.21	5,503,176.69
2028	3,988,599.53	1,587,711.16	5,576,310.69
2029-2033	23,794,920.26	5,229,228.16	29,024,148.42
2034-2038	12,507,268.33	1,147,955.33	13,655,223.66
Total	<u>\$ 54,775,006.93</u>	<u>\$ 15,800,854.94</u>	<u>\$ 70,575,861.87</u>

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

<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	\$ 20,018,668.30	\$ 54,142,866.12
Infrastructure	730,759.97	143,107.01	587,652.96
Facilities & Other Improvements	259,196.66	67,679.06	191,517.60
Equipment	2,257,808.55	1,054,298.65	1,203,509.90
Total	<u>\$ 77,409,299.60</u>	<u>\$ 21,283,753.02</u>	<u>\$ 56,125,546.58</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.

#### **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, \$127,199,240.06 as of August 31, 2023, 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 \$15,068,076.41 for accrued vacation to employees who separated from State service during the fiscal year ended August 31, 2023.

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.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### Claims and Judgments

Claims and judgments related to the A&M System self-insured worker's compensation plan include a current portion of \$1,312,021.00 and a non-current portion of \$12,251,671.00 for a total worker's compensation liability of \$13,563,692.00. 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 ARO's 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 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 \$2,701,750.77.

#### Pollution Remediation Obligations (Other Liabilities)

The A&M System has been named as a potentially responsible party (PRP) party for two hazardous waste sites. It is unknown at this time if there will be any future costs associated with the A&M System's status as a PRP.

#### 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.

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**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.

<b>Pledged Future Revenue Information</b>	
Pledged revenue required for future principal and interest on existing revenue bonds	\$6,599,953,998.73
Term of commitment year ending 8/31	2057
Percentage of revenue pledged	100%
Current year pledged revenue	\$3,679,300,572.58
Current year principal and interest paid	\$426,237,804.77

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### 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 by the A&M System Offices.

As of August 31, 2023, \$462,084,566.00 of Revenue Financing System debt proceeds had been appropriated prior to the receipt of the proceeds. As of August 31, 2023, \$221,476,364.37 of Permanent University Fund debt proceeds had been appropriated prior to the receipt of the proceeds.

##### B. General Information

At August 31, 2023, the A&M System had outstanding bonds payable of \$4,729,225,000.00 as detailed below, which does not include unamortized premium of \$132,064,714.56.

Bonds payable are due in annual installments varying from \$55,000.00 to \$55,740,000.00 with interest rates ranging from 0.46% to 5.75%, 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>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Outstanding Principal</b>
Permanent University Fund Bonds	1.85-5.75%	2024-2049	\$ 1,523,285,000.00
Revenue Financing System Bonds	0.46-5.25%	2024-2057	3,205,940,000.00
			<u>\$ 4,729,225,000.00</u>

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**The Texas A&M University System  
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<b>Debt Service Requirements</b>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 260,460,000.00	\$ 175,292,101.95	\$ 435,752,101.95
2025	269,510,000.00	165,754,783.30	435,264,783.30
2026	265,655,000.00	155,659,261.28	421,314,261.28
2027	275,405,000.00	145,546,949.82	420,951,949.82
2028	277,380,000.00	135,484,618.46	412,864,618.46
2029-2033	1,210,445,000.00	526,793,468.40	1,737,238,468.40
2034-2038	887,375,000.00	331,025,357.04	1,218,400,357.04
2039-2043	761,240,000.00	168,528,241.12	929,768,241.12
2044-2048	422,820,000.00	58,333,084.34	481,153,084.34
2049-2053	88,315,000.00	7,228,133.02	95,543,133.02
2054-2057	10,620,000.00	1,083,000.00	11,703,000.00
Total	<u>\$ 4,729,225,000.00</u>	<u>\$ 1,870,728,998.73</u>	<u>\$ 6,599,953,998.73</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, 2023 was \$16,315,000.00.

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, 2023 was \$180,000,000.00.

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, 2023

- \$70,680,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2023 was \$13,225,000.00.

#### 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, 2023 was \$63,015,000.00.

#### 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, 2023 was \$61,305,000.00.

#### 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, 2023 was \$140,555,000.00.

#### 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, 2023 was \$78,285,000.00.

#### 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, 2023 was \$80,395,000.00.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### 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, 2023 was \$310,340,000.00.

#### 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, 2023 was \$339,915,000.00.

#### 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, 2023 was \$239,935,000.00.

#### 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, 2023 was \$27,865,000.00.

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

- Issued October 1, 2013, to provide construction funds for the redevelopment of Kyle Field football stadium at Texas A&M University; to fund capitalized interest; 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, 2023

- \$94,365,000.00 authorized; all authorized bonds have been issued. \$46,470,000.00 was refunded by Revenue Financing System Bonds, Series 2017E. Outstanding balance at August 31, 2023 was \$0.00.

#### 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.
- \$64,670,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2023 was \$11,455,000.00.

#### 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, 2023 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, 2023 was \$53,230,000.00.

#### 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, 2023 was \$55,110,000.00.

#### 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 the bonds.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

- \$91,520,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2023 was \$44,525,000.00.

#### 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.
- \$325,575,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2023 was \$258,385,000.00.

#### 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, 2023 was \$148,240,000.00.

#### 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, 2023 was \$130,675,000.00.

#### 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, 2023 was \$95,560,000.00.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### 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, 2023 was \$231,630,000.00.

#### 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, 2023 was \$235,955,000.00.

#### 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; and to pay the cost of issuing the bonds.
- \$97,425,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2023 was \$83,350,000.00.

#### 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, 2023 was \$136,475,000.00.

#### 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.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

- \$341,995,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2023 was \$325,825,000.00.

#### 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.
- \$223,730,000.00 authorized; all authorized bonds have been issued. Outstanding balance at August 31, 2023 was \$187,630,000.00.

#### 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, 2023 was \$397,515,000.00.

#### 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, 2023 was \$142,625,000.00.

#### 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, 2023 was \$180,515,000.00.

#### 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, 2023 was \$210,730,000.00.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### 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, 2023 was \$201,870,000.00.

#### 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, 2023, the principal balance outstanding for the defeased bonds is \$0.00.

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

The following disclosures summarize the A&M System's investment derivative activity as reported in the financial statements. Exchange traded futures contracts are categorized as Level 1 of the fair value hierarchy.

<b>Proprietary Funds - Investment Derivative Activity</b>					
Description	Changes in Fair Value		Fair Value as of August 31, 2023		Notional Amount
	Classification	Amount	Classification	Amount	
Futures - Long	Investment Income	\$710,680.36	Trade Receivable	\$710,680.36	\$104,195,358.69
Futures - Short	Investment Income	(464,803.39)	Trade Payable	(464,803.39)	(75,058,424.53)

<b>Fiduciary Funds - Investment Derivative Activity</b>					
Description	Changes in Fair Value		Fair Value as of August 31, 2023		Notional Amount
	Classification	Amount	Classification	Amount	
Futures - Long	Investment Income	\$ 35,126.87	Trade Receivable	\$ 35,126.87	\$ 5,114,328.93
Futures - Short	Investment Income	(21,399.97)	Trade Payable	(21,399.97)	(3,504,145.90)

**Hedging Derivatives**

The A&M System did not enter into hedging derivatives in fiscal year 2023.

**Investment Derivatives**

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

## UNAUDITED

### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### Note 8 – Leases and Software Subscriptions

GASB Statement No. 87, Leases, effective 2022, and GASB Statement No. 96, Subscription-Based Information Technology Arrangements, effective 2023, both establish a unified model for financial reporting based on the common principle that leases and subscription-based IT arrangements (SBITAs) represent financings of the right to use underlying assets. Under GASB 87, lessees must recognize a lease liability and an intangible right-to-use lease asset, while lessors recognize a lease receivable and a deferred inflow of resources. Similarly, GASB 96 requires governments to recognize a liability and an intangible right-to-use subscription asset for SBITAs. Limited exceptions are provided for both standards for short-term arrangements, lasting a maximum of twelve months at inception (including extension options) and financed purchases. The recognition and measurement of these arrangements are based on the circumstances existing at the beginning of the reporting period. The State of Texas Comptroller's Office has established materiality thresholds for these standards (\$100,000 per asset for GASB 87-Leases and \$500,000 per contract for GASB 96-SBITAs), which the A&M System has adopted.

The A&M System has executed various lease contracts for land, buildings, equipment, vehicles, software subscriptions, and other assets, all of which have been assessed in accordance with GASB 87 and 96, along with the State Comptroller Office's requirements. As of August 31, 2023, the net right-to-use (RTU) assets and corresponding lease/SBITA liabilities associated with future lease payments reported on the statement of net position totaled \$237 million and \$234 million, respectively.

Detailed information regarding these identified lease and subscription agreements are provided in their respective sections.

#### Lessee Leases

A comprehensive summary of changes for these RTU assets is presented in the table in Note 2 - Capital Assets.

For fiscal year 2023, the total lease payment for RTU assets was \$20,729,884.59. The principal and interest expense payments for the next 5 years and beyond are projected on the Future Lease Payment table.

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<b>Future Lease Payments</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 17,627,207.15	\$ 3,105,722.69	\$ 20,732,929.84
2025	16,856,822.78	3,238,774.02	20,095,596.80
2026	15,205,169.60	3,470,327.27	18,675,496.87
2027	12,407,671.49	3,760,669.87	16,168,341.36
2028	11,691,267.37	2,847,751.45	14,539,018.82
2029-2033	48,939,824.35	10,758,373.67	59,698,198.02
2034-2038	40,029,806.28	6,052,672.44	46,082,478.72
2039-2043	25,021,235.48	1,433,354.33	26,454,589.81
2044-2048	8,236,685.08	207,314.91	8,443,999.99
<b>Total</b>	<u><u>\$ 196,015,689.58</u></u>	<u><u>\$ 34,874,960.65</u></u>	<u><u>\$ 230,890,650.23</u></u>

The Future Lease Income details above include a total of 34 leases. There is one lease related to medical and engineering technology which accounts for 41% of the totals above. This income is generated from the new EnMed program, founded in 2019, is a collaboration between Texas A&M's School of Engineering Medicine and the state's top-ranked Houston Methodist Hospital established to transform health care through the development and training of physicians, the creation of medical technologies, and translational research. This lease extends until the year 2080, with noteworthy payments concentrated in the latter part of the term.

Included in these leases are three agreements which have partially variable payments and therefore were not included in lease assets or lease liabilities. These variable payments are based upon changes in CPI (Consumer Price Index) rates. A total of \$14,064.98 was expensed related to these variable payments for the year ended August 31, 2023.

**Subleases**

The A&M System subleases certain portions of RTU buildings to third parties. The net value of the subleased RTU buildings is \$6,904,806.09 and is included in the RTU asset total as of August 31, 2023. These sublease agreements result in lease receivables of \$1,618,448.81 and deferred inflows of resources of \$1,575,776.41, as of August 31, 2023, which are included in the Future Lease Income table.

**Future Leases**

The A&M System has entered two additional building leases which have not yet commenced as of August 31, 2023. For those future leases, the total value of the right-to-use assets is \$2,252,011.39.

**Lessor Leases**

The A&M System has various leases for land and buildings where the A&M System is the lessor. As of August 31, 2023, the lease receivables and the corresponding deferred inflow of resources included on the statement of net position were \$208 million and \$204 million, respectively.

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For the year ended August 31, 2023, the A&M System received lease payments of \$7,575,105.66 related to lessor leases. The total expected payments for the next five years and beyond are presented below.

<b>Future Lease Income</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 5,550,272.42	\$ 7,832,827.05	\$ 13,383,099.47
2025	4,357,213.45	5,691,389.39	10,048,602.84
2026	3,222,756.35	5,632,509.05	8,855,265.40
2027	3,147,551.69	5,576,993.50	8,724,545.19
2028	3,248,456.79	5,532,374.79	8,780,831.58
2029-2033	13,879,370.93	26,697,226.98	40,576,597.91
2034-2038	13,475,999.05	25,042,265.81	38,518,264.86
2039-2043	16,239,167.46	23,086,970.08	39,326,137.54
2044-2048	19,533,484.77	20,713,274.24	40,246,759.01
2049-2053	23,610,275.30	17,840,191.74	41,450,467.04
2054 and beyond	101,945,628.73	41,341,668.95	143,287,297.68
Total	<u>\$ 208,210,176.94</u>	<u>\$184,987,691.58</u>	<u>\$ 393,197,868.52</u>

The A&M System has a total of 5 leases with payments which are completely or partially variable and were not included in lease receivables or deferred inflows of resources. These variable payments were derived from a percentage of sales, facility or classroom usage, or the amount of net cash flow. Total revenue recognized as a result of these variable payments was \$3,332,787.56 for the year ended August 31, 2023.

**Residual Value Guarantees, Termination Penalties, Sales-Leaseback and Lease-Leaseback**

For the year ended August 31, 2023, the A&M System has no reportable activities for residual value guarantees, termination penalties, sale-lease back, or lease-leaseback related to leases where the A&M System is the lessee or the lessor.

**Regulated Leases**

For certain lease agreements related to airport gates and aprons, specific terms are regulated by the Federal Aviation Administration (FAA). The A&M System entered into various lease agreements to grant the right to use these airport gates and aprons to third parties in accordance with the provisions set by the FAA.

Specified regulated terms include limits on lease rates, consistency of lease rates for all lessees, and leasing opportunities made available to any potential lessees if the facilities are vacant. The lease revenue related to these regulated agreements amounted to \$322,427.40 for the year ended August 31, 2023, this amount includes exclusive and joint use of terminal building space.

Currently there is a holdover provision in place which allows a tenancy to continue month-to-month until a new contract is established, or the tenant may terminate with 30 days' written notice.

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**Subscription Leases**

The A&M System has various leases for software subscriptions where the A&M System is the lessee. As of August 31, 2023, the net RTU Subscription Asset and the corresponding Subscription liability included on the statement of net position were \$45.3 million and \$37.7 million, respectively.

For fiscal year 2023, the total lease payment for RTU subscription assets was \$18,370,326.16. The principal and interest expense payments for the next 5 years and beyond are projected on the following page for lease liabilities.

<b>Future Subscription Payments</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 15,933,987.73	\$ 886,301.00	\$ 16,820,288.73
2025	15,437,006.37	527,837.59	15,964,843.96
2026	5,182,336.59	150,969.13	5,333,305.72
2027	976,907.89	27,651.11	1,004,559.00
2028	130,830.88	3,001.12	133,832.00
Total	<u>\$ 37,661,069.46</u>	<u>\$ 1,595,759.95</u>	<u>\$ 39,256,829.41</u>

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### Note 9 - Pension Plans and Optional Retirement Program

##### Teacher Retirement System (TRS)

Teacher Retirement System is the administrator of the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. All employees of the A&M System who are employed for one-half or more of the standard workload and not exempted from membership under the Texas Government Code, Title 8, Section 822.002 are covered by the plan.

The TRS plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefit formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3% of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered employees who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs).

Audited Annual Comprehensive Financial Report (ACFR) for Teacher Retirement System may be obtained from their website at [www.trs.state.tx.us](http://www.trs.state.tx.us) and searching for financial reports.

During the measurement period of 2022 for the fiscal year 2023 reporting, the amount of the A&M System contributions recognized by the plan was \$71,856,250. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the A&M System in the measurement period are presented in the table below.

Contribution Rates for	TRS Plan
Employer	7.75%
Employees	8.00%

The total pension liability is determined by the annual actuarial valuation. The table on the following page presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2022 measurement date for the fiscal year 2023.

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<b>Summary of Actuarial Methods and Assumptions*-TRS Plan</b>	
Actuarial Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Fair Market
Actuarial Assumptions:	
Discount Rate	7.00%
Long-term Expected Rate of Return	7.00%
Municipal Bond Rate as of August 2020	3.91%*
Inflation	2.30%
Salary Increase	2.95% to 8.95% including inflation
Mortality	
Active	PUB (2010) Mortality Tables for Teachers, below median, with full generational mortality
Post-Retirement	2021 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP
Ad Hoc Post-Employment Benefit Changes	None

\* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

The actuarial valuation was performed as of Aug. 31, 2021. Update procedures were used to roll forward the total pension liability to Aug. 31, 2022.

The actuarial assumptions used in the determination of the total pension liability were primarily based on the result of an actuarial experience study for the four-year period ending Aug. 31, 2021 and adopted in July 2022. The primary assumption change was the lowering of the single discount rate from 7.25% to 7%.

There have been no changes to the benefit provisions of the plan since the prior measurement date.

The discount rate of 7% was applied to measure the total pension liability. The discount rate was based on the expected rate of return on pension plan investments of 7%. The projected cash flows into and out of the pension plan assumed that active members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increase to 9.55% over the next several years. This includes a factor for all employer and state contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

The long-term expected rate of return on plan investments was developed using a building-block method in which best estimate ranges of expected future real rates of return (net of pension plan investment expense

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and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan's investment portfolio are presented below.

TRS Asset Class*	TRS Target Allocation**	TRS Long-term Expected Geometric Real Rate of Return***
<b>Global Equity</b>		
USA	18%	4.6%
Non-US Developed	13%	4.9%
Emerging Markets	9%	5.4%
Private Equity	14%	7.7%
<b>Stable Value</b>		
Government Bonds	16%	1.0%
Absolute Return		3.7%
Stable Value Hedge Funds	5%	3.4%
<b>Real Return</b>		
Real Assets	15%	4.1%
Energy, Natural Resources and Infrastructure	6%	5.1%
Commodities		3.6%
<b>Risk Parity</b>		
Risk Parity	8%	4.6%
<b>Asset Allocation Leverage</b>		
Cash	2%	3.0%
Asset Allocation Leverage	(6)%	3.6%
<b>Total</b>	<b>100%</b>	
<b>Notes:</b>		
* Absolute Return includes Credit Sensitive Investments.		
** Target allocations are based on fiscal year 2022 policy model.		
*** Capital Market assumptions come from Aon Hewitt (as of 08/31/2022).		

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the A&M System's net pension liability. The result of the analysis is presented in the table below.

<b>Sensitivity of A&amp;M System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate</b>		
<b>1% Decrease (6%)</b>	<b>Current Discount Rate (7%)</b>	<b>1% Increase (8%)</b>
\$1,199,893,381	\$771,327,658	\$ 423,955,023

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The pension plan’s fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan’s investment policy, assets, and fiduciary net position may be obtained from TRS’ fiscal 2022 ACFR.

On August 31, 2023, the A&M System reported a liability of \$771,327,658 for its proportionate share of the collective net pension liability in the proprietary fund statements. The collective net pension liability was measured as of August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The A&M System’s proportion on August 31, 2023 was 1.2992438459% which was a decrease from the 1.3562156390% measured at the prior measurement date. The A&M System’s proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entities to the plan for the period September 1, 2021 through August 31, 2022.

For the year ending August 31, 2023, the A&M System recognized pension expense of \$94,504,755 in the proprietary fund statements. On August 31, 2023, the A&M System reported on the proprietary fund statement deferred outflows of resources and deferred inflows of resources related to pensions from the sources listed on the table.

<b>Elements of Deferred Outflows and Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 11,184,188	\$ 16,816,403
Changes of assumptions	143,723,448	35,819,893
Net difference between projected and actual investment return	76,204,704	-
Change in proportion and contribution difference	53,818,909	53,431,005
Contributions Subsequent to the measurement date	71,856,250	-
<b>Total</b>	<b>\$ 356,787,499</b>	<b>\$ 106,067,301</b>

The \$71,856,250 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2024.

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Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years.

<b>Deferred Outflows and Inflows Recognized in Pension Expense</b>	
<b>Future Years</b>	<b>Amounts</b>
2024	\$ 51,720,070
2025	26,762,643
2026	5,511,292
2027	85,580,039
2028	9,289,900
Thereafter	71,856,254

**Optional Retirement Program (ORP)**

The State has also established an Optional Retirement Program (ORP) for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The Optional Retirement Program provides for the purchase of annuity contracts and mutual funds. The contributory percentages of participant salaries during the fiscal year provided by the State and by each participant who was enrolled in the plan on or before August 31, 1995 were 8.5% and 6.65%, respectively. The 8.5% is composed of 6.6% contributed by the State and an additional 1.90% contributed by the A&M System. For participants who enrolled on or after September 1, 1995, the State and participant contributions were 6.6% and 6.65%, respectively.

The contributions for the A&M System ORP retirement program are presented below.

<b>ORP Contributions for the Plan Year Ended August 31, 2023</b>	
Employer	\$ 46,885,100.44
Employee	44,761,545.19
Total	\$ 91,646,645.63

Since contributions are invested in individual annuity contracts, neither the State nor the System have any additional or unfunded liability for this program.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### Note 10 - Deferred Compensation

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in *Texas Government Code*, Section 609.001. All payroll deductions have been invested in approved plans during the fiscal year. Two deferred compensation plans are available for A&M System employees.

The State's 457 Plan complies with *Internal Revenue Code* Section 457. This plan is referred to as the TexaSaver Deferred Compensation Plan (DCP) and is available to all employees. The DCP is an employer-sponsored plan administered by the Employees Retirement System of Texas (ERS). A&M System employees are permitted to participate in the plan as an agency of the State. The deductions purchased investments and earnings attributed to the 457 Plan are held in trust and belong to the participants. The State has no liability under the 457 Plan beyond the administrative requirements outlined in the corresponding provisions of the IRC.

The A&M System also administers a Tax-Deferred Account (TDA) Program, created in accordance with IRC Section 403(b). All employees are eligible to participate. The TDA is an employer-sponsored plan. The deductions, purchased investments, and earnings attributed to each employee's 403(b) plan are held by vendors chosen by the employee from an approved vendor list provided by the A&M System. The funds held in the accounts belong to the individual participants. The vendors can include insurance companies, banks, or approved non-bank trustees such as mutual fund companies. The assets of this plan do not belong to the A&M System or the State and thus do not have a liability related to this plan beyond the administrative requirements outlined in the corresponding provisions of the IRC.

The 457(f) Deferred Compensation Plan allows the A&M System to defer income for eligible participants without regard to the amount deferred or an adverse impact on other retirement plans in which the participant is enrolled. The plan is structured under Section 457(f) of the *Internal Revenue Code* of 1986, as amended. It is authorized for use by Texas institutions of higher education in Title 109, Article 6228a-5, Section 3 of Vernon's Texas Civil Statutes. All employees of the A&M System are eligible to participate in this plan subject to the approval of the Board of Regents, the Chancellor, or any Chancellor-designated A&M System member Chief Executive Officer.

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**Note 11 - Postemployment Health Care and Life Insurance Benefits**

**Plan Description and Funding Policy**

In addition to providing pension benefits, state employees have certain health care and life insurance benefits for retired employees in accordance with State statutes. These benefits are provided by the A&M System and reported in the proprietary fund statements. The A&M System is a single-employer with a defined benefit Other Post Employment (OPEB) plan.

OPEB is provided to the A&M System's retirees under the A&M System group insurance program. The authority under which the obligations of the plan members and the A&M System are established, and may be amended, is Chapter 1601, *Texas Insurance Code*. Retiree eligibility for insurance continuation is determined by the Legislature and is subject to change. The plan does not provide automatic cost of living adjustments (COLAs).

Substantially all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. Those and similar benefits for active employees are provided through the group insurance program, and premiums are based on benefits and administrative costs expected to be incurred. The rates are determined annually by the System in consultation with actuary.

**Proportionate Share**

The A&M System and the State of Texas calculate a proportional share of all elements of the OPEB liability and record their proportional share. Per Chapter 1551 of the *Texas Insurance Code*, Sections 310 and 311, it requires the State to contribute to the cost of each participant's insurance coverage. The funds are appropriated under the General Appropriations Act under the Higher Education Employees Group Insurance (HEGI) Contributions.

The A&M System's proportional share as of August 31, 2023 was 59.29 percent and it was 55.83 percent in fiscal year 2022. The State of Texas' proportional share was 40.71 percent for fiscal year 2023 and 44.17 for fiscal year 2022. Below is a table with the total current and noncurrent OPEB liability. This percentage was applied to all elements of OPEB accounting event including the OPEB liability, deferred outflows and inflows and OPEB expense.

	<b>A&amp;M System Proportional Share</b>	<b>State of Texas Proportional Share*</b>	<b>Total OPEB Liability*</b>
Current OPEB Liability	\$ 63,084,598	\$ 43,316,333	\$ 106,400,931
NonCurrent OPEB Liability	2,260,576,516	1,552,199,556	3,812,776,072
Total per the AFR	\$ 2,323,661,114	\$ 1,595,515,889	\$ 3,919,177,003

\*Total column matches the current actuary report. Adjustments will be needed for the State of Texas Proportional Share to adjust for the funding percentage which is adjusted annually, based upon the prior year funding.

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**Employees Covered by Benefit Terms**

At the measurement dates below, the following employees were covered by the benefit terms.

Employee Type	Valuation Date
	09/01/2021
a. Inactive employees or beneficiaries currently receiving benefit payments	11,156
b. Inactive employees entitled to but not yet receiving benefit payments	3,389
c. Active employees	24,029
Total	38,574

The employer and retiree contribution rates are presented below. The rates increased from the prior fiscal year for employer but remained the same for retiree

<b>Required Contribution Rates Retiree Health and Basic Life Premium</b>		
Level of Coverage	Employer	Retiree (Health Premium only)
Retiree Only	\$815.28	\$0.00
Retiree/Spouse	\$1,377.36	\$281.04
Retiree/Children	\$1,205.80	\$195.26
Retiree/Family	\$1,606.28	\$395.50

The A&M System and member contribution rates are determined annually by the A&M System based on the recommendations of the A&M System Office of Risk Management and Benefits Administration staff and consulting actuary. The contribution rates are determined based on the benefit and administrative costs expected to be incurred, the funds appropriated for the plans, and the funding policy established by the Texas Legislature in connection with benefits provided through the plan. The A&M System revises benefits when necessary to match expected benefit and administrative costs with available revenue.

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**Actuarial Assumptions and Other Inputs**

The collective OPEB liability for Fiscal Year was determined by an actuarial valuation as of September 1, 2021 and rolled forward twelve months to September 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

<b>Summary of Actuarial Assumptions and Other Inputs</b>	
Actuarial Valuation Date (Biennial Valuation)	September 1, 2021
Inflation	2.30%
Salary Increases	3.05% to 9.05% (includes inflation)
Discount Rate	3.64%
Healthcare Cost Trend Rates	
Medical	6.00% for FY23, 5.50% for FY24, 5.25% for FY25, 5.00% for FY26, 4.75% for FY27, 4.60% for FY28, 4.50% for FY29, 4.40% for FY30 and 4.30% for FY31 and later years
Pharmacy	10.50% for FY23, 10.00% for FY24, 9.50% for FY25, 9.00% for FY26, 8.00% for FY27, 7.00% for FY28, 6.00% for FY29, 5.00% for FY30 and 4.30% for FY31 and later years
Mortality	<ul style="list-style-type: none"> <li>a. <u>Service Retirees, Survivors and other Inactive Members:</u> Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.</li> <li>b. <u>Disability Retirees:</u> Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.</li> <li>c. <u>Active Members:</u> Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.</li> </ul>

**\* Discount Rate**

- a. The discount rate used to measure the OPEB liability as of September 1, 2022 was 3.64%
- b. Municipal Bond Rate: 3.64% as of September 1, 2022; the source of the municipal bond rate is the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. In describing their index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

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#### Other Information

As of the measurement date of September 1, 2022, no changes in benefit terms have occurred. Accordingly, the benefit terms used in this valuation have not been changed since the prior valuation.

#### Medicare Part D

In fiscal year 2023 the plan received payments from the federal government pursuant to the retiree drug subsidy provisions of Medicare Part D. These on-behalf payments were recorded as revenues and expenses of each plan.

In fiscal year 2023 the A&M System received \$ 16,217,321.45 of Medicare Part D payments from the federal government.

The A&M system adopted the following change to the OPEB plan between the September 1, 2022 measurement date of the Net OPEB liability and the Employer's FY23 reporting date of August 31, 2023:

Beginning in FY2023, for retirees for whom Medicare is primary, medical benefits will be provided through a fully insured Medicare Advantage Plan.

Per actuarial calculation the above change would reduce the Net OPEB liability to \$1.48 billion as of September 1, 2023, using the current discount rate of 3.64%.

#### Sensitivity of the A&M System's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the A&M System's proportionate share of the OPEB liability reported as of August 31, 2023 and measured as of September 1, 2022, as well as what the A&M System's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage point higher (3.64%) than the fiscal year 2023 discount rate.

	<b>1% Decrease (2.64%)</b>	<b>FY2023 Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
A&M System's Proportionate Share of OPEB Liability	\$2,754,264,894	\$2,323,661,114	\$1,984,192,479

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**Sensitivity of the A&M System’s Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the A&M System’s proportionate share of the OPEB liability reported as of August 31, 2023 and measured as of September 1, 2022, as well as what the A&M System’s proportionate share of the OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentagepoint higher than the fiscal year 2023 healthcare cost trend rate.

	<b>1% Decrease</b>	<b>FY2023 Healthcare Cost Trend Rates*</b>	<b>1% Increase</b>
A&M System’s Proportionate Share of OPEB Liability	\$1,938,165,387	\$2,323,661,114	\$2,830,674,669

\*Healthcare Cost Trend Rates used and -1%/+1% sensitivities are shown below.

<b>Fiscal Year</b>	<b>Medical Healthcare</b>			<b>Pharmacy Healthcare</b>		
	<b>1% Decrease</b>	<b>Cost Trend Rates</b>	<b>1% Increase</b>	<b>1% Decrease</b>	<b>Cost Trend Rates</b>	<b>1% Increase</b>
2023	5.00%	6.00%	7.00%	9.50%	10.50%	11.50%
2024	4.50%	5.50%	6.50%	9.00%	10.00%	11.00%
2025	4.25%	5.25%	6.25%	8.50%	9.50%	10.50%
2026	4.00%	5.00%	6.00%	8.00%	9.00%	10.00%
2027	3.75%	4.75%	5.75%	7.00%	8.00%	9.00%
2028	3.60%	4.60%	5.60%	6.00%	7.00%	8.00%
2029	3.50%	4.50%	5.50%	5.00%	6.00%	7.00%
2030	3.40%	4.40%	5.40%	4.00%	5.00%	6.00%
2031 and beyond	3.30%	4.30%	5.30%	3.30%	4.30%	5.30%

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**Changes in the A&M System's Proportionate Share of the OPEB Liability**

	<b>Increase (Decrease) in A&amp;M System's Proportionate Share of OPEB Liability from 09/01/2021 to 09/01/2022</b>
<b>Beginning Balance of Measurement Year*</b>	\$2,700,223,937
<b>Changes for the Year:</b>	
Service Cost	138,894,229
Interest	63,818,211
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions or other inputs	(698,069,570)
Benefit payments (employer)	(48,493,853)
Other Changes	167,288,160
<b>Net Changes</b>	<b>(376,562,823)</b>
<b>Ending Balance of Measurement Year**</b>	<b>\$2,323,661,114</b>

\*Information for the fiscal year ending August 31, 2022 was taken as of the measurement date of September 1, 2021 based on an actuarial valuation as of the same date as permitted by Paragraph No. 146 and 147 of GASB No. 75.

\*\*Information for the fiscal year ending August 31, 2023 was taken as of the measurement date of September 1, 2022 based on an actuarial valuation as of September 1, 2021 rolled forward twelve months as permitted by Paragraph Nos. 146 and 147 of GASB No. 75.

The A&M System recognized its proportionate share of OPEB expense of \$171,048,559 for the fiscal year ended August 31, 2023.

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**Deferred Outflows and Inflows of Resources**

At each fiscal year-end, the A&M System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources listed in the table below.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 175,286,163
Changes of assumptions or other inputs	432,521,268	689,683,409
Effect of change in proportion and contribution difference	232,289,981	16,162,131
Contributions subsequent to the measurement date	52,768,800	-
Total	\$ 717,580,049	\$ 881,131,703

Amounts reported as Deferred Outflows/ (Inflows) of Resources will be recognized in OPEB expenses as follows.

<b>Fiscal Year</b>	<b>Amount</b>
2024	\$ (39,812,258)
2025	8,625,021
2026	1,664,120
2027	(29,794,715)
2028	(74,026,239)
Thereafter	(82,976,381)

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**Note 12 - Interfund Activity and Transactions**

As of August 31, 2023, amounts to be received or paid between funds and agencies are to be reported as Interfund Receivable or Interfund Payable.

Individual balances as of August 31, 2023 are presented below.

**Proprietary Funds**

<b>Interfund Receivable/Payables - Current</b>			
<b>Current Portion</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Purpose</b>
Agency 710, Appd Fund 0047, D23 Fund 0047 From Agency 720, D23 Fund 0011	\$ 65,118,657.82	\$ -	Permanent University Fund
Agency 711, Appd Fund 0001, D23 Fund 0001 From Agency 907, D23 Fund 0515	-	1,423,436.41	SECO LoanSTAR
<b>Total Current Interfund Receivable/Payable</b>	<b>\$ 65,118,657.82</b>	<b>\$1,423,436.41</b>	

<b>Interfund Receivable/Payables – Non-Current</b>			
<b>Non-Current Portion</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Purpose</b>
Agency 710, Appd Fund 0047, D23 Fund 0047 From Agency 720, D23 Fund 0011	\$ 1,502,418,583.17	\$ -	Permanent University Fund
Agency 711, Appd Fund 0001, D23 Fund 0001 From Agency 907, D23 Fund 0515	-	3,410,278.91	SECO LoanSTAR
<b>Total Non-Current Interfund Receivable/Payable</b>	<b>\$ 1,502,418,583.17</b>	<b>\$3,410,278.91</b>	

**Fiduciary Funds**

Not Applicable.

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**Note 13 - Continuance Subject to Review**

This note does not apply to the A&M System.

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**The Texas A&M University System  
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**Note 14 - Restatement of Net Position**

There were no restatements to the beginning net position.

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**The Texas A&M University System  
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**Note 15 - Commitments and Contingencies**

At August 31, 2023, various lawsuits and claims involving the A&M System and its members had arisen in the course of conducting A&M System business. While the ultimate liability with respect to litigation and other claims cannot be reasonably estimated at this time, management is of the opinion that the liability not provided for by insurance or otherwise, if any, for these legal actions will not have a material adverse effect on the A&M System's financial position.

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. The commitments to various private investments are summarized in the table below:

<b>Unfunded Commitments as of August 31, 2023</b>		
	<b>Proprietary</b>	<b>Fiduciary</b>
Committed Amount	\$702,803,699.90	\$81,958,973.10
Unfunded Amount	\$171,314,283.40	\$19,978,185.60

The COVID pandemic and related actions taken by federal and state governments in response may materially impact A&M System's financial position and its results of operations, including those related to instruction, research, public service, student aid and other auxiliary activities. Substantial amounts are received and expended by A&M System under federal and state programs and are subject to audit by cognizant government agencies. The management believes that any liabilities arising from such audits will not have a material effect on its financial position. While A&M System continues to design and execute plans to mitigate these risks, the extent of the impact will depend on future developments beyond its control, including the overall duration and spread of the outbreak, and cannot be fully determined at this time.

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**The Texas A&M University System  
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**Note 16 - Subsequent Events**

The A&M System is authorized to issue up to \$700 million of Revenue Financing System Bonds during fiscal year 2024 to provide funding for project costs, refund previously issued bonds, refund commercial paper and pay the costs of issuing the bonds.

The A&M System is authorized to issue up to \$550 million of Permanent University Fund Bonds during fiscal year 2024 to provide funding for eligible projects, refund previously issued bonds, refund commercial paper and pay the costs of issuing the bonds.

The table below lists debt issued after the balance sheet date, August 31, 2023.

<b>Debt Issuance</b>	<b>Amount</b>	<b>Date of Issuance</b>	<b>Purpose</b>
Revenue Financing System Commercial Paper Notes	\$35,000,000	09/05/23	Provide interim financing for construction projects.
Revenue Financing System Taxable Commercial Paper Notes	\$40,000,000	09/05/23	Provide interim financing for construction projects.
Revenue Financing System Commercial Paper Notes	\$45,000,000	10/26/23	Provide interim financing for construction projects.
Revenue Financing System Taxable Commercial Paper Notes	\$55,000,000	10/26/23	Provide interim financing for construction projects.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### Note 17 - Risk Management

The A&M System is exposed to various risks of loss related to property – fire, windstorm or other loss of capital assets; general and employer liability – resulting from alleged wrongdoings by employees and others; net income – due to fraud, theft, administrative errors or omissions, and business interruptions; and personnel – unexpected expense associated with employee health, termination or death. As an agency of the State of Texas, the A&M System and its employees are covered by various immunities and defenses which limit some of these risks of loss, particularly in liability actions brought against the A&M System or its employees. Remaining exposures are managed by self-insurance arrangements, contractual risk transfers, the purchase of commercial insurance, or a combination of these risk financing techniques.

All commercial insurance policies include retention amounts (deductibles) for which the A&M System is responsible and for which A&M System members maintain funding reserve pools. On-going analysis of the risks facing the A&M System results in the continual evaluation of insurance policies purchased.

The A&M System has self-insured arrangements for coverage in the areas of workers compensation, group health and dental and certain areas of medical malpractice. Liabilities for claims have been reported where information prior to issuance of the financial statements indicated that it was probable that a liability had been incurred and the amount of the loss could be reasonably estimated.

#### Worker's Compensation Insurance

The worker's compensation insurance (WCI) plan is considered a funded employer liability pool. The workers' compensation incurred but not reported (IBNR) liability is based on actuarial analysis of all historical claims data. The plan provides claims servicing and claims payments by charging an assessment to each A&M System member based on a percentage of payroll.

#### Group Health and Dental Insurance

The A&M System's self-insured health and dental plan is also considered a funded employer liability pool. The IBNR liability is based on actuarial analysis of all historical claims data. Premiums are determined through an actuarial pricing process that takes place each spring. Dental benefits under the plan are limited to \$1,500 per individual per year.

#### Automobile Plan

The A&M System's automobile plan provides payment for third party property damage and bodily injury proximately caused by the negligence of an employee acting within the course and scope of his/her employment. The property damage and/or bodily injury must occur from the operation or use of a covered vehicle and when the protected party would be personally liable to the third party according to Texas law. It provides payments up to the statutory limits of \$250,000 per person/\$500,000 per accident/\$100,000 property liability damage as outlined in the Texas Civil Practice and Remedies Code; Title 5 Governmental Liability; Chapter 101 Tort Claims.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### Property Shared Retention Plan

For property covered by the A&M System's property insurance program, retention payments apply to all losses under this policy and are assessed to any claim submitted by a Participant in the event of building and/or contents damage caused by a covered peril as defined by the commercial insurance policy. In the event of a multiple Participant claim for a single occurrence, the shared retention payments will be shared equally among the total number of Participants sustaining a compensable loss.

#### Other Self-Insured Plans

The Texas A&M University Health Science Center College of Medicine established and maintains a medical student liability self-insurance plan (the Plan) to provide eligible medical students of the Texas A&M Health Science Center College of Medicine with medical malpractice liability indemnity from and against medical malpractice claims. Coverage limits are \$25,000 per claim, \$75,000 aggregate per student, and \$100,000 annual aggregate. The Plan originated in 1977, and until April 2018, was funded by an annual medical student participation fee. Effective April 2018, annual student participation fees will no longer be credited to the existing fund balance, and instead, will be assigned to a commercial claims-made medical malpractice policy with coverage limits of \$1 million per claim and \$3 million per policy period with a \$25,000 deductible. The Plan will be maintained without additional medical student participation funding and will serve as the deductible for the commercial policy. As of August 31, 2023, the Plan had a balance of \$733,249.28 with no accrued liabilities.

The Texas A&M Forest Service has established a self-insured liability plan for prescribed burn liability as required by Natural Resources Code § 153.082 and 4 TAC 227.1. This plan provides loss payment on behalf of Texas A&M Forest Service and its employees for a claim resulting from the professional activities of a Texas A&M Forest Service prescribed burn manager employee in the course and scope of employment. The plan will provide \$1 million of liability coverage for each single occurrence of bodily injury to or destruction of property, and a policy period minimum aggregate limit of at least \$2 million. Funding for the plan is provided by the creation and maintenance of a reserve fund by Texas A&M Forest Service. As of August 31, 2023, the plan had no accrued liabilities.

The Texas A&M Forest Service provides low-cost vehicle liability insurance at a greatly reduced cost to qualified volunteer fire departments through the Volunteer Fire Department Motor Vehicle Self Insurance Program, as described in Texas Insurance Code, Chapter 2154. The vehicle insurance coverage is offered at coverage levels of \$100,000 per person for bodily injury (with a maximum of \$300,000 per occurrence), and \$100,000 for property damage (with a maximum of \$100,000 per occurrence). As of August 31, 2023, the plan had no accrued liabilities.

Changes in the A&M System's claims liabilities for the last two years are presented in the following tables.

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**The Texas A&M University System  
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<b>Current Year Changes in Claims and IBNR</b>				
<b>Plan Type</b>	<b>Liability Balance 09/01/22</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Liability Balance 08/31/23</b>
WCI	\$14,850,750.00	\$ 530,409.70	\$ (1,817,467.70)	\$ 13,563,692.00
Group Health and Dental Insurance	24,898,000.00	468,506,755.50	(468,482,755.50)	24,922,000.00
<b>Total</b>	<u>\$39,748,750.00</u>	<u>\$469,037,165.20</u>	<u>\$(470,300,223.20)</u>	<u>\$ 38,485,692.00</u>

<b>Prior Year Changes in Claims and IBNR</b>				
<b>Plan Type</b>	<b>Liability Balance 09/01/21</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Liability Balance 08/31/22</b>
WCI	\$14,909,518.00	\$ 1,470,766.16	\$ (1,529,534.16)	\$ 14,850,750.00
Group Health and Dental Insurance	23,556,000.00	426,395,284.69	(425,053,284.69)	24,898,000.00
<b>Total</b>	<u>\$38,465,518.00</u>	<u>\$427,866,050.85</u>	<u>\$(426,582,818.85)</u>	<u>\$ 39,748,750.00</u>

The WCI liability is reported on the proprietary Statement of Net Position as Current and Non-Current Claims and Judgments. The liability for group health and dental insurance claims is included in the Current Liabilities section of the proprietary Statement of Net Position as Self-Insured Health and Dental Payable.

The claims and losses reported in the financial statements include various settlements. These claims and losses for the fiscal year ended August 31, 2023 are summarized in the table below. There are no outstanding claim liabilities as of August 31, 2023.

<b>Claim and Loss Expenses</b>		
	<b>Current Year</b>	<b>Prior Year</b>
Beginning Liability Balance	\$ -	\$ -
Other Settlement Claims-Operating	29,683,198.09	41,284,958.69
Other Settlement Claims-NonOperating	811,823.70	78,231.68
<b>Total Additions</b>	<u>30,495,021.79</u>	<u>41,363,190.37</u>
Payments for Claims	(30,495,021.79)	(41,363,190.37)
<b>Ending Liability Balance</b>	<u>\$ -</u>	<u>\$ -</u>

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**The Texas A&M University System  
Notes to the Combined Financial Statements  
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**Note 18 - Management's Discussion and Analysis (MD&A)**

This note is not used by the Texas A&M University System. The A&M System's Management Discussion and Analysis is included as a separate section of the report.

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### Note 19 - The Financial Reporting Entity

The A&M System is composed of a series of distinct members, each of which was created to render a specific service for the State within the limits of the A&M System's objectives, and all of which are under the control and direction of the Board of Regents of the A&M System. The combined financial statements include the Texas A&M University System Office and all members of the A&M System.

#### Blended Component Unit

The Texas A&M Research Foundation (Research Foundation) is included as a blended component unit in the combined financial statements of the A&M System. This determination is based on the close relationship and joint agreements in effect between the Research Foundation and the A&M System in regard to research grant/contract administration. The Research Foundation has a fiscal year end of August 31<sup>st</sup> and is included in the proprietary financial statements. Complete financial statements of the Research Foundation may be obtained from their administrative offices at 400 Harvey Mitchell Parkway South, Suite 100, College Station, Texas, 77845.

#### Joint Venture

Triad National Security, LLC (Triad LLC) is a limited liability company which was formed on the effective date of October 4, 2017, and meets the GASB definition of a joint venture. Triad LLC's Operating Agreement names Battelle Memorial Institute, an Ohio 501(c)(3) nonprofit corporation; The Regents of the University of California, a California public corporation; and The Texas A&M University System (the A&M System), an agency of the State of Texas as the members of Triad LLC. Triad LLC has been awarded the management and operation contract (M&O contract) with the National Nuclear Security Administration (NNSA), a semi-autonomous agency within the U.S. Department of Energy (DOE) to manage and operate the Los Alamos National Laboratory (LANL). Triad LLC's current earnings or losses are dependent on the reimbursement of allowable costs and on the percentage of base and incentive fees earned under the terms of the M&O Contract, offset by any unallowable or disallowed costs. For fiscal year 2023, A&M System recognized contract revenue in the amount of \$742,630.00.

While the A&M System has a 33.33 percent membership (equity) interest in Triad LLC, the A&M System's income from this activity is determined by the current earnings or losses of Triad LLC which are subject to certain limitations and special allocations of both the fees and costs. As a result, the A&M System's distributable interest in the current earnings or losses of Triad LLC may range from 5.43 to 15.43 percent of fees earned by Triad LLC. Separate financial statements for Triad LLC may be obtained from the Triad LLC principal corporate office, Triad National Security, LLC, 505 King Avenue, Columbus, Ohio 43201.

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**The Texas A&M University System  
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**Note 20 - Stewardship, Compliance and Accountability**

The A&M System has no material violations of finance related legal and contract provisions.

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**The Texas A&M University System  
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**Note 21 - Tobacco Settlement**

This note is reserved for the State Comptroller of Public Accounts' use.

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**The Texas A&M University System  
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**Note 22 - Donor Restricted Endowments**

The purpose of The Texas A&M University System Endowment Fund (the Fund) is to provide for the collective investment of all endowment and trust funds held by the A&M System or by the Board of Regents of the A&M System in a fiduciary capacity. The Fund is used to provide funding for scholarships, fellowships, professorships, academic chairs and other uses as specified by donors.

Distribution is made quarterly after the last calendar day of November, February, May, and August of each fiscal year to the endowment and trust funds participating in the Fund during the respective quarter. Income consists of interest earnings, dividends and realized capital gains. The income distribution per unit for each fiscal year will be to distribute, excluding fees, 5% of the 20-quarter average market value per unit as of the end of the previous February.

The amount of net appreciation for donor restricted true endowments presented in the table below is available for authorization and expense by the A&M System.

<b>Net Appreciation - Donor-Restricted Endowments</b>		
<b>Donor-Restricted Endowments</b>	<b>Amount of Net Appreciation<sup>1</sup></b>	<b>Reported in Net Position</b>
True Endowments	\$169,499,867.44	Restricted for Expendable
Term Endowments	77,599.36	Restricted for Expendable
Total	\$169,577,466.80	

<sup>1</sup>The total fiscal year 2023 fair value adjustment to the Fund was \$ 35,876,393.08.

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**The Texas A&M University System  
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**Note 23 - Extraordinary and Special Items**

The A&M System does not have any special or extraordinary items to report for the year ended August 31, 2023.

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**The Texas A&M University System  
Notes to the Combined Financial Statements  
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**Note 24 - Disaggregation of Receivable and Payable Balances**

**Receivables**

A summary of proprietary and fiduciary receivables and the associated allowance for doubtful accounts balances for the year ended August 31, 2023, is presented in the table below.

<b>Proprietary Fund Receivables</b>			
<b>Description</b>	<b>Gross Receivable</b>	<b>Allowance for Doubtful Accounts</b>	<b>Net Receivable</b>
<b>Current Receivables</b>			
Federal	\$247,572,277.59	\$ -	\$247,572,277.59
Other Intergovernmental	5,828,881.03	-	5,828,881.03
Interest and Dividends	22,171,650.75	-	22,171,650.75
Gifts	34,861,458.27	-	34,861,458.27
Self Insured Plans	41,678,440.92	-	41,678,440.92
Student	75,530,223.41	(20,606,509.99)	54,923,713.42
Investment Trades	4,404,908.91	-	4,404,908.91
Accounts	190,106,988.66	(3,332,052.60)	186,774,936.06
Other	3,884,284.43	(172,065.89)	3,712,218.54
Total Current Receivables	<u>\$626,039,113.97</u>	<u>\$ (24,110,628.48)</u>	<u>\$601,928,485.49</u>
<b>Non-Current Receivables</b>			
Gifts	\$272,491,997.99	\$ -	\$272,491,997.99
Accounts	26,091,695.25	-	26,091,695.25
Total Non-Current Receivables	<u>\$298,583,693.24</u>	<u>\$ -</u>	<u>\$298,583,693.24</u>
<b>Fiduciary Fund Receivables</b>			
<b>Description</b>	<b>Gross Receivable</b>	<b>Allowance for Doubtful Accounts</b>	<b>Net Receivable</b>
Interest and Dividends	\$ 1,050,461.00	\$ -	\$ 1,050,461.00
Gifts	46,786,958.49	(190,920.14)	46,596,038.35
Student	1,535,757.32	(149,614.21)	1,386,143.11
Investment Trades	258,268.33	-	258,268.33
Accounts	3,457,398.94	-	3,457,398.94
Other	2,250,111.98	-	2,250,111.98
Total Receivables	<u>\$ 55,338,956.06</u>	<u>\$ (340,534.35)</u>	<u>\$ 54,998,421.71</u>

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**The Texas A&M University System  
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**Other Payables**

A summary of the proprietary and fiduciary Other Payables is detailed by type of activity in the table below.

<b>Proprietary Other Payables</b>	
<b>Description</b>	<b>Amount</b>
Sales Tax Payable	\$ 3,955,881.48
External Investment Manager Fee Payable	2,700,033.57
Miscellaneous Payables	3,103,452.72
Total Other Payables	<u>\$ 9,759,367.77</u>
<b>Fiduciary Other Payables</b>	
<b>Description</b>	<b>Amount</b>
Sales Tax Payable	\$ 12,932.78
Income Distribution Payable	208,210.55
External Investment Manager Fee Payable	227,214.23
Total Other Payables	<u>\$ 448,357.56</u>

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**The Texas A&M University System  
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**Note 25 - Termination Benefits**

**Health Care Related Termination Benefits**

Healthcare continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA) is provided for both voluntary and involuntary terminations. COBRA participants are eligible to continue group coverage for 18 to 36 months, depending on the circumstances leading to the loss of coverage.

For the fully-insured dental plan and vision plan, the carrier and/or third party vendor is responsible for the billing and collection from all COBRA participants. The carrier retains all premiums and is liable for all claims and expenses. For the fiscal year ended August 31, 2023, the fully-insured plan had 9 enrolled participants for the dental plan, and 73 participants for the vision plan.

For the self-insured health and dental plans offered by the A&M System, the carrier and/or third party vendor performs the billing and collections process for COBRA participants. The premiums are then forwarded to the A&M System, net of the 2% administrative fee. Since the plan is self-insured, the A&M System is responsible for any claims or administrative costs associated with COBRA participants. The table below summarizes the self-insured plan COBRA benefits for the fiscal year ended August 31, 2023.

<b>Self-Insured Health and Dental Plan - COBRA</b>	
Number of Participants	201
Claims Paid	\$ 2,659,121.70
Administrative Expenses	214,370.10
Total COBRA Expenses	<u>2,873,491.80</u>
Premium Revenue	975,063.26
2% Administrative Fee Revenue	19,899.25
Total COBRA Premium	<u>994,962.51</u>
Net Cost to State	<u>\$ 1,878,529.29</u>

**Non-Health Care Related Termination Benefits**

No reportable activity on non-health care related termination benefits for the fiscal year ended August 31, 2023.

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**The Texas A&M University System  
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**Note 26 - Segment Information**

The A&M System does not have any reportable segments.

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**The Texas A&M University System  
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**Note 27 – Public-Private and Public-Public Partnerships**

The A&M System implemented GASB statement 94, Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs), in fiscal year of 2023.

The Statement provides uniform guidance for governments to report assets and liabilities related to PPP contracts on a consistent basis and disclose important information about PPP transactions. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments who enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs.

The A&M System has multiple PPP arrangements. These PPP initiatives cover various sectors, including student housing, academic or office buildings, hotels, bookstores, and more. Following a comprehensive review and examination, the A&M System has identified a total of seven qualifying PPP arrangements in scope for GASB 94. A general description of each arrangement, including status, term, and duration, is presented in the following table.

<b>Public-Private and Public-Public Partnerships</b>				
<b>PPP Contract and Partnership Name</b>	<b>Construction Status</b>	<b>Term</b>	<b>Contract Begin</b>	<b>Contract End</b>
<b>Higher Education Center</b> City of McAllen	Complete	20 years	2017	2037
<b>Park West</b> NHCCD-College Station Properties LLC	Complete	32 years	2015	2047
<b>White Creek</b> CHF-Collegiate Housing College Station I, LLC	Complete	32 years	2014	2046
<b>U Center at Northgate</b> ACC OP	Complete	40 years	2013	2053
<b>Engineering Research Lab</b> ERB A&M Partners I, LLC	Complete	20 years	2014	2034
<b>Clayton W. Williams Jr. Alumni Center</b> The Association of Former Students of Texas A&M University	Complete	50 years	1983	2033
<b>Student Housing Phase IX</b> CHF-Collegiate Housing Prairie View IX, LLC	Complete	32 years	2019	2051

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**The Texas A&M University System  
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The financial effect of these contracts as of August 31, 2023, is presented in the following table.

<b>Public-Private and Public-Public Partnerships</b>		
Amounts Recognized in Financial Statements		
August 31, 2023		
<u>Arrangement Name</u>	<u>Receivables for PPP Asset</u>	<u>Deferred Inflows of Resources</u>
Higher Education Center	\$ 500,000.00	\$ 465,259.64
Park West	14,745,569.45	14,153,773.97
White Creek	4,628,537.85	4,427,297.13
U Center at Northgate	1,783,150.00	1,725,629.08
Engineering Research Lab	1,638,236.20	1,508,446.36
Clayton Alumni Center	1,357,554.85	1,267,051.21
Student Housing Phase IX	1,438,646.90	1,388,334.74
Total	<u>\$ 26,091,695.25</u>	<u>\$ 24,935,792.13</u>

These contracts exhibit various rent structures, including no fixed rent payment, a nominal \$1.00 per year, minimal rent charge, or variable payments. The variable payments are due to underlying payments being derived from a revenue and/or profit-sharing arrangement, usage of the underlying PPP asset, or changes in an index or rate. A total of \$1,118,840.53 was recognized as revenue from these variable payments for the year ended August 31, 2023. There are no receivables for installment payments in these contracts due to the variable revenue structures.

However, receivables related to the Underlying PPP Assets purchased or constructed and placed into service by the operator totaled \$26,091,695.25. The ownership of the underlying assets of the PPP has not yet been transferred to the A&M System. Deferred Inflow of Resources corresponding to the Receivable for PPP Installment Payments and Receivable for Transfer of Underlying PPP Asset were \$24,935,792.13 for the year ended August 31, 2023.

The A&M System has no Availability Payment Arrangements to report as of August 31, 2023.

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**The Texas A&M University System  
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**Note 28 - Deferred Outflows of Resources and Deferred Inflows of Resources**

In fiscal year 2023, the A&M System reported Deferred Inflows of Resources and Deferred Outflows of Resources on the proprietary fund statement of net position in connection with a loss on refunding debt, a government acquisition, changes related to the pension and OPEB liabilities, and split interest agreements. The amounts are summarized in the table below.

<b>Deferred Outflows of Resources and Deferred Inflows of Resources</b>		
<b>Activity</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Unamortized Loss on Refunding Debt	\$ 56,845,765.23	\$ -
Pensions (Note 9)	356,787,499	106,067,301.00
Other Post-Employment Benefits (Note 11)	717,580,049.00	881,131,703.00
Split Interest Agreements	-	955,368.83
Leases and Book Value P3 Asset	-	229,124,973.84
Total	\$ 1,131,213,313.23	\$ 1,217,279,346.67

**Unamortized Loss on Refunding Debt**

Deferred Outflows of Resources of \$56.8 million represents unamortized losses on refunding bonds.

For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows of resources. The loss is amortized, using the straight-line method, over the remaining life of the old debt or the life of the new debt, whichever is shorter, and reported in the Statement of Revenues, Expenses and Changes in Net Position as a component of Interest Expense. Unamortized losses on refunding debt are reported as Deferred Outflows of Resources. The unamortized amounts are detailed in the table below.

<b>Unamortized Loss on Refunding Debt</b>			
<b>Fiscal Year Refunded</b>	<b>Bonds Refunded</b>	<b>Amortization Period (FY)</b>	<b>Amount Remaining to be Amortized</b>
2015	Permanent University Fund Bonds, Series 2006	2015-2036	\$ 4,743,432.75
2016	Revenue Financing System Bonds, Series 2009A and Series 2009B	2016-2039	8,670,429.55
2016	Revenue Financing System Bonds, Series 2009C and Series 2009D	2016-2040	13,370,349.56
2018	Revenue Financing System Bonds, Series 2011B	2018-2041	4,504,922.84
2018	Revenue Financing System Bonds, Series 2013D	2018-2028	1,576,178.99
2019	Revenue Financing System Bonds, Taxable Series 2013C	2019-2043	23,980,451.54
Total			\$ 56,845,765.23

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### The Texas A&M University System Notes to the Combined Financial Statements For the Year Ended August 31, 2023

#### **Deferred Inflows and Deferred Outflows Related to Pensions**

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. The related deferred inflows and deferred outflows include changes in assumptions, contributions subsequent to the measurement date, and differences between projected and actual investment return. The A&M System has reported its proportional share of these deferred inflows and deferred outflows. Additional details are provided in Note 9, Pension Plans and Optional Retirement Program.

#### **Deferred Inflows and Deferred Outflows Related to OPEB**

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 A&M System has reported its proportional share of the OPEB liability and related deferred inflows and outflows, as determined by an actuarial valuation of the plan. The deferred inflows and deferred outflows include changes in assumptions, contributions subsequent to the measurement date, and differences between projected and actual investment return. Additional details are included in Note 11, Post-Employment Health Care and Life Insurance Benefits.

#### **Deferred Inflows for Split-Interest Agreements**

Deferred inflows of resources related to irrevocable split-interest agreements represent the estimated value of future distributions from split-interest agreements where the A&M System is named as a beneficiary.

#### **Deferred Inflows for Leases and Book Value P3 Asset**

Deferred inflows of resources for leases represents the net present value of future lease payments for contracts where the A&M System is the lessor. The lease receivable and the related deferred inflow are recognized as of the lease commencement date. The deferred inflow is recognized evenly over the lease term.

Deferred inflows of resources for book value P3 Asset represents the residual book value of an asset to be transferred for Public-Public or Public-Private Partnership (P3) contracts.

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**The Texas A&M University System  
Notes to the Combined Financial Statements  
For the Year Ended August 31, 2023**

**Note 29 - Troubled Debt Restructuring**

The A&M System does not have any reportable troubled debt restructuring.

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**The Texas A&M University System  
Notes to the Combined Financial Statements  
For the Year Ended August 31, 2023**

**Note 30 - Non-Exchange Financial Guarantees**

The A&M System does not have any reportable non-exchange financial guarantees.

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**The Texas A&M University System  
Notes to the Combined Financial Statements  
For the Year Ended August 31, 2023**

**Note 31 - Tax Abatements**

The A&M System does not have any reportable tax abatements.

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**The Texas A&M University System  
Notes to the Combined Financial Statements  
For the Year Ended August 31, 2023**

**Note 32 - Fund Balances**

This note is not applicable to the A&M System.

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**The Texas A&M University System  
Required Supplementary Information (RSI)  
to the Combined Financial Statements  
For the Year Ended August 31, 2023**

**Required Supplementary Information (RSI) Other Than MD&A**

Required Supplementary Information (RSI) includes the MD&A which is included in the front portion of this publication. RSI is required additional information required to be reported based upon GASB pronouncements. This data is not considered Basic Financial Statements nor is it considered Note Disclosures. For the A&M System the reportable RSI is related to *GASB 68 Accounting and Financial Reporting of Pensions*.

**Schedule of Proportionate Share of Net Pension Liability**

The information on the schedules of proportionate share of net pension liability was originally determined as of the August 31, 2015 measurement date of the collective net pension liability. The schedules of proportionate share of the net pension liability for the state’s Teacher Retirement System of Texas Plan (TRS Plan) for the A&M System as an employer and as a non-employer contributing entity are presented below.

<b>Schedule of the A&amp;M System’s Proportionate Share of the Net Pension Liability<sup>1</sup></b>									
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
A&M System’s percentage proportionate share of the net pension liability	1.299243846%	1.356215639%	1.3292220283%	1.3193401398%	1.29429458%	1.2265395%	1.2107484%	1.1294397%	1.3190594%
A&M System’s proportionate share of the net pension liability	\$771,327,658	\$345,380,129	\$711,904,200	\$685,834,250	\$712,411,150	\$392,181,254	\$457,523,817	\$399,241,901	\$352,410,894
A&M System’s covered payroll-non General Revenue <sup>2</sup>	\$876,266,423	\$786,173,293	\$771,839,560	\$728,675,753	\$690,738,796	\$635,888,799	\$594,339,736	\$434,248,377	\$483,491,868
A&M System’s proportionate share of the net pension liability as a percentage of covered payroll	88.02%	43.93%	92.23%	94.12%	103.14%	61.67%	76.98%	91.94%	72.89%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

<sup>1</sup>This schedule is intended to present 10 years of information. Currently only nine years of information is available. Information for future years will be added when it becomes available.

<sup>2</sup>Source of Covered Payroll-non General Revenue varied for Fiscal Year 2017. TRS values were unavailable; these numbers are provided by the A&M System payroll reports.

**UNAUDITED**

**The Texas A&M University System  
Required Supplementary Information (RSI)  
to the Combined Financial Statements  
For the Year Ended August 31, 2023**

**Schedule of Employer Contributions**

The information on the schedule of employer contributions was determined as of the end of the fiscal years presented. The schedules of employer contributions comparing the actuarially determined contributions and the contributions recognized by the pension plan in relation to the actuarially determined contributions for the state's Teacher Retirement System of Texas Plan (TRS Plan) are presented below.

<b>Schedule of the A&amp;M System's Employer Contributions<sup>1</sup></b>										
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Statutorily required contributions	\$71,856,250	\$62,135,589	\$59,569,124	\$55,668,520	\$47,806,811	\$42,838,933	\$38,633,263	\$38,024,480	\$34,182,243	\$33,176,668
Contributions in relation to the statutorily	\$71,856,250	\$62,135,589	\$59,569,124	\$55,668,520	\$47,806,811	\$42,838,933	\$38,633,263	\$38,024,480	\$34,182,243	\$33,176,668
Contribution deficiency	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
A&M System's covered payroll-non General Revenue <sup>2</sup>	\$876,266,423	\$786,173,293	\$771,839,560	\$728,675,753	\$690,738,796	\$635,888,799	\$594,339,736	\$434,248,377	\$483,491,868	\$498,135,206
Contributions as a percentage of covered payroll	8.20%	7.90%	7.72%	7.64%	6.92%	6.74%	6.80%	8.76%	7.07%	6.66%

<sup>1</sup>This schedule is intended to present 10 years of information. Currently ten years of information is available.

<sup>2</sup>Source of Covered Payroll-non-General Revenue varied for Fiscal Year 2017. TRS values were unavailable; these numbers are provided by the A&M System payroll reports.

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**The Texas A&M University System  
Required Supplementary Information (RSI)  
to the Combined Financial Statements  
For the Year Ended August 31, 2023**

**Schedule of Proportionate Share of OPEB Liability- Fiscal Years 2018-2023**

The information on the schedules of proportionate share of the OPEB liability was determined as of the measurement date of the OPEB liability. The schedules of proportionate share of the OPEB liability, this is the sixth year the data will be collected for the next 4 years, eventually this table will include 10 years.

Elements of the OPEB Liability <sup>1-3</sup>	2023	2022	2021	2020	2019	2018
1 OPEB Liability Beginning Balance	\$2,700,223,937	\$2,390,290,786	\$2,023,060,661	\$1,852,526,441	\$2,313,866,921	\$2,768,919,058
Changes for the Year:						
Service Cost	138,894,229	107,963,732	80,329,472	68,219,053	95,228,755	127,342,039
Interest	63,818,211	56,421,527	62,130,988	73,736,653	89,731,375	81,716,351
Changes of benefit terms <sup>4</sup>	-	-	-	-	(576,118,675)	-
Differences between expected and actual experience	(698,069,570)	(208,258,181)	-	(59,775,841)	-	(48,754,146)
Changes of assumptions or other inputs <sup>5</sup>	-	308,610,354	254,804,901	165,853,936	(198,049,045)	(577,506,807)
Benefit payments (employer)	(48,493,853)	(42,329,210)	(37,195,158)	(37,581,587)	(38,973,287)	(37,849,574)
Other Changes	167,288,160	87,524,929	7,159,921	(39,917,994)	166,840,397	-
Net Changes	(376,562,823)	309,933,151	367,230,124	170,534,220	(461,340,480)	(455,052,137)
OPEB Liability Ending Balance	\$ 2,323,661,114	\$2,700,223,937	\$2,390,290,786	\$2,023,060,661	\$1,852,526,441	\$2,313,866,921
2 Covered Employee Payroll	\$ 1,061,785,265	\$ 970,693,640	\$ 987,409,550	\$ 950,446,721	\$ 888,380,104	\$ 822,477,489
3 Total OPEB Liability as a Percentage of Covered Employee Payroll	218.84%	278.17%	242.08%	212.85%	208.53%	281.33%

Notes to the Schedule

<sup>1</sup> This schedule is presented using the optional format of combining the required schedules in Paragraph Nos. 170.a. and 170.b. of GASB No. 75. Until a full 10-year trend is compiled, governments should present information for those years for which information is available.

<sup>2</sup> Information is presented using measurement date which precedes the fiscal year end by twelve months.

<sup>3</sup> No assets are accumulated in a trust that meets the criteria in Paragraph No. 4 of GASB No. 75 to pay related benefits.

<sup>4</sup> Changes in benefit terms: Adopted in January 2018 and effective January 1, 2019, prescription drug coverage for all Medicare-primary participants is provided through a self-funded Employer Group Waiver Plan with Commercial Wrap (EGWP plus Wrap).

<sup>5</sup> Changes in assumptions or other inputs: Changes of assumptions and other inputs reflect the changes in the discount rate each period. The discount rate for 2023 is 3.64%.

In fiscal year 2023, amounts reflect updated assumed rates of retirement, disability, termination, and mortality, assumed inflation and salary increases, assumed expenses, assumed per capita health benefit costs and assumed trend for health benefit costs, retiree contributions and expenses.



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# Bond Schedules

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Schedule 2A  
**The Texas A&M University System**  
 Schedule of Miscellaneous Bond Information  
 For the Year Ended August 31, 2023

Description	Bonds Issued to Date	Range of Interest Rates	Maturities		
			First Year	First Call Date	Last Year
<b>Revenue Bonds - Self Supporting</b>					
Permanent University Fund Bonds, Series 1998 Revenue Bonds	\$ 92,520,000.00	3.55 - 5.5%	7/1/1999	7/1/2008 (1) (2)	7/1/2028
Permanent University Fund Bonds, Series 2009AB Revenue Bonds	218,895,000.00	2.5 - 5.5%	7/1/2010	7/1/2025 (1) (2)	7/1/2034
Permanent University Fund Bonds, Series 2012A Revenue Bonds	70,680,000.00	4.0 - 5.0%	7/1/2013	7/1/2022 (1)	7/1/2024
Permanent University Fund Bonds, Taxable Series 2012B Revenue Bonds	125,750,000.00	0.579 - 3.575%	7/1/2013	Make Whole (2) (3)	7/1/2032
Permanent University Fund Bonds, Series 2013 Revenue Bonds	208,465,000.00	3.0 - 5.0%	7/1/2014	7/1/2023 (1)	7/1/2033
Permanent University Fund Bonds, Series 2015A Revenue Bonds	143,555,000.00	3.5 - 5.75%	7/1/2015	7/1/2025 (1)	7/1/2036
Permanent University Fund Bonds, Taxable Series 2015B Revenue Bonds	145,445,000.00	1.0 - 3.60%	7/1/2015	7/1/2025 (1) (2)	7/1/2036
Permanent University Fund Bonds, Series 2017A Revenue Bonds	90,365,000.00	3.0 - 5.0%	7/1/2018	7/1/2027 (1)	7/1/2047
Permanent University Fund Bonds, Taxable Series 2017B Revenue Bonds	310,515,000.00	1.52 - 3.66%	7/1/2018	7/1/2027 (1) (2)	7/1/2047
Permanent University Fund Bonds, Taxable Series 2019 Revenue Bonds	351,890,000.00	1.6 - 3.1%	7/1/2020	7/1/2029 (1) (2)	7/1/2049
Permanent University Fund Bonds, Series 2023 Revenue Bonds	245,595,000.00	5.0% - 5.0%	7/1/2023	7/1/2032 (1)	7/1/2042
Revenue Financing System Bonds, Series 2013B Revenue Bonds	265,405,000.00	3.0 - 5.0%	5/15/2014	5/15/2023 (1) (2)	5/15/2043
Revenue Financing System Bonds, Series 2013D Revenue Bonds	94,365,000.00	1.875 - 5.0%	5/15/2016	5/15/2023 (1)	5/15/2028
Revenue Financing System Bonds, Series 2015A Tuition Revenue Bonds	64,670,000.00	2.0 - 5.0%	5/15/2015	5/15/2023 (1)	5/15/2025
Revenue Financing System Bonds, Series 2015B Revenue Bonds	142,155,000.00	2.0 - 5.0%	5/15/2015	5/15/2023 (1) (2)	5/15/2044
Revenue Financing System Bonds, Taxable Series 2015C Revenue Bonds	176,925,000.00	0.12 - 3.451%	5/15/2015	Make Whole (2) (3)	5/15/2034
Revenue Financing System Bonds, Taxable Series 2015D Revenue Bonds	67,250,000.00	4.0 - 5.0%	5/15/2016	5/15/2025 (1) (2)	5/15/2045

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**Schedule 2A**  
**The Texas A&M University System**  
 Schedule of Miscellaneous Bond Information  
 For the Year Ended August 31, 2023

Description	Bonds Issued to Date	Range of Interest Rates	Maturities		
			First Year	First Call Date	Last Year
<b>Revenue Bonds - Self Supporting</b>					
Revenue Financing System Bonds, Taxable Series 2016A					
Revenue Bonds	\$ 88,565,000.00	0.510 - 3.993%	5/15/2016	5/15/2026 (1) (2)	5/15/2037
Tuition Revenue Bonds	2,955,000.00				5/15/2027
Revenue Financing System Bonds, Taxable Series 2016B					
Revenue Bonds	325,575,000.00	0.850 - 4.113%	5/15/2017	5/15/2026 (1) (2)	5/15/2045
Revenue Financing System Bonds, Series 2016C					
Revenue Bonds	85,740,000.00	3.0 - 5.0%	5/15/2017	5/15/2026 (1)	5/15/2040
Tuition Revenue Bonds	121,705,000.00				5/15/2029
Revenue Financing System Bonds, Taxable Series 2016D					
Revenue Bonds	154,265,000.00	0.535 - 3.579%	5/15/2017	5/15/2026	5/15/2040
Tuition Revenue Bonds	22,595,000.00			Make Whole (1) (2) (3)	5/15/2029
Revenue Financing System Bonds, Series 2016E					
Revenue Bonds	118,950,000.00	2.0 - 5.0%	5/15/2017	5/15/2026 (1)	5/15/2035
Tuition Revenue Bonds	20,400,000.00				5/15/2029
Revenue Financing System Bonds, Taxable Series 2017A					
Tuition Revenue Bonds	388,705,000.00	0.700 - 3.531%	5/15/2017	Make Whole (3)	5/15/2032
Revenue Financing System Bonds, Taxable Series 2017B					
Tuition Revenue Bonds	386,597,008.00	1.455 - 3.386%	5/15/2018	5/15/2027 (1)	5/15/2032
Revenue Financing System Bonds, Series 2017C					
Revenue Bonds	64,980,000.00	3.0 - 5.0%	5/15/2018	5/15/2027 (1) (2)	5/15/2039
Tuition Revenue Bonds	32,445,000.00				5/15/2028
Revenue Financing System Bonds, Taxable Series 2017D					
Revenue Bonds	158,680,000.00	1.797 - 3.822%	5/15/2018	5/15/2027 (1) (2) (3)	5/15/2047
Revenue Financing System Bonds, Series 2017E					
Revenue Bonds	341,995,000.00	2.0 - 5.0%	5/15/2018	5/15/2022 (1) (2)	5/15/2057
Revenue Financing System Bonds, Taxable Series 2019A					
Revenue Bonds	223,730,000.00	2.709 - 4.197%	5/15/2019	5/15/2029 (1) (2) (3)	5/15/2048
Revenue Financing System Bonds, Taxable Series 2019B					
Revenue Bonds	429,645,000.00	1.934 - 3.480%	5/15/2020	5/15/2029 (1) (2) (3)	5/15/2049
Revenue Financing System Bonds, Taxable Series 2020A					
Revenue Bonds	157,780,000.00	0.209 - 2.647%	5/15/2021	5/15/2029 (1) (2) (3)	5/15/2047
Revenue Financing System Bonds, Series 2021A					
Revenue Bonds	189,425,000.00	2.3 - 5.0%	5/15/2022	5/15/2031 (1) (2)	5/15/2051
Revenue Financing System Bonds, Taxable Series 2021B					
Revenue Bonds	226,375,000.00	0.155 - 2.906%	5/15/2022	5/15/2031 (1) (2) (3)	5/15/2048
Revenue Financing System Bonds, Series 2022					
Revenue Bonds	208,520,000.00	4.375% - 5.0%	5/15/2023	5/15/2032 (1) (2)	5/15/2052
	<u>\$ 6,564,072,008.00</u>				

- (1) Option for Partial Redemption
- (2) Mandatory Redemption Required
- (3) Subject to redemption prior to maturity on any business day at the "Make Whole Redemption Price"

## UNAUDITED

**Schedule 2B**  
**The Texas A&M University System**  
Schedule of Changes in Bonded Indebtedness  
For the Year Ended August 31, 2023

Description	Bonds Outstanding September 1, 2022	Bonds Issued or Converted	Bonds Matured or Retired	Bonds Refunded	Bonds Outstanding August 31, 2023
<b>Revenue Bonds - Self Supporting</b>					
Permanent University Fund Bonds, Series 1998 Revenue Bonds	\$ 19,085,000.00	\$ -	\$ 2,770,000.00	\$ -	\$ 16,315,000.00
Permanent University Fund Bonds, Series 2009AB Revenue Bonds	186,230,000.00		6,230,000.00		180,000,000.00
Permanent University Fund Bonds, Series 2012A Revenue Bonds	25,895,000.00		12,670,000.00		13,225,000.00
Permanent University Fund Bonds, Taxable Series 2012B Revenue Bonds	69,270,000.00		6,255,000.00		63,015,000.00
Permanent University Fund Bonds, Series 2013 Revenue Bonds	70,770,000.00		9,465,000.00		61,305,000.00
Permanent University Fund Bonds, Series 2015A Revenue Bonds	140,555,000.00		-		140,555,000.00
Permanent University Fund Bonds, Taxable Series 2015B Revenue Bonds	86,715,000.00		8,430,000.00		78,285,000.00
Permanent University Fund Bonds, Series 2017A Revenue Bonds	85,070,000.00		4,675,000.00		80,395,000.00
Permanent University Fund Bonds, Taxable Series 2017B Revenue Bonds	310,405,000.00		65,000.00		310,340,000.00
Permanent University Fund Bonds, Taxable Series 2019 Revenue Bonds	343,185,000.00		3,270,000.00		339,915,000.00
Permanent University Fund Bonds, Series 2023 Revenue Bonds	-	245,595,000.00	5,660,000.00		239,935,000.00
Revenue Financing System Bonds, Series 2013B Revenue Bonds	36,740,000.00		8,875,000.00		27,865,000.00
Revenue Financing System Bonds, Series 2013D Revenue Bonds	8,010,000.00		8,010,000.00		-
Revenue Financing System Bonds, Series 2015A Tuition Revenue Bonds	16,855,000.00		5,400,000.00		11,455,000.00
Revenue Financing System Bonds, Series 2015B Revenue Bonds	49,930,000.00		3,155,000.00		46,775,000.00
Revenue Financing System Bonds, Taxable Series 2015C Revenue Bonds	64,530,000.00		11,300,000.00		53,230,000.00
Revenue Financing System Bonds, Taxable Series 2015D Revenue Bonds	56,745,000.00		1,635,000.00		55,110,000.00

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**Schedule 2B**  
**The Texas A&M University System**  
 Schedule of Changes in Bonded Indebtedness  
 For the Year Ended August 31, 2023

<b>Description</b>	<b>Unamortized Premium</b>	<b>Net Bonds Outstanding August 31, 2023</b>	<b>Principal Due Within One Year</b>	<b>Premium Amortization Due Within One Year</b>	<b>Amounts Due Within One Year</b>	<b>Bonds Outstanding August 31, 2023</b>
<b>Revenue Bonds - Self Supporting</b>						
Permanent University Fund Bonds, Series 1998 Revenue Bonds	\$ -	\$ 16,315,000.00	\$ 2,925,000.00	\$ -	\$ 2,925,000.00	\$ 16,315,000.00
Permanent University Fund Bonds, Series 2009AB Revenue Bonds		180,000,000.00	6,475,000.00		6,475,000.00	180,000,000.00
Permanent University Fund Bonds, Series 2012A Revenue Bonds	287,859.59	13,512,859.59	13,225,000.00	287,859.59	13,512,859.59	13,225,000.00
Permanent University Fund Bonds, Taxable Series 2012B Revenue Bonds		63,015,000.00	6,405,000.00		6,405,000.00	63,015,000.00
Permanent University Fund Bonds, Series 2013 Revenue Bonds	451,161.84	61,756,161.84	5,145,000.00	134,384.71	5,279,384.71	61,305,000.00
Permanent University Fund Bonds, Series 2015A Revenue Bonds	10,730,459.85	151,285,459.85	8,550,000.00	2,187,670.10	10,737,670.10	140,555,000.00
Permanent University Fund Bonds, Taxable Series 2015B Revenue Bonds		78,285,000.00	55,000.00		55,000.00	78,285,000.00
Permanent University Fund Bonds, Series 2017A Revenue Bonds	3,360,364.24	83,755,364.24	4,710,000.00	933,745.96	5,643,745.96	80,395,000.00
Permanent University Fund Bonds, Taxable Series 2017B Revenue Bonds		310,340,000.00	60,000.00		60,000.00	310,340,000.00
Permanent University Fund Bonds, Taxable Series 2019 Revenue Bonds		339,915,000.00	3,330,000.00		3,330,000.00	339,915,000.00
Permanent University Fund Bonds, Series 2023 Revenue Bonds	29,422,395.47	269,357,395.47	7,870,000.00	2,824,997.46	10,694,997.46	239,935,000.00
Revenue Financing System Bonds, Series 2013B Revenue Bonds	(145,666.29)	27,719,333.71	-	(6,006.86)	(6,006.86)	27,865,000.00
Revenue Financing System Bonds, Series 2013D Revenue Bonds	-	-	-	-	-	-
Revenue Financing System Bonds, Series 2015A Tuition Revenue Bonds	384,847.84	11,839,847.84	5,615,000.00	240,148.14	5,855,148.14	11,455,000.00
Revenue Financing System Bonds, Series 2015B Revenue Bonds	1,372,885.45	48,147,885.45	-	105,268.14	105,268.14	46,775,000.00
Revenue Financing System Bonds, Taxable Series 2015C Revenue Bonds		53,230,000.00	11,160,000.00		11,160,000.00	53,230,000.00
Revenue Financing System Bonds, Taxable Series 2015D Revenue Bonds		55,110,000.00	1,715,000.00		1,715,000.00	55,110,000.00

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**Schedule 2B**  
**The Texas A&M University System**  
 Schedule of Changes in Bonded Indebtedness  
 For the Year Ended August 31, 2023

<b>Description</b>	<b>Bonds Outstanding September 1, 2022</b>	<b>Bonds Issued or Converted</b>	<b>Bonds Matured or Retired</b>	<b>Bonds Refunded</b>	<b>Bonds Outstanding August 31, 2023</b>
<b>Revenue Bonds - Self Supporting</b>					
Revenue Financing System Bonds, Taxable Series 2016A					
Revenue Bonds	\$ 50,215,000.00	\$ -	\$ 6,995,000.00	\$ -	\$ 43,220,000.00
Tuition Revenue Bonds	1,615,000.00		310,000.00		1,305,000.00
Revenue Financing System Bonds, Taxable Series 2016B					
Revenue Bonds	269,295,000.00		10,910,000.00		258,385,000.00
Revenue Financing System Bonds, Series 2016C					
Revenue Bonds	73,865,000.00		4,185,000.00		69,680,000.00
Tuition Revenue Bonds	89,610,000.00		11,050,000.00		78,560,000.00
Revenue Financing System Bonds, Taxable Series 2016D					
Revenue Bonds	123,850,000.00		6,395,000.00		117,455,000.00
Tuition Revenue Bonds	15,270,000.00		2,050,000.00		13,220,000.00
Revenue Financing System Bonds, Series 2016E					
Revenue Bonds	92,050,000.00		9,650,000.00		82,400,000.00
Tuition Revenue Bonds	15,015,000.00		1,855,000.00		13,160,000.00
Revenue Financing System Bonds, Taxable Series 2017A					
Tuition Revenue Bonds	254,460,000.00		22,830,000.00		231,630,000.00
Revenue Financing System Bonds, Taxable Series 2017B					
Tuition Revenue Bonds	261,595,000.00		25,640,000.00		235,955,000.00
Revenue Financing System Bonds, Series 2017C					
Revenue Bonds	64,375,000.00		2,115,000.00		62,260,000.00
Tuition Revenue Bonds	24,855,000.00		3,765,000.00		21,090,000.00
Revenue Financing System Bonds, Taxable Series 2017D					
Revenue Bonds	140,865,000.00		4,390,000.00		136,475,000.00
Revenue Financing System Bonds, Series 2017E					
Revenue Bonds	330,340,000.00		4,515,000.00		325,825,000.00
Revenue Financing System Bonds, Taxable Series 2019A					
Revenue Bonds	195,815,000.00		8,185,000.00		187,630,000.00
Revenue Financing System Bonds, Taxable Series 2019B					
Revenue Bonds	405,060,000.00		7,545,000.00		397,515,000.00
Revenue Financing System Bonds, Taxable Series 2020A					
Revenue Bonds	147,615,000.00		4,990,000.00		142,625,000.00
Revenue Financing System Bonds, Series 2021A					
Revenue Bonds	185,425,000.00		4,910,000.00		180,515,000.00
Revenue Financing System Bonds, Taxable Series 2021B					
Revenue Bonds	218,800,000.00		8,070,000.00		210,730,000.00
Revenue Financing System Bonds, Series 2022					
Revenue Bonds	-	208,520,000.00	6,650,000.00		201,870,000.00
	<u>\$ 4,529,980,000.00</u>	<u>\$454,115,000.00</u> <sup>[a]</sup>	<u>\$254,870,000.00</u> (Schedule 2D)	<u>\$ -</u>	<u>\$ 4,729,225,000.00</u> (Schedule 2C)

[a] Bonds Issued or Converted  
 Revenue Financing System Bonds, Series 2022 \$208,520,000.00  
 Permanent University Fund Bonds, Series 2023 245,595,000.00  
 Total, Bonds Issued or Converted \$454,115,000.00

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**Schedule 2B**  
**The Texas A&M University System**  
 Schedule of Changes in Bonded Indebtedness  
 For the Year Ended August 31, 2023

<b>Description</b>	<b>Unamortized Premium</b>	<b>Net Bonds Outstanding August 31, 2023</b>	<b>Principal Due Within One Year</b>	<b>Premium Amortization Due Within One Year</b>	<b>Amounts Due Within One Year</b>	<b>Bonds Outstanding August 31, 2023</b>
<b>Revenue Bonds - Self Supporting</b>						
Revenue Financing System Bonds, Taxable Series 2016A						
Revenue Bonds	\$ -	\$ 43,220,000.00	\$ 7,160,000.00	\$ -	\$ 7,160,000.00	\$ 43,220,000.00
Tuition Revenue Bonds		1,305,000.00	315,000.00		315,000.00	1,305,000.00
Revenue Financing System Bonds, Taxable Series 2016B						
Revenue Bonds		258,385,000.00	11,165,000.00		11,165,000.00	258,385,000.00
Revenue Financing System Bonds, Series 2016C						
Revenue Bonds	8,955,811.86	78,635,811.86	4,400,000.00	1,216,853.21	5,616,853.21	69,680,000.00
Tuition Revenue Bonds	6,438,021.46	84,998,021.46	11,605,000.00	2,031,722.13	13,636,722.13	78,560,000.00
Revenue Financing System Bonds, Taxable Series 2016D						
Revenue Bonds		117,455,000.00	6,510,000.00		6,510,000.00	117,455,000.00
Tuition Revenue Bonds		13,220,000.00	2,085,000.00		2,085,000.00	13,220,000.00
Revenue Financing System Bonds, Series 2016E						
Revenue Bonds	4,823,366.37	87,223,366.37	10,115,000.00	1,514,717.74	11,629,717.74	82,400,000.00
Tuition Revenue Bonds	788,644.33	13,948,644.33	1,950,000.00	285,818.35	2,235,818.35	13,160,000.00
Revenue Financing System Bonds, Taxable Series 2017A						
Tuition Revenue Bonds		231,630,000.00	23,450,000.00		23,450,000.00	231,630,000.00
Revenue Financing System Bonds, Taxable Series 2017B						
Tuition Revenue Bonds		235,955,000.00	26,245,000.00		26,245,000.00	235,955,000.00
Revenue Financing System Bonds, Series 2017C						
Revenue Bonds	6,715,272.78	68,975,272.78	3,570,000.00	997,070.54	4,567,070.54	62,260,000.00
Tuition Revenue Bonds	1,844,250.07	22,934,250.07	3,955,000.00	625,368.04	4,580,368.04	21,090,000.00
Revenue Financing System Bonds, Taxable Series 2017D						
Revenue Bonds		136,475,000.00	4,505,000.00		4,505,000.00	136,475,000.00
Revenue Financing System Bonds, Series 2017E						
Revenue Bonds	22,689,988.10	348,514,988.10	24,695,000.00	4,399,657.67	29,094,657.67	325,825,000.00
Revenue Financing System Bonds, Taxable Series 2019A						
Revenue Bonds		187,630,000.00	8,410,000.00		8,410,000.00	187,630,000.00
Revenue Financing System Bonds, Taxable Series 2019B						
Revenue Bonds		397,515,000.00	7,695,000.00		7,695,000.00	397,515,000.00
Revenue Financing System Bonds, Taxable Series 2020A						
Revenue Bonds		142,625,000.00	5,030,000.00		5,030,000.00	142,625,000.00
Revenue Financing System Bonds, Series 2021A						
Revenue Bonds	22,789,116.90	203,304,116.90	5,175,000.00	3,000,296.08	8,175,296.08	180,515,000.00
Revenue Financing System Bonds, Taxable Series 2021B						
Revenue Bonds		210,730,000.00	8,095,000.00		8,095,000.00	210,730,000.00
Revenue Financing System Bonds, Series 2022						
Revenue Bonds	11,155,934.70	213,025,934.70	7,090,000.00	1,426,841.44	8,516,841.44	201,870,000.00
	<u>\$ 132,064,714.56</u>	<u>\$ 4,861,289,714.56</u> <sup>[b]</sup>	<u>\$ 260,460,000.00</u>	<u>\$ 22,206,412.44</u>	<u>\$ 282,666,412.44</u>	<u>\$ 4,729,225,000.00</u>
		(Exhibit III)	(Schedule 2C)			(Schedule 2C)

[b] Bonds Payable per Exhibit III  
 Current Bonds Payable  
 NonCurrent Bonds Payable  
 Total Bonds Payable

\$ 282,666,412.44  
 4,578,623,302.12  
\$ 4,861,289,714.56

**Schedule 2C**  
**The Texas A&M University System**  
Schedule of Debt Service Requirements  
For the Year Ended August 31, 2023

Description		2024	2025	2026	2027	2028
<b>Revenue Bonds - Self Supporting</b>						
Permanent University Fund Bonds, Series 1998						
Revenue Bonds	Principal	\$ 2,925,000.00	\$ 3,085,000.00	\$ 3,255,000.00	\$ 3,430,000.00	\$ 3,620,000.00
	Interest	897,325.00	736,450.00	566,775.00	387,750.00	199,100.00
Permanent University Fund Bonds, Series 2009AB						
Revenue Bonds	Principal	6,475,000.00	14,800,000.00	15,050,000.00	15,150,000.00	16,300,000.00
	Interest	9,088,112.50	8,765,525.00	8,045,325.00	7,292,825.00	6,535,325.00
Permanent University Fund Bonds, Series 2012A						
Revenue Bonds	Principal	13,225,000.00				
	Interest	661,250.00				
Permanent University Fund Bonds, Taxable Series 2012B						
Revenue Bonds	Principal	6,405,000.00	6,585,000.00	6,775,000.00	6,965,000.00	6,760,000.00
	Interest	2,062,067.16	1,888,619.76	1,703,712.96	1,506,695.96	1,297,188.76
Permanent University Fund Bonds, Series 2013						
Revenue Bonds	Principal	5,145,000.00	5,355,000.00	5,515,000.00	5,735,000.00	5,960,000.00
	Interest	2,398,650.00	2,192,850.00	2,032,200.00	1,811,600.00	1,582,200.00
Permanent University Fund Bonds, Series 2015A						
Revenue Bonds	Principal	8,550,000.00	14,575,000.00	13,525,000.00	6,430,000.00	6,375,000.00
	Interest	6,706,175.02	6,214,550.02	5,412,925.02	4,669,050.02	4,444,000.02
Permanent University Fund Bonds, Taxable Series 2015B						
Revenue Bonds	Principal	55,000.00	545,000.00	2,965,000.00	10,630,000.00	10,810,000.00
	Interest	2,542,967.54	2,541,455.06	2,527,285.06	2,445,747.56	2,137,477.56
Permanent University Fund Bonds, Series 2017A						
Revenue Bonds	Principal	4,710,000.00	4,820,000.00	5,005,000.00	6,275,000.00	6,565,000.00
	Interest	3,168,100.00	2,932,600.00	2,691,600.00	2,441,350.00	2,127,600.00
Permanent University Fund Bonds, Taxable Series 2017B						
Revenue Bonds	Principal	60,000.00	60,000.00	60,000.00	75,000.00	80,000.00
	Interest	11,342,133.00	11,340,465.00	11,338,767.00	11,336,967.00	11,334,604.50
Permanent University Fund Bonds, Taxable Series 2019						
Revenue Bonds	Principal	3,330,000.00	3,395,000.00	3,460,000.00	3,535,000.00	3,605,000.00
	Interest	10,321,622.00	10,260,017.00	10,193,475.00	10,122,199.00	10,045,843.00
Permanent University Fund Bonds, Series 2023						
Revenue Bonds	Principal	7,870,000.00	8,250,000.00	8,660,000.00	9,100,000.00	9,555,000.00
	Interest	11,996,750.00	11,603,250.00	11,190,750.00	10,757,750.00	10,302,750.00
Revenue Financing System Bonds, Series 2013B						
Revenue Bonds	Principal	0.00	0.00	0.00	0.00	0.00
	Interest	1,114,600.00	1,114,600.00	1,114,600.00	1,114,600.00	1,114,600.00
Revenue Financing System Bonds, Series 2015A						
Tuition Revenue Bonds	Principal	5,615,000.00	5,840,000.00			
	Interest	516,600.00	292,000.00			
Revenue Financing System Bonds, Series 2015B						
Revenue Bonds	Principal	0.00	0.00	0.00	0.00	0.00
	Interest	1,787,500.00	1,787,500.00	1,787,500.00	1,787,500.00	1,787,500.00
Revenue Financing System Bonds, Taxable Series 2015C						
Revenue Bonds	Principal	11,160,000.00	11,460,000.00	5,600,000.00	5,760,000.00	5,920,000.00
	Interest	1,612,106.41	1,301,523.64	971,131.84	806,883.82	632,183.02
Revenue Financing System Bonds, Taxable Series 2015D						
Revenue Bonds	Principal	1,715,000.00	1,800,000.00	1,870,000.00	1,945,000.00	2,025,000.00
	Interest	2,292,716.26	2,206,966.26	2,134,966.26	2,060,166.26	1,982,366.26

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**Schedule 2C**  
**The Texas A&M University System**  
 Schedule of Debt Service Requirements  
 For the Year Ended August 31, 2023

Description	2029-2033	2034-2038	2039-2043	2044-2048	2049-2053
<b>Revenue Bonds - Self Supporting</b>					
Permanent University Fund Bonds, Series 1998					
Revenue Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Principal					
Interest					
Permanent University Fund Series 2009AB					
Revenue Bonds	97,420,000.00	14,805,000.00			
Principal					
Interest	18,330,425.00	740,250.00			
Permanent University Fund Bonds, Series 2012A					
Revenue Bonds					
Principal					
Interest					
Permanent University Fund Bonds, Taxable Series 2012B					
Revenue Bonds	29,525,000.00				
Principal					
Interest	2,685,182.52				
Permanent University Fund Bonds, Series 2013					
Revenue Bonds	33,595,000.00				
Principal					
Interest	4,136,800.00				
Permanent University Fund Bonds, Series 2015A					
Revenue Bonds	66,200,000.00	24,900,000.00			
Principal					
Interest	14,455,200.10	1,983,800.00			
Permanent University Fund Bonds, Taxable Series 2015B					
Revenue Bonds	38,065,000.00	15,215,000.00			
Principal					
Interest	6,416,602.12	614,552.00			
Permanent University Fund Bonds, Series 2017A					
Revenue Bonds	23,930,000.00	8,965,000.00	10,455,000.00	9,670,000.00	
Principal					
Interest	6,488,850.00	4,150,850.00	2,658,250.00	826,531.26	
Permanent University Fund Bonds, Taxable Series 2017B					
Revenue Bonds	3,840,000.00	68,450,000.00	122,175,000.00	115,540,000.00	
Principal					
Interest	56,634,582.50	52,717,446.00	34,907,067.00	10,764,243.00	
Permanent University Fund Bonds, Taxable Series 2019					
Revenue Bonds	4,725,000.00	56,065,000.00	79,525,000.00	126,535,000.00	55,740,000.00
Principal					
Interest	49,441,913.00	46,708,687.50	35,775,860.00	22,715,870.00	1,727,940.00
Permanent University Fund Bonds, Series 2023					
Revenue Bonds	55,400,000.00	70,725,000.00	70,375,000.00		
Principal					
Interest	43,855,750.00	28,548,000.00	9,011,500.00		
Revenue Financing System Bonds, Series 2013B					
Revenue Bonds	0.00	9,270,000.00	18,595,000.00		
Principal					
Interest	5,573,000.00	5,573,000.00	2,289,400.00		
Revenue Financing System Bonds, Series 2015A					
Tuition Revenue Bonds					
Principal					
Interest					
Revenue Financing System Bonds, Series 2015B					
Revenue Bonds	14,130,000.00	16,205,000.00	13,840,000.00	2,600,000.00	
Principal					
Interest	8,117,700.00	5,066,450.00	2,015,025.00	104,000.00	
Revenue Financing System Bonds, Taxable Series 2015C					
Revenue Bonds	11,785,000.00	1,545,000.00			
Principal					
Interest	1,158,650.78	53,317.96			
Revenue Financing System Bonds, Taxable Series 2015D					
Revenue Bonds	11,400,000.00	13,910,000.00	14,480,000.00	5,965,000.00	
Principal					
Interest	8,630,431.30	6,122,297.52	3,054,942.50	382,925.00	

UNAUDITED

**Schedule 2C**  
**The Texas A&M University System**  
 Schedule of Debt Service Requirements  
 For the Year Ended August 31, 2023

Description	2054-2057	Total Requirements
<b>Revenue Bonds - Self Supporting</b>		
Permanent University Fund Bonds, Series 1998		
Revenue Bonds	\$ -	\$ 16,315,000.00
Interest		2,787,400.00
Permanent University Fund Series 2009AB		
Revenue Bonds		180,000,000.00
Interest		58,797,787.50
Permanent University Fund Bonds, Series 2012A		
Revenue Bonds		13,225,000.00
Interest		661,250.00
Permanent University Fund Bonds, Taxable Series 2012B		
Revenue Bonds		63,015,000.00
Interest		11,143,467.12
Permanent University Fund Bonds, Series 2013		
Revenue Bonds		61,305,000.00
Interest		14,154,300.00
Permanent University Fund Bonds, Series 2015A		
Revenue Bonds		140,555,000.00
Interest		43,885,700.20
Permanent University Fund Bonds, Taxable Series 2015B		
Revenue Bonds		78,285,000.00
Interest		19,226,086.90
Permanent University Fund Bonds, Series 2017A		
Revenue Bonds		80,395,000.00
Interest		27,485,731.26
Permanent University Fund Bonds, Taxable Series 2017B		
Revenue Bonds		310,340,000.00
Interest		211,716,275.00
Permanent University Fund Bonds, Taxable Series 2019		
Revenue Bonds		339,915,000.00
Interest		207,313,426.50
Permanent University Fund Bonds, Series 2023		
Revenue Bonds		239,935,000.00
Interest		137,266,500.00
Revenue Financing System Bonds, Series 2013B		
Revenue Bonds		27,865,000.00
Interest		19,008,400.00
Revenue Financing System Bonds, Series 2015A		
Tuition Revenue Bonds		11,455,000.00
Interest		808,600.00
Revenue Financing System Bonds, Series 2015B		
Revenue Bonds		46,775,000.00
Interest		24,240,675.00
Revenue Financing System Bonds, Taxable Series 2015C		
Revenue Bonds		53,230,000.00
Interest		6,535,797.47
Revenue Financing System Bonds, Taxable Series 2015D		
Revenue Bonds		55,110,000.00
Interest		28,867,777.62

**Schedule 2C**  
**The Texas A&M University System**  
 Schedule of Debt Service Requirements  
 For the Year Ended August 31, 2023

<b>Description</b>		<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Revenue Financing System Bonds, Taxable Series 2016A						
Revenue Bonds	Principal	\$ 7,160,000.00	\$ 7,345,000.00	\$ 7,545,000.00	\$ 7,750,000.00	\$ 1,415,000.00
	Interest	1,316,760.36	1,133,034.76	937,217.06	728,522.36	502,532.36
Tuition Revenue Bonds	Principal	315,000.00	325,000.00	330,000.00	335,000.00	
	Interest	35,643.80	27,560.90	18,896.40	9,768.60	
Revenue Financing System Bonds, Taxable Series 2016B						
Revenue Bonds	Principal	11,165,000.00	11,445,000.00	11,190,000.00	11,505,000.00	11,840,000.00
	Interest	9,508,658.19	9,222,164.32	8,917,040.62	8,607,525.22	8,272,039.42
Revenue Financing System Bonds, Series 2016C						
Revenue Bonds	Principal	4,400,000.00	4,620,000.00	4,850,000.00	5,095,000.00	5,290,000.00
	Interest	3,196,250.00	2,976,250.00	2,745,250.00	2,502,750.00	2,298,950.00
Tuition Revenue Bonds	Principal	11,605,000.00	12,190,000.00	12,800,000.00	13,445,000.00	13,975,000.00
	Interest	3,508,350.00	2,928,100.00	2,318,600.00	1,678,600.00	1,140,800.00
Revenue Financing System Bonds, Taxable Series 2016D						
Revenue Bonds	Principal	6,510,000.00	6,635,000.00	6,780,000.00	6,930,000.00	7,100,000.00
	Interest	3,551,712.53	3,417,736.74	3,274,553.44	3,124,851.04	2,951,046.64
Tuition Revenue Bonds	Principal	2,085,000.00	2,130,000.00	2,180,000.00	2,220,000.00	2,275,000.00
	Interest	318,582.60	275,673.30	229,707.90	181,573.50	125,895.90
Revenue Financing System Bonds, Series 2016E						
Revenue Bonds	Principal	10,115,000.00	10,610,000.00	10,040,000.00	10,545,000.00	10,955,000.00
	Interest	3,251,400.00	2,745,650.00	2,215,150.00	1,713,150.00	1,291,350.00
Tuition Revenue Bonds	Principal	1,950,000.00	2,045,000.00	2,140,000.00	2,260,000.00	2,345,000.00
	Interest	540,100.00	442,600.00	340,350.00	233,350.00	142,950.00
Revenue Financing System Bonds, Taxable Series 2017A						
Tuition Revenue Bonds	Principal	23,450,000.00	24,130,000.00	24,855,000.00	25,635,000.00	26,455,000.00
	Interest	7,593,393.86	6,917,095.86	6,185,715.54	5,407,505.50	4,579,238.66
Revenue Financing System Bonds, Taxable Series 2017B						
Tuition Revenue Bonds	Principal	26,245,000.00	26,910,000.00	27,635,000.00	28,390,000.00	29,200,000.00
	Interest	6,950,120.19	6,281,135.10	5,558,332.50	4,796,711.90	3,991,571.50
Revenue Financing System Bonds, Series 2017C						
Revenue Bonds	Principal	3,570,000.00	3,465,000.00	3,640,000.00	3,810,000.00	4,005,000.00
	Interest	2,957,006.26	2,778,506.26	2,605,256.26	2,423,256.26	2,232,756.26
Tuition Revenue Bonds	Principal	3,955,000.00	4,150,000.00	4,360,000.00	4,575,000.00	4,050,000.00
	Interest	1,054,500.00	856,750.00	649,250.00	431,250.00	202,500.00
Revenue Financing System Bonds, Taxable Series 2017D						
Revenue Bonds	Principal	4,505,000.00	4,625,000.00	4,755,000.00	4,895,000.00	5,040,000.00
	Interest	4,859,910.04	4,735,481.92	4,602,420.68	4,460,864.30	4,312,692.70
Revenue Financing System Bonds, Series 2017E						
Revenue Bonds	Principal	24,695,000.00	25,715,000.00	27,020,000.00	27,870,000.00	29,345,000.00
	Interest	14,667,400.00	13,464,550.00	12,178,800.00	10,827,800.00	9,434,300.00
Revenue Financing System Bonds, Taxable Series 2019A						
Revenue Bonds	Principal	8,410,000.00	8,650,000.00	8,925,000.00	9,225,000.00	9,535,000.00
	Interest	7,093,012.00	6,836,843.44	6,565,838.96	6,275,508.78	5,966,194.48
Revenue Financing System Bonds, Taxable Series 2019B						
Revenue Bonds	Principal	7,695,000.00	7,860,000.00	8,020,000.00	8,220,000.00	8,430,000.00
	Interest	12,416,499.20	12,253,365.20	12,076,043.60	11,887,092.40	11,683,976.22

UNAUDITED

Schedule 2C  
**The Texas A&M University System**  
 Schedule of Debt Service Requirements  
 For the Year Ended August 31, 2023

Description		2029-2033	2034-2038	2039-2043	2044-2048	2049-2053
Revenue Financing System Bonds, Taxable Series 2016A						
Revenue Bonds	Principal	\$ 6,160,000.00	\$ 5,845,000.00	\$ -	\$ -	\$ -
	Interest	1,884,160.54	594,757.38			
Tuition Revenue Bonds						
	Principal					
	Interest					
Revenue Financing System Bonds, Taxable Series 2016B						
Revenue Bonds	Principal	65,315,000.00	77,995,000.00	48,440,000.00	9,490,000.00	
	Interest	35,179,944.42	21,566,907.30	6,293,095.92	589,392.94	
Revenue Financing System Bonds, Series 2016C						
Revenue Bonds	Principal	18,390,000.00	19,605,000.00	7,430,000.00		
	Interest	8,807,550.00	4,894,250.00	516,250.00		
Tuition Revenue Bonds						
	Principal	14,545,000.00				
	Interest	581,800.00				
Revenue Financing System Bonds, Taxable Series 2016D						
Revenue Bonds	Principal	37,815,000.00	33,580,000.00	12,105,000.00		
	Interest	11,652,640.10	5,427,324.22	652,093.82		
Tuition Revenue Bonds						
	Principal	2,330,000.00				
	Interest	65,426.40				
Revenue Financing System Bonds, Series 2016E						
Revenue Bonds	Principal	27,085,000.00	3,050,000.00			
	Interest	2,275,050.00	184,200.00			
Tuition Revenue Bonds						
	Principal	2,420,000.00				
	Interest	72,600.00				
Revenue Financing System Bonds, Taxable Series 2017A						
Tuition Revenue Bonds	Principal	107,105,000.00				
	Interest	9,064,335.30				
Revenue Financing System Bonds, Taxable Series 2017B						
Tuition Revenue Bonds	Principal	97,575,000.00				
	Interest	6,667,320.20				
Revenue Financing System Bonds, Series 2017C						
Revenue Bonds	Principal	18,830,000.00	20,330,000.00	4,610,000.00		
	Interest	8,164,031.30	3,850,275.04	230,500.00		
Tuition Revenue Bonds						
	Principal					
	Interest					
Revenue Financing System Bonds, Taxable Series 2017D						
Revenue Bonds	Principal	27,835,000.00	32,590,000.00	33,270,000.00	18,960,000.00	
	Interest	18,957,654.66	13,636,323.90	7,265,622.00	1,845,070.50	
Revenue Financing System Bonds, Series 2017E						
Revenue Bonds	Principal	87,105,000.00	59,055,000.00	14,270,000.00	8,990,000.00	11,140,000.00
	Interest	31,914,950.00	16,686,600.00	8,326,000.00	5,645,500.00	3,495,800.00
Revenue Financing System Bonds, Taxable Series 2019A						
Revenue Bonds	Principal	50,400,000.00	49,245,000.00	33,390,000.00	9,850,000.00	
	Interest	24,722,820.88	15,197,962.86	6,378,355.86	1,273,999.46	
Revenue Financing System Bonds, Taxable Series 2019B						
Revenue Bonds	Principal	100,735,000.00	112,495,000.00	119,470,000.00	20,430,000.00	4,160,000.00
	Interest	52,002,435.48	36,230,087.06	16,796,238.00	2,790,960.00	144,768.00

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**Schedule 2C**  
**The Texas A&M University System**  
 Schedule of Debt Service Requirements  
 For the Year Ended August 31, 2023

Description	2054-2057	Total Requirements
Revenue Financing System Bonds, Taxable Series 2016A		
Revenue Bonds	\$ -	\$ 43,220,000.00
		7,096,984.82
Tuition Revenue Bonds		1,305,000.00
		91,869.70
Revenue Financing System Bonds, Taxable Series 2016B		
Revenue Bonds		258,385,000.00
		108,156,768.35
Revenue Financing System Bonds, Series 2016C		
Revenue Bonds		69,680,000.00
		27,937,500.00
Tuition Revenue Bonds		78,560,000.00
		12,156,250.00
Revenue Financing System Bonds, Taxable Series 2016D		
Revenue Bonds		117,455,000.00
		34,051,958.53
Tuition Revenue Bonds		13,220,000.00
		1,196,859.60
Revenue Financing System Bonds, Series 2016E		
Revenue Bonds		82,400,000.00
		13,675,950.00
Tuition Revenue Bonds		13,160,000.00
		1,771,950.00
Revenue Financing System Bonds, Taxable Series 2017A		
Tuition Revenue Bonds		231,630,000.00
		39,747,284.72
Revenue Financing System Bonds, Taxable Series 2017B		
Tuition Revenue Bonds		235,955,000.00
		34,245,191.39
Revenue Financing System Bonds, Series 2017C		
Revenue Bonds		62,260,000.00
		25,241,587.64
Tuition Revenue Bonds		21,090,000.00
		3,194,250.00
Revenue Financing System Bonds, Taxable Series 2017D		
Revenue Bonds		136,475,000.00
		64,676,040.70
Revenue Financing System Bonds, Series 2017E		
Revenue Bonds	10,620,000.00	325,825,000.00
	1,083,000.00	127,724,700.00
Revenue Financing System Bonds, Taxable Series 2019A		
Revenue Bonds		187,630,000.00
		80,310,536.72
Revenue Financing System Bonds, Taxable Series 2019B		
Revenue Bonds		397,515,000.00
		168,281,465.16

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**Schedule 2C**  
**The Texas A&M University System**  
 Schedule of Debt Service Requirements  
 For the Year Ended August 31, 2023

Description	2024	2025	2026	2027	2028
Revenue Financing System Bonds, Taxable Series 2020A					
Revenue Bonds					
Principal	\$ 5,030,000.00	\$ 5,075,000.00	\$ 5,130,000.00	\$ 5,195,000.00	\$ 5,270,000.00
Interest	2,955,315.98	2,925,588.66	2,887,982.92	2,835,503.02	2,774,565.66
Revenue Financing System Bonds, Series 2021A					
Revenue Bonds					
Principal	5,175,000.00	5,440,000.00	5,705,000.00	5,980,000.00	6,285,000.00
Interest	6,439,760.00	6,181,010.00	5,909,010.00	5,623,760.00	5,324,760.00
Revenue Financing System Bonds, Taxable Series 2021B					
Revenue Bonds					
Principal	8,095,000.00	8,135,000.00	8,195,000.00	8,285,000.00	8,390,000.00
Interest	4,636,477.01	4,599,240.02	4,526,757.18	4,441,447.24	4,329,185.46
Revenue Financing System Bonds, Series 2022					
Revenue Bonds					
Principal	7,090,000.00	7,440,000.00	7,820,000.00	8,210,000.00	8,605,000.00
Interest	9,932,575.04	9,578,075.08	9,206,075.08	8,815,075.08	8,404,575.08
<hr/>					
Total	435,752,101.95	435,264,783.30	421,314,261.28	420,951,949.82	412,864,618.46
Less Interest	(175,292,101.95)	(165,754,783.30)	(155,659,261.28)	(145,546,949.82)	(135,484,618.46)
Total Principal	<u>\$ 260,460,000.00</u>	<u>\$ 269,510,000.00</u>	<u>\$ 265,655,000.00</u>	<u>\$ 275,405,000.00</u>	<u>\$ 277,380,000.00</u>

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**Schedule 2C**  
**The Texas A&M University System**  
 Schedule of Debt Service Requirements  
 For the Year Ended August 31, 2023

<u>Description</u>	<u>2029-2033</u>	<u>2034-2038</u>	<u>2039-2043</u>	<u>2044-2048</u>	<u>2049-2053</u>
Revenue Financing System Bonds, Taxable Series 2020A					
Revenue Bonds					
Principal	\$ 27,660,000.00	\$ 30,325,000.00	\$ 32,340,000.00	\$ 26,600,000.00	\$ -
Interest	12,653,686.52	9,920,020.48	6,053,428.10	1,764,754.98	
Revenue Financing System Bonds, Series 2021A					
Revenue Bonds					
Principal	36,405,000.00	44,485,000.00	43,375,000.00	24,410,000.00	3,255,000.00
Interest	21,658,200.00	13,564,000.00	6,409,170.00	1,641,882.50	155,800.02
Revenue Financing System Bonds, Taxable Series 2021B					
Revenue Bonds					
Principal	44,180,000.00	48,955,000.00	50,230,000.00	26,265,000.00	
Interest	19,430,399.88	14,597,947.42	7,906,098.90	1,979,567.20	
Revenue Financing System Bonds, Series 2022					
Revenue Bonds					
Principal	48,540,000.00	49,765,000.00	32,865,000.00	17,515,000.00	14,020,000.00
Interest	35,113,375.40	22,396,050.40	11,989,344.02	6,008,387.50	1,703,825.00
Total	1,737,238,468.40	1,218,400,357.04	929,768,241.12	481,153,084.34	95,543,133.02
Less Interest	<u>(526,793,468.40)</u>	<u>(331,025,357.04)</u>	<u>(168,528,241.12)</u>	<u>(58,333,084.34)</u>	<u>(7,228,133.02)</u>
Total Principal	<u>\$ 1,210,445,000.00</u>	<u>\$ 887,375,000.00</u>	<u>\$ 761,240,000.00</u>	<u>\$ 422,820,000.00</u>	<u>\$ 88,315,000.00</u>



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**Schedule 2C**  
**The Texas A&M University System**  
 Schedule of Debt Service Requirements  
 For the Year Ended August 31, 2023

Description	2054-2057	Total Requirements
Revenue Financing System Bonds, Taxable Series 2020A		
Revenue Bonds	\$ -	\$ 142,625,000.00
Interest		44,770,846.32
Revenue Financing System Bonds, Series 2021A		
Revenue Bonds		180,515,000.00
Interest		72,907,352.52
Revenue Financing System Bonds, Taxable Series 2021B		
Revenue Bonds		210,730,000.00
Interest		66,447,120.31
Revenue Financing System Bonds, Series 2022		
Revenue Bonds		201,870,000.00
Interest		123,147,357.68
Total	11,703,000.00	6,599,953,998.73
Less Interest	(1,083,000.00)	(1,870,728,998.73)
Total Principal	<u>\$ 10,620,000.00</u>	<u>\$ 4,729,225,000.00</u> (Schedule 2B)

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Schedule 2D

**The Texas A&M University System**  
 Schedule of Analysis of Funds Available for Debt Service  
 For the Year Ended August 31, 2023

Description	Pledged Revenues	Operating Expenses From Pledged Revenues	Debt Service	
			Principal	Interest
Permanent University Fund Bonds	\$ 560,010,826.80	\$ 475,552,815.07	\$ 59,490,000.00	\$ 55,244,033.49
Revenue Financing System Bonds	3,119,289,745.78	2,648,854,180.38	195,380,000.00	116,123,771.28
	<u>\$ 3,679,300,572.58</u>	<u>\$ 3,124,406,995.45</u>	<u>\$ 254,870,000.00</u>	<u>\$ 171,367,804.77</u>
			(Schedule 2B)	
[a] Debt Service-Interest Expense (Exhibit IV)		\$ 188,745,671.84		
Less:				
Interest on Permanent University Fund Commercial Paper	\$ 2,364,533.70			
Interest on Revenue Financing System Commercial Paper/Note	5,647,166.16			
Interest on Notes from Direct Borrowings	2,020,122.83			
Interest on Right-to-Use Asset Leases	3,590,483.40			
Interest on Defeased Bonds	3,546,023.84			
Other Interest Expense (non-bonds)	209,537.14	(17,377,867.07)		
Subtotal				
Total, Debt Service-Interest		<u>\$ 171,367,804.77</u>		
				[a]

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Schedule 2E  
**The Texas A&M University System**  
Schedule of Defeased Bonds Outstanding  
For the Year Ended August 31, 2023

<u>Description of Issues</u>	<u>Calendar Year Refunded</u>	<u>Par Value Outstanding September 1, 2022</u>	<u>Newly Defeased</u>	<u>Principal Paid</u>	<u>Par Value Outstanding August 31, 2023</u>
The Texas A&M University System					
Revenue Financing System Bonds,					
Series 2013B	2018	\$ 135,010,000.00	\$ -	\$ 135,010,000.00	\$ -
Taxable Series 2013C	2019	230,525,000.00		230,525,000.00	-
Series 2013D	2018	46,470,000.00		46,470,000.00	-
Series 2015B	2018	58,680,000.00		58,680,000.00	-
Total		<u>\$ 470,685,000.00</u>	<u>\$ -</u>	<u>\$ 470,685,000.00</u>	<u>\$ -</u>



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Schedule 2F

**The Texas A&M University System**  
Schedule of Early Extinguishment and Refunding  
For the Year Ended August 31, 2023

<u>Description</u>	<u>Category</u>	<u>Amount Extinguished or Refunded</u>	<u>Refunding Issue Par Value</u>	<u>Cash Flow Increase (Decrease)</u>	<u>Economic Gain/ (Loss)</u>
Revenue Bonds - Self Supporting					
(None)	Advance Refunding				
Total, Early Extinguishment and Refunding		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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**Schedule Three**  
**The Texas A&M University System**  
**Combined Schedule of Proprietary Cash & Cash Equivalents**  
**For the Year Ended August 31, 2023**

	<b>Current Year</b>
<b>Proprietary Cash &amp; Cash Equivalents</b>	
<b>Unrestricted</b>	
Cash on Hand	\$349,437.23
Cash In Bank	9,247,645.69
Cash In State Treasury	1,350,534,015.52
Reimbursements Due From State Treasury	95,106,014.68
Cash Equivalents	681,662,576.83
<b>Total Unrestricted Cash &amp; Cash Equivalents (Exhibit III)</b>	<b><u>\$2,136,899,689.95</u></b>
<b>Restricted</b>	
Cash on Hand	\$254,160.00
Cash in Bank	22,392,299.76
Cash Equivalents	211,960,271.09
<b>Total Restricted Cash &amp; Cash Equivalents (Exhibit III)</b>	<b><u>\$234,606,730.85</u></b>
<b>Total Proprietary Cash &amp; Cash Equivalents (Exhibit V)</b>	<b><u><u>\$2,371,506,420.80</u></u></b>



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**Schedule Three-F**  
**The Texas A&M University System**  
**Combined Schedule of Fiduciary Cash & Cash Equivalents**  
**For the Year Ended August 31, 2023**

	<b>Current Year</b>
<b>Fiduciary Cash &amp; Cash Equivalents</b>	
Cash In Bank	\$80,936.53
Cash Equivalents	9,057,278.00
<b>Total Unrestricted Cash &amp; Cash Equivalents (Exhibit VI)</b>	<b>\$9,138,214.53</b>
<b>Restricted Cash &amp; Cash Equivalents</b>	
Cash On Hand	\$10,000.00
Cash In Bank	490,128.80
Cash Equivalents	31,576,539.85
<b>Total Restricted Cash &amp; Cash Equivalents (Exhibit VI)</b>	<b>\$32,076,668.65</b>
<b>Total Fiduciary Cash &amp; Cash Equivalents</b>	<b>\$41,214,883.18</b>