SUPPLEMENT DATED JULY 24, 2023
to
OFFICIAL STATEMENT DATED JULY 11, 2023

relating to

$80,680,000
TEXAS PUBLIC FINANCE AUTHORITY
TEXAS SOUTHERN UNIVERSITY
REVENUE FINANCING SYSTEM BONDS, SERIES 2023

Certain pages (pages 46 and 47) of APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2022 (“Appendix D”) of the above-referenced Official Statement (the “Official Statement”) were inadvertently omitted. The two omitted pages contained Note 1 through subsection F.3. therein. Additionally, Appendix D contained certain page numbering errors. Accordingly, the Official Statement is hereby supplemented and modified by replacing Appendix D in its entirety with the attached audited financial report of Texas Southern University for the year ended August 31, 2022.

Except as described above, the Official Statement remains unchanged.

This information in this supplement is incorporated into the final Official Statement. This supplement does not purport to be a complete summary of the issue or the information provided herein, and the Official Statement, as supplemented and amended by this supplement, in its entirety.

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2022 Annual Financial Report

For Fiscal Year Ended August 31, 2022

Texas Southern University . 3100 Cleburne Avenue . Houston, TX 77004
713-313-7011 . http://www.tsu.edu/

ANNUAL FINANCIAL REPORT

of

TEXAS SOUTHERN UNIVERSITY

(An Agency of State of Texas)

For the Year Ended
August 31, 2022

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TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

TABLE OF CONTENTS

For the Year Ended August 31, 2022

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INTRODUCTORY SECTION

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TEXAS SOUTHERN UNIVERSITY

3100 CLEBURNE ST. | HOUSTON, TEXAS 77004 | 713.313.1179

Office *of the* President

Texas Southern University is excited to share positive news about its fiscal health. The Annual Financial Report (AFR) for Fiscal Year 2022 delivers a complete overview of the University's financial status and operations as of August 31, 2022. Texas Southern University is mandated by law to provide a full accounting of income received as it makes transformative investments in the educational future of our students.

As President of Texas Southern University, I understand the criticality of maintaining a transparent financial process, which ensures that there is a full and open accounting of funds from all sources, including those from the state and federal government, public and private corporations and foundations, and individual donors. This 2022 Financial Report is the primary publication that provides accountability to elected officials, taxpayers and other constituents.

Texas Southern is truly a global institution, serving a diverse student population from across the United States and more than 50 countries internationally. In its 95th year of existence, TSU has experienced exponential growth as a student-centered, comprehensive doctoral university and one of the largest HBCUs in the United States. The University's faculty, staff and students view TSU as a destination university where students are eager to obtain an affordable, world-class education, and faculty and staff are provided the necessary resources to prepare and transform students into tomorrow's leaders. It is via these financial assets that TSU pursues a holistic approach leading to career-ready graduates at the bachelor, master, doctoral and professional levels in a variety of disciplines. This includes signature programs in aviation, biology, civil and electrical engineering, communications, law, maritime transportation, pharmacy, arts and sciences and other critical STEM-related fields. As a result, TSU consistently ranks as a state and national leader in providing degrees to African American and other students of color in a variety of programs.

TSU has invested its resources with equal measures of efficiency and innovation, ensuring that incoming students – whether they are first-time-in-college or transferring from our multitude of educational partners – are prepared to succeed. This includes dozens of community colleges with whom TSU has established seamless transfer agreements and pipelines to success. The TSU Summer of Success program – now in its sixth year – is an example of the University utilizing its resources to provide conditional admittance to hundreds of qualified high school graduates via a specialized summer curriculum that leads to successful university admission. By concentrating on students' quality and potential on the front end, TSU has ensured that students' persistence, success, and completion rates for Fall 2022 are the highest in TSU history.

Texas Southern University is proud of its long and illustrious history. Just as important, TSU is confident and excited about its future. The 2022 Annual Financial Report reflects the success of our mission in the preceding year and our ability to be excellent stewards of the resources to which we have been entrusted.

Dr. Lesia L. Crumpton-Young
President [1]

(1) Dr. Lesia Crumpton-Young announced her retirement from the institution on May 26, 2023, effective on June 1, 2023. The Board of Regents named Dr. Dakota Doman, Chief of Staff, as the Acting Chief Executive Officer effective June 4, 2023 to June 30, 2023. On June 15, 2023, Dr. Mary Evans Sias was appointed as Interim President, effective June 30, 2023.

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TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

BOARD OF REGENTS

August 31, 2022

Officers

Honorable Albert H. Myres, Chairman
Honorable Marc C Carter, Vice Chair
Honorable Pamela A. Medina, 2nd Vice Chair
Honorable James M. Benham, Secretary

Members

Honorable James M. Benham	College Station
Honorable Ronald J. Price	Mesquite
Honorable Marc C. Carter, Vice Chair	Houston

Terms Expire February 1, 2023

Honorable Aaliyah M. Fleming, Student Regent	Houston

Term Expired February 1, 2022

Honorable Keonne M. McClain, Student Regent	Houston

Term Expired May 31, 2023

Honorable Dylan Getwood, Student Regent	Port Arthur

Term Expires May 31, 2024

Honorable Pamela A. Medina, 2nd Vice Chair	Houston
Honorable Albert H. Myres, Chairman	Liberty
Honorable Stephanie D. Nellons-Paige	Houston

Terms Expire February 1, 2025

Honorable Caroline Baker Hurley	Houston
Honorable Marilyn A. Rose	Houston
Honorable Mary Evans Sias	Richardson

Terms Expire February 1, 2027

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TEXAS SOUTHERN UNIVERSITY
(An Agency of the State of Texas)
UNIVERSITY ADMINISTRATION
August 31, 2022

University Administration

Dr. Lesia L. Crumpton Young	President
Dr. Dakota Doman	Chief of Staff
Kia Harper	Executive Director of Presidential Initiatives and Projects
Devi Bala	Vice President for Business and Finance/Chief Financial Officer
Dr Needham Bouttee-Queen	Interim Provost & Vice President for Academic Affairs and Research
Melinda Spaulding	Vice President for Communications & Advancement
Hao Le	General Counsel
Dr. DeNeia Thomas	Vice President of Enrollment and Student Success
Dr. Michelle Penn-Marshall	Vice President Research and Innovation
Dr. Kevin Granger	Vice President of Intercollegiate Athletics

Fiscal Administration

Anita Lockridge	Interim Vice President for Administration and Finance/CFO
Devi Bala	Vice President for Business and Finance/CFO
Charla Parker-Thompson	Chief Audit Executive
Darlene Brown	Chief Audit Executive
Paula Stapleton	Assistant Vice President for Business & Finance/Controller
Bobbie Phelps	Manager of General Accounting

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FINANCIAL SECTION

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FORV/S

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forvis.com

Independent Auditor's Report

Board of Regents
Texas Southern University
Houston, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Texas Southern University (the University), an agency of the State of Texas, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Texas Southern University as of August 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report June 20, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

FORVIS, LLP

Houston, Texas
June 20, 2023

FORV/S

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forvis.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Regents
Texas Southern University
Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Texas Southern University, which comprise the statement of net position as of August 31, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2022-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-002 and 2022-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Texas Southern University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Texas Southern University's Response to Findings

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

Purpose of This Report

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

FORVIS, LLP

Houston, Texas
June 20, 2023

Texas Southern University
Summary Schedule of Findings
Year Ended August 31, 2022

Reference Number	Summary of Findings

2022-001 **Accounting for Capital Asset Activity**

Criteria or specific requirement: Texas Southern University's internal controls should be designed to prevent, or detect and correct, misstatements on a timely basis.

Condition: Several adjustments related to capital assets were required in order to agree the capital asset additions detail to the capital asset rollforward, including completed Construction in Progress (CIP) transferred out of CIP and into a depreciable asset category, the UAV dormitory settlement, and agreeing asset addition balances in total between the CIP and building asset additions to the rollforward.

Effect: Potential material misstatement of financial statements.

Cause: The processing of capital asset activity is overly complex. In addition, due to turnover there is no individual that is familiar with the processing.

Recommendation: We recommend that management evaluate the current capital asset process within the Banner system and identify an individual to be responsible for capital asset accounting. Additionally, we recommend general ledger capital asset accounts be reconciled to detailed records on a monthly basis.

Views of responsible officials and planned corrective actions: TSU will hire a full-time staff accountant to reconcile and manage accounting transactions related to capital assets, including matching the balances to our CAPPs report with the State of Texas. The reconciliations will be completed monthly instead of annually as is the current practice. The Controller will review the processing of capital asset transactions, implement improvements to streamline the procedures, and document the new process which will be used to train the new accountant.

2022-002 **State Appropriations**

Criteria or specific requirement: Texas Southern University's internal controls should be designed to prevent, or detect and correct, misstatements on a timely basis.

Condition: Several differences were noted between the recorded State Appropriations by TSU and the amounts reported as of August 31, 2022, by the State Comptroller that required extensive research and resulted in an adjustment to the recorded balances.

Effect: Potential material misstatement of financial statements.

Cause: Lack of individuals who are familiar with the USAS process specifically related to State Appropriations.

Recommendation: We recommend cross-training General Accounting team on USAS accounting and ensuring that all appropriated amounts are properly recorded and rolled over for budgetary purposes..

Reference Number	Summary of Findings
	Views of responsible officials and planned corrective actions: TSU will have all members of the General Accounting team cross-trained on USAS accounting. A full-time accountant will be hired to reconcile the USAS balances monthly.
2022-003	**Other Post Employment Benefit (OPEB) Accounting**
	Criteria or specific requirement: Texas Southern University's internal controls should be designed to prevent, or detect and correct, misstatements on a timely basis.
	Condition: It was noted that the entries provided by the State Comptroller for OPEB current year changes in actuarial assumptions was not properly recorded to match the schedule provided by the State.
	Effect: Potential material misstatement of financial statements.
	Cause: Lack of review by someone other than the preparer.
	Recommendation: We recommend ensuring journal entries are reviewed and verified with supporting documentation prior to posting.
	Views of responsible officials and planned corrective actions: This concern has been addressed by the hiring of an Assistant Vice President of Business & Finance/Controller who started on February 6, 2023. The Controller leads the function of reviewing all journal entries recorded by the Accounting Manager. The Accounting Manager was the preparer of the OPEB entries.

Texas Southern University

Summary Schedule of Prior Audit Findings

Year Ended August 31, 2022

Reference Number	Summary of Finding	Status
2021-001	**Accounting for Debt Activity**	**Resolved**

Criteria or specific requirement: Texas Southern University's internal controls should be designed to prevent, or detect and correct, misstatements on a timely basis.

Condition: During the year, the University had two unique debt transactions– forgiveness of debt and a debt refunding. Several errors were identified regarding accounting for debt activity. These areas included material, non-routine transactions such as the loan forgiveness and bond refunding, as well as non-material routine transactions related to recording of bond premiums/discounts and calculation of accrued bond interest. These errors were subsequently corrected.

Effect: Potential material misstatement of financial statements.

Cause: For the loan forgiveness and debt refunding transactions management was not fully knowledgeable of how to record these infrequent transactions. For the other transactions, there was a lack of management oversight.

Recommendation: We recommend that management review Government Accounting Standards Board (GASB) codification for guidance on the accounting for debt transactions and consult with us as unusual transactions occur prior to recording journal entries. In addition, we recommend allowing sufficient time to review the accounting of recurring and unique transactions.

Reference Number	Summary of Finding	Status
2021-002	**Net Position**	**In Process**

Criteria or specific requirement: Texas Southern University's internal controls should be designed to prevent, or detect and correct, misstatements on a timely basis.

Condition: Several errors were identified regarding calculation and categorization of net position components. These areas included distinctions between restricted and unrestricted funds, unspent bond proceeds, net investment in capital assets inclusive of retainage payable, and identification of restricted capital projects. These errors were subsequently corrected. The adjustments resulted in reducing the negative unrestricted net position.

Effect: Potential material misstatement of financial statements.

Reference Number	Summary of Finding	Status
	Cause: The review of net position categorization was not performed timely.	
	Recommendation: We recommend that management review GASB for guidance to ensure proper categorization of net position.	

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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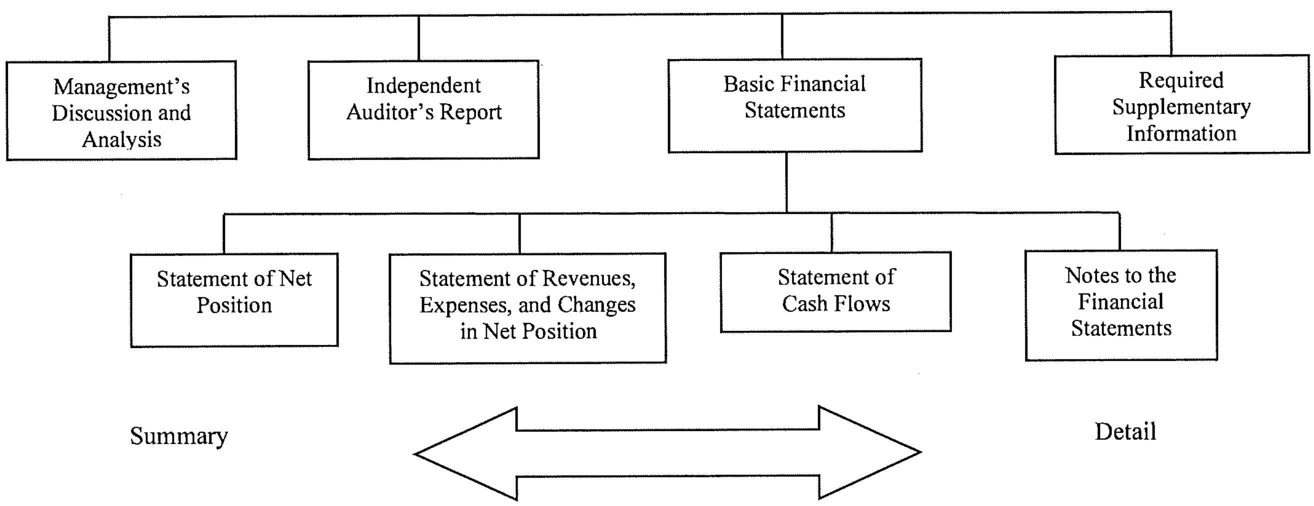
TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For the Year Ended August 31, 2022

The following is Texas Southern University's Management's Discussion and Analysis (MD&A) which outlines the financial performance for the fiscal year ended August 31, 2022. The information that is being presented should be read in conjunction with other areas of the financial section of the report including the message from the President located in the introductory session.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



TSU's basic financial statements include the statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statement themselves.

<u>Basic Financial Statements</u>

The basic financial statements report information for TSU. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of TSU as an economic entity. The statement of net position and the statement of revenues, expenses, and changes in net position, which appear first in the financial statements, report information on TSU's activities that enable the reader to understand the financial condition of TSU. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The statement of net position presents information on all TSU's assets and deferred outflows of resources that exceed liabilities and deferred inflows of resources. The difference between these categories is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of TSU is improving or deteriorating. Other nonfinancial factors, such as TSU's student enrollment and the condition of TSU's infrastructure, should be considered to assess the overall health of TSU.

The statement of revenues, expenses, and changes in net position presents information showing how TSU's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method.

The statement of cash flows presents information about TSU's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balances during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The basic financial statements can be found after the MD&A within this report.

FINANCIAL ANALYSIS OF TSU

As noted earlier, net position may serve over time as a useful indicator of TSU's financial position. As of August 31, 2022, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $275,296,704.49. The largest portion of TSU's net position (78%) reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, leased land, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. TSU uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although TSU's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since those assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position

The following table reflects the condensed Statement of Net Position:

CONDENSED STATEMENT OF NET POSITION

	2022	2021
Current and other assets	$ 170,654,625.06	$ 152,741,733.15
Non-current Restricted assets	77,285,710.04	87,829,811.27
Capital assets, net	291,627,350.05	287,506,536.27
Total Assets	539,567,685.15	528,078,080.69
Deferred Outflows of Resources	53,022,744.34	76,495,538.34
Current liabilities	109,195,987.88	99,447,585.54
Noncurrent liabilities	169,238,832.12	195,652,573.63
Total Liabilities	278,434,820.00	295,100,159.17
Deferred Inflows of Resources	38,858,905.00	28,020,880.00
Net investment in capital assets	213,579,583.37	216,960,554.88
Restricted for:		
Debt service	104,563.67	389,726.29
Other	82,273,340.25	97,754,562.05
Unrestricted	(20,660,782.80)	(33,652,263.36)
Total Net Position	$ 275,296,704.49	$ 281,452,579.86

Total Assets increased by $11,489,604.46 from $528,078,080.69 in the prior year to $539,567,685.15 in the current year. Texas Southern University (TSU) recognized a substantial increase in legislative appropriation higher education fund (HEF) which increased from $17,151,716.74 to $26,820,951.39 approved by the Legislative Budget Board for biennium 2022-2023.

Total Liabilities decreased by $16,665,349.17 from $295,100,159.17 in the prior year to $278,434,820.00. TSU recognized a substantial decrease in non-current liabilities primarily due to decrease in pension liability by $24,436,585 from $43,117,766 in fiscal year 2021 to $18,681,181 in fiscal year 2022.

Unrestricted net deficit decreased by ($12,991,480.50) from ($33,652,263.36) to ($20,660,782.80) at year end. Unrestricted net position represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants and enabling legislation. Most of the increase can be attributed to the increase in OPEB expense.

Restricted Net Position decreased by $15,766,384.42 from $98.144,288.34 to $82,377,903.92. The decrease can be attributed to the negative change in market value in endowment by $10,630,125.11 from $85,740,146.55 in prior year to $75,110,020.44. In addition, a significant decrease in capital project by $4,396,283.52 from $5,981,261.77 in prior year to $1,584,978.25.

Statement of Revenues, Expenses, and Changes in Net Position

	2022	2021
OPERATING REVENUES		
Tuition and Fees - Pledged	$ 81,997,583.40	$ 78,232,310.78
Discount on Tuition and Fees	(29,606,509.91)	(24,582,417.44)
Auxiliary Enterprises -Pledged	15,647,562.88	7,508,283.86
Other Sales of Goods and Services - Pledged	93,778.01	59,381.88
Federal Revenue	19,677,446.78	19,841,669.36
Federal Pass-Through Revenue	1,208,494.58	2,881,601.22
State Revenue	1,006,556.62	290,743.17
State Pass-Through Revenue	7,479,011.26	5,511,131.79
Other Contracts and Grants - Pledged	1,238,278.63	1,893,888.35
Other Operating Revenue	7,798,898.75	5,352,936.78
Total Operating Revenues	106,541,101.00	96,989,529.75
OPERATING EXPENSES		
Salaries and Wages	97,222,758.09	94,566,668.12
Payroll Related Costs	39,724,217.47	47,631,196.04
Professional Fees and Services	14,632,514.33	10,896,255.41
Travel	2,315,668.47	832,338.17
Materials and Supplies	12,885,104.32	7,756,989.77
Communication and Utilities	7,392,008.05	6,579,530.08
Repairs and Maintenance	10,365,155.37	6,291,981.43
Rentals and Leases	1,863,856.25	1,155,554.53
Printing and Reproductions	523,660.48	363,917.74
Federal Pass-Through Expense	366,670.91	408,897.89
Bad Debt Expense	2,272,495.00	2,203,500.96
Scholarships	42,927,227.05	36,471,782.80
Other Operating Expenses	10,659,652.23	8,075,011.93
Depreciation and Amortization	23,014,851.69	22,977,507.35
Total Operating Expenses	266,165,839.71	246,211,132.22
Operating (Loss)	$ (159,624,738.71)	$ (149,221,602.47)

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

	2022	2021
NONOPERATING REVENUES (EXPENSES)		
Legislative Revenue	$ 52,716,085.00	$ 51,491,043.00
Additional Appropriations	17,574,423.88	10,555,429.76
Gifts	342,145.79	368,451.32
Federal Revenue Nonoperating	83,068,552.45	66,621,820.78
Interest Income	2,293,123.71	2,169,599.22
Investing Activities Expenses	(113,721.30)	(525,802.64)
Interest Expense and Fiscal Charges	(2,707,649.88)	(4,625,427.36)
Net Increase (Decrease) In Fair Value	(12,116,321.01)	16,166,641.00
Other Nonoperating Revenue/Expense	1,070,648.54	15,291,451.47
Total Nonoperating Revenues (Expenses)	142,127,287.18	157,513,206.55
Income (Loss) Before Other Revenues, Expenses, and Transfers	(17,497,451.53)	8,291,604.08
OTHER REVENUES, EXPENSES, AND TRANSFERS		
Capital Appropriations (HEAF)	11,719,335.00	11,719,335.00
Contributions to Permanent and Term Endowments	804,813.88	898,616.98
Lapses	(1,263,508.78)	(1,907,881.52)
Transfer In	144,914.00	10,434,038.68
Transfer Out	(63,977.94)	(12,293,908.77)
Total Other Revenues, Expenses, and Transfers	11,341,576.16	8,850,200.37
Extraordinary Gains or Losses		
Gains on Cancellations of Debt	-	86,141,136.20
Change in Net Position	(6,155,875.37)	103,282,940.65
Beginning Net Position	281,452,579.86	178,169,639.21
Ending Net Position	$ 275,296,704.49	$ 281,452,579.86

For the year ended August 31, 2022, total revenue was $276,275,143.25. This represents a decrease in total revenues of $104,688,270.92 or 25% which can be primarily attributed to the gain on cancellation of debt that occurred in 2021.

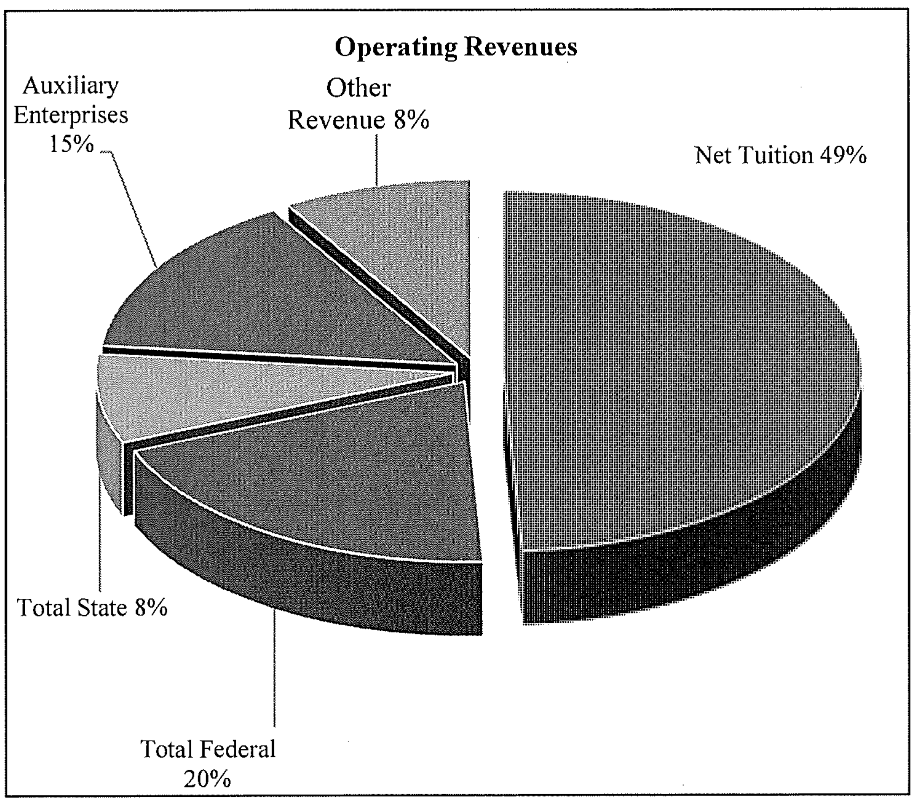
Total net position decreased by $6,155,875.37. The primary decrease in net position can be attributed to the downturn in market conditions for endowments during the year. TSU suffered a $10,630,125.11 decrease in endowment value caused by the overall market decline for fiscal year 2022.

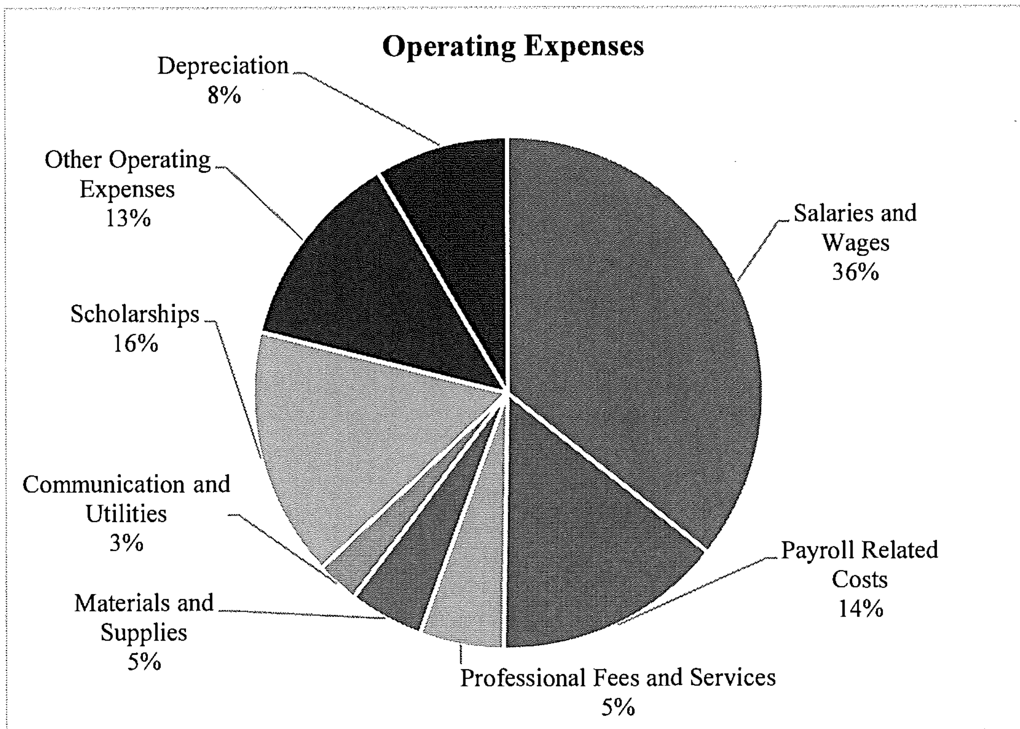
Expenses totaled $270,314,697.61 for the year ended August 31, 2022. This represents an increase of $4,750,545.10 from last year which can be attributed to an increase in operating expenses primarily related to materials and supplies, repairs and maintenance and scholarship expenses.

Key elements to these changes are as follows:

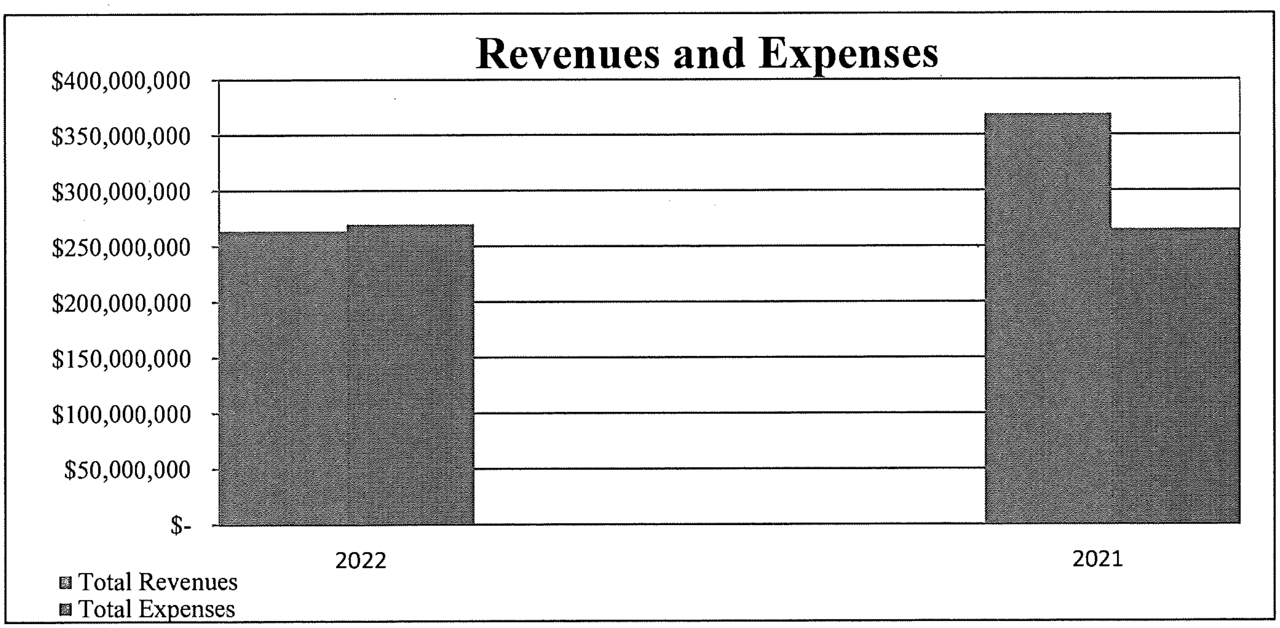
- Operating revenues increased by $9,551,571.25 or 9.8% due in large part to tuition and fees as well as auxiliary services related to an increase in student enrollment.
- Non-operating revenues and Other Revenues decreased by $28,098,706.10 or 15% primarily due to decreased HEERF Funding, decreases in fair market value of investments, state transfer-in and other non-operating revenue.
- Operating expenses less depreciation expense increased by $19,917,363.15 due to an increase in scholarships and other operating expenses that were proportionate to the increase in enrollment.
- Non-operating expenses and Other Expenses decreased by $15,204,162.39 or 79% primarily due to a decrease in interest paid as result of the cancellation of HBCU loan debt, a decrease in transfer out and a slight decrease in lapses.

Graphic presentations of selected data from the summary tables follow to assist in the analysis of TSU's activities.





Operating Expenses
Depreciation 8%
Other Operating Expenses 13%
Scholarships 16%
Communication and Utilities 3%
Materials and Supplies 5%
Professional Fees and Services 5%
Payroll Related Costs 14%
Salaries and Wages 36%



Revenues and Expenses
$400,000,000
$350,000,000
$300,000,000
$250,000,000
$200,000,000
$150,000,000
$100,000,000
$50,000,000
$-
2022
2021
Total Revenues
Total Expenses

CAPITAL ASSETS

At year end, TSU had capital assets net of $291,627,350.05 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of $4,120,813.78.

Major capital asset events during the current year include the following:

- Building improvements were completed at a cost of $16,731,392.00.
- Various equipment and other capital assets increased for a total of $6,163,265.28.

More detailed information about TSU's capital assets is presented in note 2 to the financial statements.

LONG-TERM DEBT

TSU's revenue bonds carry the rating of "Baa3" with Moody's Investors Service. At year end, TSU had $66,734,957.71 in revenue bonds outstanding versus $77,123,762.34 last year.

More detailed information about TSU's long-term liabilities is presented in note 5 to the financial statements.

ECONOMIC FACTORS

Texas Southern University is a vibrant and progressive HBCU located in the historic Third Ward District of the Houston Metropolitan Area. Its rich history and unwavering connection to the community have led to the successful bridging of the gap for many first-generation college students. As a public 4-year institution offering professional programs in Pharmacy, Business, and Law, the University's financial position is closely tied to the State of Texas and the health of the state's economy.

During fiscal year 2022, the COVID-19 pandemic health crisis subsided due to widely available vaccines and treatments, however, there continued to be a significant amount of pressure on the institution's budget. Equity and fixed income markets declined during the year. The Federal Reserve significantly increased the federal funds rate during the period. In response, market interest rates escalated and borrowing rates across the country increased sharply. Commodity prices rose as a result of supply chain and gasoline issues influenced in large part by Russia's war on Ukraine. These events have generated concern about a slow global economy and high inflation despite the benefit of strong wage gains and a low unemployment rate in the country. TSU 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. TSU will continue to ensure best practices in fiscal management efforts while supporting the institution's priority of student success.

The University continued to heavily invest in its existing online e-learning and conference platforms, software upgrades and installations, and updated online security. Classes continued to be offered in three formats: face-to-face, hybrid (face-to-face and remote), and online only. By offering various learning modalities, the i5 instruction has been able to continue providing online instructions, and innovative resources during times of economic uncertainty.

CONTACTING TSU'S FINANCIAL MANAGEMENT

This financial report is designed to provide our students, alumni, citizens, taxpayers, donors, and creditors with a general overview of TSU's finances and to show TSU's accountability for the money it has received. If you have questions about this report or need additional financial information, contact the Texas Southern University Business Affairs Department, 3100 Cleburne Street, Houston, Texas 77004.

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BASIC FINANCIAL STATEMENTS

Texas Southern University

(An Agency of the State of Texas)

STATEMENT OF NET POSITION

August 31, 2022

ASSETS	Total
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	$ 2,100.00
Cash in Bank	61,405,846.66
Cash in Transit/Reimburse from Treasury	20,436.00
Cash in State Treasury	9,845,811.05
Restricted:	
Cash Equivalent	7,678,462.61
Short-Term Investments	4,084,621.52
Legislative Appropriations	40,771,049.94
Receivables:	
Federal	15,911,295.75
Accounts, Net	19,576,217.49
Other	940,240.05
Due From Other Agencies	140,024.26
Consumable Inventories	699,468.08
Prepaid Costs	9,579,051.65
Total Current Assets	**170,654,625.06**
Non-Current Assets	
Restricted:	
Investments	75,064,853.75
Loans and Contracts	515,183.47
Prepaid Cost	1,705,672.82
Total Non-Current Restricted Assets	**77,285,710.04**
Capital Assets:	
Land	17,837,631.54
Construction in Progress	6,389,815.19
Historical Treasures and Works of Art	2,829,312.50
Total Non-Depreciable or Non-Amortizable	**27,056,759.23**
Capital and Leased Assets Depreciable:	
Buildings and Building Improvements	570,607,340.20
Infrastructure	7,096,483.95
Equipment	44,377,987.62
Leased Land	731,811.65
Library Books	38,481,318.14
Less: Accumulated Depreciation and Amortization	(396,724,350.74)
Total Depreciable or Amortizable, Net	**264,570,590.82**
Total Non-Current Assets	**368,913,060.09**
TOTAL ASSETS	**539,567,685.15**
Deferred Outflows of Resources	
Deferred Outflows of Resources-Pension	13,601,129.00
Deferred Outflows of Resources-OPEB	39,182,384.00
Deferred Outflows of Resources-ARO	133,462.62
Deferred Outflow of Resources - Deferred loss on Refunding	105,768.72
Total Deferred Outflows	**$ 53,022,744.34**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF NET POSITION

August 31, 2022

LIABILITIES		**Total**
Current Liabilities		
Accounts Payable	$	20,899,100.04
Payroll Payable		4,448,933.60
Due to Other Agencies		418,181.60
Interest Payable		1,050,536.13
Escheat Payable		327,481.23
Unearned Revenues		62,286,800.55
Student Refunds Payable		3,764,911.45
Other Payables		3,132,984.09
Net OPEB Liability Current		2,444,005.00
Lease Liability		63,428.28
Revenue Bonds Current Payable, Net		7,434,584.02
Employees' Compensable Leave		2,925,041.89
Total Current Liabilities		**109,195,987.88**
Non-Current Liabilities		
Net Pension Liability		18,681,181.00
Net OPEB Liability		88,370,946.00
Lease Liability		604,482.33
Revenue Bonds Payable, Net		58,889,609.22
Employees' Compensable Leave		2,692,613.57
Total Non-Current Liabilities		**169,238,832.12**
TOTAL LIABILITIES		**278,434,820.00**
Deferred Inflows of Resources		
Deferred Inflows of Resources-Pension		22,909,332.00
Deferred Inflows of Resources-OPEB		15,949,573.00
Total Deferred Inflows		**38,858,905.00**
NET POSITION		
Net Investment in Capital Assets		231,963,785.52
Restricted For:		
Debt Retirement		104,563.67
Capital Projects		1,584,978.25
Loans		287,986.22
Other Restricted		5,290,354.34
Funds Held as Permanent Investments:		
Nonexpendable		31,465,277.68
Expendable		43,644,743.76
Unrestricted deficit		(39,044,984.95)
TOTAL NET POSITION	$	**275,296,704.49**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended August 31, 2022

	2022
OPERATING REVENUES	
Tuition and Fees-Pledged	$ 81,997,583.40
Discount on Tuition and Fees	(29,606,509.91)
Auxiliary Enterprises-Pledged	15,647,562.88
Other Sales of Goods and Services-Pledged	93,778.01
Federal Revenue	19,677,446.78
Federal Pass-Through Revenue	1,208,494.58
State Revenue	1,006,556.62
State Pass-Through Revenue	7,479,011.26
Other Contracts and Grants-Pledged	1,238,278.63
Other Operating Revenue	7,798,898.75
Total Operating Revenues	**106,541,101.00**
OPERATING EXPENSES	
Salaries and Wages	97,222,758.09
Payroll Related Costs	39,724,217.47
Professional Fees and Services	14,632,514.33
Travel	2,315,668.47
Materials and Supplies	12,885,104.32
Communication and Utilities	7,392,008.05
Repairs and Maintenance	10,365,155.37
Rental and Leases	1,863,856.25
Printing and Reproduction	523,660.48
Federal Pass-Through Expense	366,670.91
Bad Debt Expense	2,272,495.00
Scholarships	42,927,227.05
Other Operating Expenses	10,659,652.23
Depreciation and Amortization	23,014,851.69
Total Operating Expenses	**266,165,839.71**
Operating (Loss)	**$ (159,624,738.71)**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended August 31, 2022

		2022
NON-OPERATING REVENUES (EXPENSES)		
Legislative Revenue	$	52,716,085.00
Additional Appropriation		17,574,423.88
Gifts		342,145.79
Federal Revenue Nonoperating		83,068,552.45
Interest Income		2,293,123.71
Investing Activities Expenses		(113,721.30)
Interest Expense and Fiscal Charges		(2,707,649.88)
Net Decrease in Fair Value		(12,116,321.01)
Other Nonoperating Revenue/(Expense)		1,070,648.54
Total Non-Operating Revenues(Expenses)		**142,127,287.18**
Loss Before other Revenues, Expenses, Gains/Losses and Transfers		**(17,497,451.53)**
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS		
Capital Appropriations (HEAF)		11,719,335.00
Additions to Permanent and Term Endowments		804,813.88
Lapses		(1,263,508.78)
Transfer-In		144,914.00
Transfer-Out		(63,977.94)
Total Other Revenues, Expenses, Gain/Losses and Transfers		**11,341,576.16**
Change in Net Position		**(6,155,875.37)**
Beginning Net Position		**281,452,579.86**
Ending Net Position	**$**	**275,296,704.49**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2022

	2022
Cash Flows from Operating Activities	
Proceeds from tuition and fees	$ 59,569,262.36
Proceeds from research grants and contracts	9,648,822.63
Proceeds from state grants and contracts	8,741,517.13
Proceeds from auxiliary enterprises	15,647,562.88
Proceeds from other revenues	12,536,758.15
Payments to suppliers for goods and services	(90,351,722.67)
Payments to employees for salaries and wages	(98,629,182.04)
Payments for employee related costs	(24,363,548.58)
Payments for other expenses	(12,891,687.90)
Net Cash Provided (Used) by Operating Activities	(120,092,218.04)
Cash Flows from Noncapital Financing Activities	
Proceeds from state appropriations	52,878,408.84
Proceeds from gifts	1,146,959.67
Proceeds from grants receipts	81,025,009.20
Net Cash Provided (Used) by Noncapital Financing Activities	135,050,377.71
Cash Flows from Capital and Related Financing Activities	
Proceeds from debt issuance	-
Proceeds from capital appropriations	11,719,335.00
Payments for additions to capital assets	(27,454,589.94)
Payments of principal on debt issuance	(10,132,947.95)
Payments of interest on debt issuance	(2,753,201.95)
Net Cash Provided (Used) by Capital and Related Financing Activities	(28,621,404.84)
Cash Flows from Investing Activities	
Proceeds from sale of investments	28,282,588.23
Proceeds from interest and investment income	2,179,402.41
Payments to Acquire Investment	(29,970,119.32)
Net Cash Provided (Used) by Investing Activities	491,871.32
Net Increase (Decrease) in Cash and Cash Equivalents	(13,171,373.85)
Beginning cash and cash equivalents	92,124,030.17
Ending Cash and Cash Equivalents	$ 78,952,656.32
Unrestricted cash and cash equivalents	71,274,193.71
Restricted cash and cash equivalents	7,678,462.61
Ending Cash and Cash Equivalents	$ 78,952,656.32

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF CASH FLOWS

For the Year Ended August 31, 2022

	2022
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (loss)	$ (159,624,738.71)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation and amortization	23,014,851.69
Capital Outlay	318,924.47
Bad Debt Expense	2,272,495.00
Pension Expense	1,161,517.00
OPEB Expense	16,670,940.00
Operating (Loss) and Cash Flow Categories	
Changes in Operating Assets and Liabilities:	
Accounts receivable, net	(5,791,109.20)
Due from other funds	(11,237,118.73)
Inventories	69,973.28
Prepaid expenses	(345,278.47)
Other assets	3,405,802.78
Deferred outflows of resources-Pension	6,164,817.00
Deferred outflows of resources-OPEB	17,307,977.00
Accounts payable	2,132,332.48
Salaries payable	(225,683.56)
Unearned revenue	10,611,161.44
Compensated absences liability	(1,180,740.39)
Defined benefit pensions	(25,598,102.00)
Defined benefit OPEB	(11,467,498.00)
Deferred inflows of resources-Pension	16,682,513.00
Deferred inflows of resources-OPEB	(5,844,488.00)
Due to state	(580,410.11)
Escheat payable	32,241.42
Student refunds payable	2,614,085.86
Other current liabilities	(656,683.29)
Net Cash (Used) by Operating Activities	$ (120,092,218.04)

See Notes to Financial Statements.

Non-Cash Transactions Net Change in Fair Value of Investments	$ (12,116,321.01)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of Texas Southern University (TSU), reported as a business-type activity in the State of Texas Annual Comprehensive Financial Report, have been prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units and with State statutes. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

TSU's annual financial report is prepared to satisfy both the requirements of GAAP and the Texas Comptroller of Public Accounts' (the "Comptroller") requirements as specified in the Comptroller's *Reporting Requirements for Annual Financial Reports of State Agencies and Universities.* The Comptroller specifies, among other items, account captions, note organization, and does not allow the rounding of financial statement amounts to whole dollars.

The most significant accounting and reporting policies of TSU are described in the following notes to the financial statements:

A. Reporting Entity

TSU is an agency of the State of Texas (the "State"). No component units have been identified which should be presented within TSU's report.

B. General Background

TSU serves the State by providing education, research, and extension work in the fields of the arts, business, education, law, pharmacy, public affairs, science, and technology. TSU is located within the heart of Houston, Texas. It is home to an increasingly diverse population of students with more than 80 undergraduate, graduate and professional degree programs.

C. Financial Statement Presentation

In fiscal year 2022, TSU continued to include reporting consideration for COVID-19 pandemic response. Congress passed these Acts in fiscal year 2020 and 2021:

- Coronavirus Aid, Relief, and Economic Security (CARES) Act
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- American Rescue Plan (ARP)

These Acts provided economic grants to offset additional expenses and forgone revenue as a response to COVID-19.

As a result of the acts provided, The Higher Education Emergency Relief Funds (HEERF I, II, and III) was created, which provides budgetary relief to higher education institutions through numerous provisions.

These financial statements include implementation of (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities an Amendment of GASB Statement No. 34*. Requirements of the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of TSU's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all TSU's activities.

Statement No. 35 established standards for external financial reporting for all public colleges and universities, which includes a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

These classifications are defined as follows:

- **Net investment in capital assets -** This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted -** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws, regulations of other governments or constraints imposed by law through constitutional legislation.

- **Unrestricted -** This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

D. Measurement Focus and Basis of Accounting

For financial reporting purposes, TSU is considered a special-purpose government engaged only in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, TSU's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

E. Budgets and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriation Act). Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

1. Cash and Cash Equivalents

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

2. Balance in Legislative Appropriations

This item represents the balance of general revenue funds at August 31, 2022 as calculated in the Texas Comptroller's General Revenue Reconciliation.

3. Current Receivables – Other

Other receivables include year-end accruals. Accounts receivables are shown net of an allowance for uncollectible accounts.

4. Lease Receivable

Lease receivables are recorded by TSU 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, defined as having a maximum period of twelve (12) months, are recognized as collected. See Note 8 – Lease Liabilities for additional details.

5. Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements, including those related to sponsored programs, donors, bond covenants, and loan agreements.

6. Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, TSU reports all investments at fair value. Changes in unrealized gain (loss) on the carrying value of the investments are reported as Net Increase in Fair Value in the statement of revenues, expenses, and changes in net position.

7. Inventories and Prepaid Costs

Inventories are valued at cost, utilizing the first-in and first-out method. The consumption method of accounting is used, meaning these items are expensed when the items are consumed. Certain payments to vendors made in advance of the scheduled due date have been recorded as prepaid costs.

8. Capital Assets

Capital assets are defined by the State as follows:

Class of Asset	Threshold
Land and Land Improvements	Capitalize all
Buildings and Building Improvements	$100,000
Facilities and Other Improvements	$100,000
Infrastructure-Depreciable	$500,000
Infrastructure-Non-Depreciable	Capitalize all
Furniture and Equipment/Vehicles	$5,000
Leased Land	$100,000
Library Books (collections)	Capitalize all
Works of Art/Historical Treasures	Capitalize all
Leasehold Improvements	$100,000
Internally Generated Computer Software	$1,000,000
Other Computer Software	$100,000
Land Use Rights – Permanent	Capitalize all
Land Use Right – Term	$100,000
Other Intangible Capital Assets	$100,000
Construction in Progress	Capitalize all

These assets are capitalized at cost. Donated capital assets, donated works of art, historical treasures and similar items acquired subsequent to fiscal year 2015, are recorded at acquisition value at the date of donation (marketplace value). Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is reported on all exhaustible assets. Inexhaustible assets such as land, works of art and historical treasures are not depreciated.

Assets are depreciated or amortized over the estimated useful life of the asset using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Buildings and improvements	15 to 50 years
Facilities and Other Improvements	22 years
Furniture and equipment	3 to 10 years
Infrastructure	30 to 50 years
Computer software	5 to 6 years
Leased Land	Lease term
Library Books	15 years
Land use rights	10 years
Capital leases	5 years

9. Accounts Payable

Accounts payable represent the liability for the value of assets or services received at the statement of net position date for which payment is pending.

10. Lease Liability

Lease liabilities represent TSU'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 TSU. Short term leases, those with a maximum period of 12 months, are expensed as incurred. Additional details are provided in Note 8 Leases Liabilities.

10. Compensated Absences

Employees' compensable leave balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

12. Bonds Payable – Revenue Bonds

Revenue bonds are reported as short-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter in the statement of net position). The bonds are reported at par, net of unamortized premiums, discounts, if applicable.

13. Net Position, Deferred Outflows/Inflows of Resources

Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

Deferred outflows of resources is a consumption of an entity's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the entity that is applicable to a future reporting period.

The University has four items that qualify for reporting in this category:

- Deferred outflows of resources for pension – Reported in the statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- Deferred outflows of resources for post-employment benefits – Reported in the statement of net position, this deferred outflow results from OPEB plan contribution made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments; 2) changes in the University's proportional share of OPEB liabilities and 3) change in actuarial assumptions. The deferred outflows of resources related to post-employment benefits resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of the employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

- Deferred outflows of resources for asset retirement obligations – Reported in the statement of net position, this deferred outflow results from laws and regulations requiring specific action to retire certain tangible capital assets, such as decommissioning radioactive equipment at end of the useful life.

- Deferred outflows of resources for deferred loss on refunding – Reported in the statement of net position, this deferred outflow results from the loss on series 2011 bond refunding.

A deferred inflow of resources is an acquisition of an entity's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the entity that is applicable to a future reporting period. The University has two items that qualify for reporting in this category:

- Deferred inflows of resources for pension – Reported in the statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- Deferred inflows of resources for post-employment benefits – Reported in the statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post- employment benefits through the post-employment benefit plan.

14. Other Post-Employment Benefits (OPEB)

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

15. Pensions

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

G. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating versus Non-operating Revenues

TSU categorizes revenues as operating versus non-operating following the Comptroller's guidelines. Generally, all revenues are considered operating revenue unless they are non-exchange transactions, such as State appropriations, gifts, or investment related earnings. Other non-operating revenue includes some federal funds received from the federal government and Title IV funds.

I. Restricted versus Unrestricted Resources

Expenses incurred by TSU for items that could be applied to restricted or unrestricted sources are first applied to restricted sources.

J. Economic Dependency

TSU relies extensively on State appropriations as well as resources from grantor agencies to support its operations.

NOTE 2: CAPITAL AND LEASED ASSETS

During fiscal year 2022, TSU collected $5,874,582.44 in insurance recoveries that are reported in the financial statements as other nonoperating revenue/expenses. A summary of changes in capital assets for the year ended August 31, 2022 is as follows:

	Balance 9/1/2021 (as restated)	Reclassify Completed CIP	Additions	Deletions	Balance 8/31/2022
Non-depreciable or Non-amortizable Assets					
Land and Land Improvements	$ 17,669,462.57	$ -	$ 168,168.97	$ -	$ 17,837,631.54
Construction in Progress	3,636,762.85	(3,636,762.85)	6,389,815.19	-	6,389,815.19
Other Tangible Capital Assets	2,829,312.50	-	-	-	2,829,312.50
Total Non-depreciable/amortizable	24,135,537.92	(3,636,762.85)	6,557,984.16	-	27,056,759.23
Depreciable Assets					
Buildings and Building Improvements	536,905,088.36	3,636,762.85	13,094,629.12	-	553,636,480.33
Infrastructure	7,096,483.95	-	-	-	7,096,483.95
Facilities and Other Improvements	16,970,859.87	-	-	-	16,970,859.87
Furniture and Equipment	35,925,518.52	-	3,428,767.94	-	39,354,286.46
Leased Land	232,952.11	-	498,859.54	-	731,811.65
Vehicle, Boats and Aircraft	3,398,178.82	-	323,000.00	-	3,721,178.82
Other Capital Assets	36,069,820.80	-	2,411,497.34	-	38,481,318.14
Total Depreciable/Amortizable Assets	636,598,902.43	3,636,762.85	19,756,753.94	-	659,992,419.22
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(304,992,163.97)	-	(18,328,987.56)	-	(323,321,151.53)
Infrastructure	(4,755,073.20)	-	(408,125.78)	-	(5,163,198.98)
Facilities and Other Improvements	(13,476,733.68)	-	(346,713.84)	-	(13,823,447.52)
Furniture and Equipment	(29,697,570.90)	-	(1,298,021.31)	-	(30,995,592.21)
Vehicle, Boats, and Aircraft	(2,107,593.18)	-	(230,076.93)	-	(2,337,670.11)
Other Capital Assets	(18,006,590.74)	-	(2,319,760.65)	-	(20,326,351.39)
Total Accumulated Depreciation	(373,035,725.67)	-	(22,931,686.07)	-	(395,967,411.74)
Depreciable Assets, Net	263,563,176.76	3,636,762.85	(3,174,932.13)	-	264,025,007.48
Intangible Capital Assets- Amortizable					
Computer Software - Intangible	714,547.08	-	587,975.26	-	1,302,522.34
Total Intangible Capital Assets	714,547.08	-	587,975.26	-	1,302,522.34
Less Accumulated Amortization for:					
Computer Software - Intangible	(673,773.38)	-	(40,773.70)	-	(714,547.08)
Leased Land	-	-	(42,391.92)	-	(42,391.92)
Total Accumulated Amortization	(673,773.38)	-	(83,165.62)	-	(756,939.00)
Intangible Capital Assets	40,773.70	-	504,809.64	-	545,583.34
Business Activities Capital and Leased Assets, Net	$ 287,739,488.38	$ -	$ 3,887,861.67	$ -	$ 291,627,350.05

Construction commitments outstanding at year end were as follows:

Project Description/ Project Manager	Overall Project Budget	Total Spent To Date	Remaining Balance
Network & WiFi Upgrade	6,908,475.15	6,202,432.18	706,042.97
TSU Dorm @ Wheeler Survey	95,323.00	10,485.53	84,837.47
Demo & Concrete Durley Field (Athletic Major Project)	95,380.00	29,515.00	65,865.00
Sideline & Turf Install (Athletic Major Project)	519,608.57	90,567.22	429,041.35
	$ 7,618,786.72	$ 6,332,999.93	$ 1,285,786.79

NOTE 3: DEPOSITS AND INVESTMENTS

A. Cash in Bank-Carrying Amount

As of August 31, 2022, the carrying amount of cash is:

Carrying Amount-Cash in Bank	Amount FY
Cash in Bank- Carrying Amount	$ 68,753,979.15
Less: Nonnegotiable CD's included in Carrying Amount	-
Less: Uninvested Collateral Included in Carrying Amount	500,000.00
Less: Nonnegotiable CD's Collateral Included in Carrying Amount	-
Total Cash In Bank	$ 69,253,979.15
Current Assets Restricted Cash in Bank	
Cash in Bank Per AFR	$ 69,253,979.15

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, TSU 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 bank balances that were exposed to custodial credit risks are as follows:

Fund Type	Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution's trust department but not in the state's name
5	$ -	$ 68,253,979.15	$ -

B. Investments

TSU has adopted written investment policies regarding the investment of its endowment and non-endowed funds. All investments shall be made in accordance with applicable laws, the investment policies, and resolutions of the Board of Regents. In summary, TSU is authorized to invest in the following:

Direct obligations of the U.S. Government or its agencies and instrumentalities
Obligations of this State, or its agencies or its instrumentalities
Fully collateralized certificates of deposit
Fully collateralized repurchase agreements or reverse repurchase agreements

Bankers' acceptance notes
Commercial paper
Mutual funds
Investment pools
Cash management and fixed income funds exempt from federal income taxation
Negotiable certificates of deposit
Corporate bonds rated in one of the two highest categories
Common or convertible preferred stock
Foreign government bonds
Foreign corporate bonds

As of August 31, 2022, TSU had the following investments:

Investment Type	Fair Value
U.S. Government Agency Obligations	$ 108,751.95
U.S. Treasury Securities	9,324,415.41
Equity	32,879,719.76
Taxable Municipal Issues	170,550.58
International Government Obligations	390,655.98
Corporate Obligations	6,257,578.45
Bond Mutual Funds	7,373,734.81
International Equity	11,480,043.68
TexStar Investment Pool	1,377,378.59
Fixed Income Money Market Funds	10,342,829.26
Private Credit	1,116,162.38
Hedge Fund	3,329,755.10
U.S. Treasury Bills	2,676,361.92
	$ 86,827,937.88

Credit risk. Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. TSU's investment policy limits investments in obligations of states, agencies, counties, cities, and other political subdivisions of any investments rated greater than A or its equivalent. Corporate bonds, debentures, or similar debt instruments must be rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradation within those categories.

The following table presents each applicable investment type grouped by rating as of August 31, 2022:

Investment Ratings

Investment Type		AAA	AA	AA+	AA-	A
U.S. Government Agency Obligations	$			108,751.95		
U.S. Treasury Securities	$			9,324,415.41		
Taxable Municipal Issues	$	170,550.58				
International Government Obligations	$				182,977.41	
Corporate Obligations	$	59,669.56	144,976.08		203,335.92	778,296.69
Bond Mutual Funds	$	1,777,817.28	528,868.54			19,086.46

Investment Ratings

Investment Type		A+	A-	BBB	BBB+	BBB-
U.S. Government Agency Obligations	$					
U.S. Treasury Securities	$					
Taxable Municipal Issues	$					
International Government Obligations	$	207,678.57				
Corporate Obligations	$	265,628.62	1,164,671.39	656,795.23	1,013,874.13	1,232,604.05
Bond Mutual Funds	$			813,142.11		

Investment Ratings

Investment Type		BB	B	CC	CCC
U.S. Government Agency Obligations	$				
U.S. Treasury Securities	$				
Taxable Municipal Issues	$				
International Government Obligations	$				
Corporate Obligations	$				
Bond Mutual Funds	$	2,188,387.37	1,391,283.85	18,346.30	281,440.10

Unrated

Equity	$	32,879,719.76
International Equity	$	11,480,043.68
Corportate Obligations	$	737,726.75
Bond Mutual Funds	$	355,362.80
Private Credit	$	116,162.38
Hedge Fund	$	3,329,755.10
Cash /Money Markets	$	10,342,829.26
U.S. Treasury Bills	$	2,676,361.92
TextStar Investment Pool	$	1,377,378.59

Concentration of credit risk – investments. TSU's investment policy contains diversification as an investment risk but does not contain any limitation on a dollar amount that may be invested in a specific maturity, issuer, or class of investment for its non-endowment funds and endowment funds.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, TSU will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. TSU's investment policy requires safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in TSU's safekeeping account prior to the release of funds. The investments of $86,873,105.57 are exposed to Uninsured and Unregistered Fair Value, Securities Held by Counterparty Custodial Credit Risk.

Investment Pool: The University is a voluntary participant in the external investment pool with fair value measured as follows:

Investment Pool	Measurement	Credit Risk
TexSTAR	Net Asset Value	AAAm

Interest rate risk-investments. For an investment, this is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following table demonstrates TSU's interest rate risk.

Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10	
U.S. Government Agency Obligations	$ 108,751.95	$ -	$ 93,615.00	$ 15,193.52	$ -	(56.5725)
Treasuries	9,324,415.41	3,443,241.10	4,550,577.70	1,335,447.15	-	(4,850.5)
Taxable Municipal Issues	170,550.58	-	170,639.30	-	-	(88.7)
Corporate Obligations	6,257,578.45	114,539.51	2,394,182.79	3,001,525.60	750,585.73	(3,255.2)
Bond Mutual Funds	7,373,734.81	-	3,905,499.37	3,472,071.24		(3,835.8)
International Government Obligations	390,655.98	-	390,859.20	-	-	(203.2)
Fixed Income Money Market Funds	10,342,829.26	10,342,829.26	-	-	-	-
U.S. Treasury Bills	2,676,361.92	2,676,361.92				-
Total	**$ 36,644,878.37**	**$ 16,576,971.79**	**$ 11,505,373.36**	**$ 7,824,237.51**	**$ 750,585.73**	**(12,290.02)**

Fair value measurement – investments. GASB 72 addresses accounting and reporting issues related to fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at measurement date. GASB 72 establishes a Fair Value Hierarchy that includes three levels of input based on reliability and objectivity of the information:

Level 1 — inputs are quoted prices (unadjusted) in active markets for assets or liabilities identical to the ones being measured. Level 1 inputs receive the highest priority.

Level 2 — inputs are observable for similar assets or liabilities, either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information).

Level 3 — inputs are unobservable (for example: management's assumption of the default rate among underlying mortgages of a mortgage-backed security). Level 3 inputs receive the lowest priority.

Fair Value Hierarchy for TSU's investments as of August 31, 2022 is as follows:

	Fair Value Hierarchy				
Investments	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value	Fair Value
U.S. Government					
US Government Agency Obligations	-	108,751.95	$ -	$ -	$ 108,751.95
US Treasury Securities	9,324,415.41	-	-	-	9,324,415.41
Equity	32,879,719.76	-	-	-	32,879,719.76
Corporate Obligations	-	170,550.58	-	-	170,550.58
Bond Mutual Funds	390,655.98	-	-	-	390,655.98
Taxable Municipal Issues	-	6,257,578.45	-	-	6,257,578.45
International Equity	-	7,373,734.81	-	-	7,373,734.81
International Government Obligations	-	11,480,043.68	-	-	11,480,043.68
TexStar Investment Pool	-	-	-	$1,377,378.59	1,377,378.59
Fixed Income Money Market Funds	10,342,829.26	-	-	-	10,342,829.26
Private Credit	-	-	-	1,116,162.38	1,116,162.38
Hedge Fund	-	-	-	3,329,755.10	3,329,755.10
U.S. Treasury Bills	2,676,361.92	-	-	-	2,676,361.92
Total Investments	$ 55,613,982.34	$ 25,390,659.48	$ -	$ 5,823,296.07	$ 86,827,937.88

NOTE 5: SUMMARY OF LONG-TERM LIABILITIES

During the year ended August 31, 2022, the following changes occurred in the long-term liabilities:

Long-Term Liabilities	Balance 9/1/2021 (as restated)	Additions	Reductions	Balance 8/31/2022	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable:						
Series 2013	10,040,000.00	-	6,275,000.00	3,765,000.00	2,905,000.00	860,000.00
Series 2016	45,175,000.00	-	2,145,000.00	43,030,000.00	2,255,000.00	40,775,000.00
Series 2021	14,275,000.00	-	1,380,000.00	12,895,000.00	1,350,000.00	11,545,000.00
Premiums & discounts	7,633,762.34	-	998,969.10	6,634,793.24	924,584.02	5,709,609.22
Total revenue bonds	77,123,762.34	-	10,798,969.10	66,324,793.24 *	7,434,584.02	58,889,609.22
Lease Payable:						
Lease Liabiltiy	232,952.11	498,859.54	65,190.50	666,621.15	62,138.82	604,482.33
Capital Lease Obligations	1,289.46	-	-	1,289.46	1,289.46	-
Total Lease payable	234,241.57	498,859.54	65,190.50	667,910.61 *	63,428.28	604,482.33
Other Liabilities:						
Asset Retirement Obligations	133,462.62	-	-	133,462.62	-	133,462.62
Employees' Compensated Leave	6,798,445.85	-	1,180,740.39	5,617,705.46	2,925,041.89	2,692,613.57
Total other liabilities	6,931,908.47	-	1,180,740.39	5,751,168.08	2,925,041.89	2,826,076.19
Total	$ 84,289,912.38	$ 498,859.54	$ 12,044,899.99	$ 72,743,871.93	$ 10,423,054.19	$ 62,320,167.74
Long-term Debt Due in More Than One Year				$ 62,320,167.74		
*Debt associated with capital assets				$ 66,992,703.85		

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending Aug. 31	Revenue Bonds	
	Principal	**Interest**
2023	6,510,000.00	2,498,150.00
2024	4,645,000.00	2,242,600.00
2025	3,975,000.00	2,036,150.00
2026	4,165,000.00	1,837,400.00
2027	4,380,000.00	1,629,150.00
2028-2032	21,130,000.00	4,925,050.00
2033-2036	14,885,000.00	1,169,750.00
Total	$ 59,690,000.00	$ 16,338,250.00

Interest expense incurred on revenue bonds for the year ended August 31, 2022 totaled $2,691,015.04

A. Compensated Absences

A State employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. An expense and liability are recorded as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source from which the employee's salary or wage compensation was paid.

B. Asset Retirement Obligations

TSU purchased radiation equipment which resulted in an asset retirement obligation. TSU must estimate the new obligation amount using probability weighting and record the initial measurement as a deferred outflow of resources ARO and a noncurrent ARO. TSU must assess any relevant factors annually to determine if a significant change in current value has occurred, if so, record the change in ARO deferred outflow of resources and noncurrent ARO. When the radiation equipment reaches the end of their useful life, the value of the ARO is moved to current ARO. Current ARO is then reduced by the amount of actual expenditures to retire the asset, with an offset to deferred outflows of resources.

NOTE 6: BONDED INDEBTEDNESS

Revenue Bonds, Series 2013

Purpose	On August 28, 2013 TSU defeased $64,485,000 of outstanding revenue bonds. The transaction refunded bonds 1998A-1, 1998A-2, 1998B, 2002 and 2003 series.
Amount of Issue	$62,355,000; all authorized have been issued
Issue Date	August 28, 2013
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None

Revenue Bonds, Series 2016

Purpose	On June 23, 2016, TSU Board of Regents authorized the issuance of revenue financing system bonds for the purpose of constructing a library/learning center
Amount of Issue	$55,490,000; all authorized have been issued
Issue Date	September 15, 2016
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None

Revenue Bonds, Series 2021

Purpose	On April 15, 2021, TSU Board of Regents authorized the issuance of revenue financing system bonds for the purpose of refinancing Series 2021 Bond for the construction of Leonard Spearman Technology Building.
Amount of Issue	$14,275,000; all authorized have been issued
Issue Date	June 24, 2021
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None

NOTE 8: LEASE LIABILITIES

GASB Statement No. 87, Leases, effective 2022, establishes a single model for lease accounting based on the principle that 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 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 purchases, leases of assets that are investments and certain regulated leases. TSU's leases are recognized and measured using the facts and circumstances that exist at the beginning of the earliest period presented. The State of Texas Comptroller's Office has established a materiality threshold for leases of $100,000 per asset to be applied to the present value of the right-to-use (RTU) assets and/or lease receivable. TSU has adopted this materiality threshold for all GASB 87 leases. TSU signed three (3) lease contracts for land/grounds. These leasing arrangements have been examined according to the GASB 87 standard, implementation guidelines, and the State Comptroller Office's requirements, the details for the identified leases are discussed below.

Included in the expenses reported in the financial statements are the following amounts of rent paid or due.

Fund Type	Amount
Business Fund	$ 65,190.50

Future lease payments having an initial term more than one year are as follows:

Year	Principal	Interest	Total
2023	62,138.82	15,551.69	77,690.51
2024	67,050.60	10,639.90	77,690.50
2025	68,033.22	9,657.27	77,690.49
2026	69,012.35	8,678.16	77,690.51
2027	22,312.94	7,687.06	30,000.00
2028-2032	118,360.64	31,639.36	150,000.00
2033-2037	130,629.11	19,370.89	150,000.00
2038-2042	129,083.47	5,916.52	134,999.99
Total	$ 666,621.15	109,140.85	775,762.00

TSU entered into long term leases for financing the purchase of vehicles, the terms of which expire in 2023.

Assets Under Financed Purchases

August 31, 2022

	Business-Type Activities		
Type	**Financed Purchases**	**Accumulated Depreciation**	**Total**
Vehicles	$ 378,794.51	$ (220,786.47)	$ 158,008.04
Total	$ 378,794.51	$ (220,786.47)	$ 158,008.04

Future minimum lease payments under the financed purchases, together with the present value of the net minimum lease payments at fiscal year-end are:

August 31, 2022

	Business-Type Activities		
Year	**Principal**	**Interest**	**Payments**
2023	1,289.46	2.73	1,292.19
Total	$ 1,289.46	$ 2.73	$ 1,292.19

NOTE 9: EMPLOYEE RETIREMENT PLANS

A. Teacher Retirement System (TRS)

The State of Texas has joint contributory retirement plans for substantially all its employees. One of the primary plans in which TSU participates is a cost-sharing, multi-employer, public employee retirement system administered by the Teacher Retirement System of Texas ("TRS"). TRS is primarily funded through State and employee contributions. Depending upon the source of funding for a participant's salary, TSU may be required to make contributions in lieu of the State.

All TSU personnel employed in a position on a half time or greater basis for at four and a half months or more are eligible for membership in TRS. Members with at least five years of service at age 65 or any combination of age plus years of service which equals 80, have a vested right to retirement benefits. Additionally, reduced benefits are available at age 55 with at least five years of service or at any age below 50 with 30 years of service. Members are fully vested after five years of service and are entitled to any benefits for which the eligibility requirements have been met.

TRS contribution rates for both employers and employees are not actuarially determined but are legally established by the State Legislature. Contributions by employees are 7.7 percent of gross earnings. Depending upon the source of funding for the employee's compensation, the State or TSU contributes a percentage of participant salaries totaling 7.5 percent of annual compensation. TSU's contributions to TRS for the year ended August 31, 2022 were $2,183,235 which equaled the amount of the required contributions for the year.

Each of TRS's component government agencies accounts for its share of the pension fund based on its proportionate share of the State of Texas TRS Pension Fund. Disclosures regarding TSU's proportionate share as well as the underlying actuarial assumptions and conclusions are discussed in a separate note.

Optional Retirement Program (ORP)

The State of Texas has also established an Optional Retirement Program ("ORP") for institutions of higher education. Participation in the ORP is in lieu of participation in TRS. The ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. The contributory percentages of participant salaries currently provided by the State of Texas and each participant are 6.60 percent and 6.65 percent, respectively. Depending upon the source of funding for the employee's compensation, TSU may be required to make the employer contributions in lieu of the State. Additionally, the State or TSU must make additional contributions above six percent depending upon the employee's date of hire. Since these are individual annuity contracts, the State and TSU have no additional or unfunded liability for this program.

Employee Retirement Plans	Aug. 31, 2022
Employee Contribution	$ 2,167,627.42
Employer Contribution	2,386,078.65
	$ 4,553,706.07

NOTE 9A: TRS PENSION FUND – TSU's PROPORTIONATE SHARE

The state of Texas has three retirement systems in its financial reporting entity – Employees Retirement System (ERS), Teacher Retirement System (TRS), and Texas Emergency Services Retirement System (TESRS). These three retirement systems administer the following six defined benefit pension plans:

- ERS – the Employees Retirement System of Texas Plan (ERS), the Law Enforcement and Custodial Officer Supplemental Retirement Plan (LECOS), the Judicial Retirement System of Texas Plan One (JRS 1) and Judicial Retirement System of Texas Plan Two (JRS2).
- TRS – the Teacher Retirement System of Texas (TRS) plan
- TESRS – the Texas Emergency Services Retirement System (TESRS) plan.

ERS, LECOS, JRS2, TRS, and TESRS plans are administered through several trusts; JRS1 plan is on a pay-as-you-go basis.

TRS plan

Teacher Retirement System is the administrator of the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. The employers of the TRS plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, and community and junior colleges. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard workload and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS 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 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members 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 and searching for financial reports.

During the measurement period of 2021 for fiscal 2022 reporting, the amount of TSU's contributions recognized by the plan was $3,130,450. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the members in the measurement period are presented in the table below:

Required Contribution Rates

	TRS Plan
Contribution Rates	
Employer	7.5%
Employees	7.7%

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2021 measurement date.

Actuarial Methods and Assumptions

	TRS Plan
Actuarial Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	7.25%
Investment Rate of Return	7.25%
Long-term Expected Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95% *

Inflation	2.30%
Salary Increase	3.05% to 9.05% including inflation
Mortality	
Active	90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality.
Post-Retirement	2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP.
Ad Hoc Post-Employment Benefit Changes	None

Notes:

* 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 assumptions used in the valuation were primarily based on the result of an actuarial experience study for the three-year period ending August 31, 2017 and adopted in July 2018. The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020 with no changes since the prior measurement date.

There have been no changes to the benefit provisions of the plan since the prior measurement date.
The discount rate of 7.25% was applied to measure the total pension liability.

The discount rate was based on the expected rate of return on pension plan investments of 7.25%. 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 increasing 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 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 on the following page:

Asset Class[1]	Target Allocation[2]	Long-Term Expected Geometric Real Rate of Return[3]
Global Equity		
USA	18.00%	3.60%
Non-US Developed	13.00%	4.40%
Emerging Markets	9.00%	4.60%
Private Equity	14.00%	6.30%
Stable Value		
Government Bonds	16.00%	(0.20)%
Absolute Return		1.10%
Stable Value Hedge Funds	5.00%	2.20%
Real Return		
Real Estate	15.00%	4.50%
Energy, Natural Resources and Infrastructure	6.00%	4.70%
Commodities		1.70%
Risk Parity		
Risk Parity	8.00%	2.80%
Asset Allocation Leverage		
Cash	2.00%	(0.70)%
Asset Allocation Leverage	(6.00)%	(0.50)%
Total	100.00%	

Notes:

[1]Absolute Return includes Credit Sensitive Investments.

[2]Target allocations are based on fiscal year 2021 policy model.

[3]Aon Hewitt Capital Market Assumptions Report as of August 31, 2021

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

Sensitivity of TSU's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
$ 40,821,346	$ 18,681,181	$ 718,787

The pension plan's fiduciary net position is determined using economic resources measurement focus and 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 2021 ACFR.

At August 31, 2022, TSU reported a liability of $18,681,181 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TSU's proportion at August 31, 2022 was 0.0733560159 percent which was a decrease from the 0.0805067380 percent measured at the prior measurement date. TSU'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 entity to the plan for the period September 1, 2020 through August 31, 2021.

For the year ending August 31, 2022, TSU recognized pension expense of $1,161,517. At August 31, 2022, TSU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 31,262.00	$ 1,315,170.00
Changes of assumptions	6,603,433.00	2,878,530.00
Net difference between projected and actual investment return	-	15,663,928.00
Change in proportion and contribution difference	4,783,199.00	3,051,704.00
Contributions subsequent to the measurement date	2,183,235.00	-
Total	$ 13,601,129.00	$ 22,909,332.00

There were $2,183,235 in contributions subsequent to the measurement date that will be recognized as a reduction in the net pension liability for the year ending August 31, 2023.

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

Year Ending August 31:	Amortization of Deferred Outflows/Inflows
2023	$ 1,495,315.00
2024	1,522,560.00
2025	3,184,389.00
2026	4,621,778.00
2027	468,251.00
Thereafter	199,145.00
Total	$ 11,491,438.00

NOTE 9B: ERS OPEB Plan – TSU's PROPORTIONATE SHARE

ERS plan

Employees Retirement System (ERS) is the administrator of the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer defined benefit OPEB plan with a special funding situation.

The 61 employers of SRHP include state of Texas agencies and universities, community and junior colleges, and other entities specified by the Legislature. Benefits are provided to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551.

The SRHP provides postemployment health care, life and dental insurance benefits to retirees. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments.

ERS issued a stand-alone audited Annual Comprehensive Financial Report (ACFR). The ERS ACFR may be obtained from their website at www.ers.texas.gov and searching for reports and studies.

During the measurement period of 2021 for fiscal 2022 reporting, the amount of TSU's contributions recognized by the plan was $2,039,043.22. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. The contribution requirements for the state and the members in the measurement period are presented in the table below:

Employer Contribution Rates
Retiree Health and Basic Life Premium

Retiree Only	$624.82
Retiree & Spouse	1,339.90
Retiree & Children	1,103.58
Retiree & Family	1,818.66

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2021 measurement date.

Actuarial Methods and Assumptions

	SRHP
Actuarial Valuation Date	August 31, 2021
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	2.14% *
Inflation	2.30%

Salary Increase	2.30% to 9.05%, including inflation
Healthcare Cost and Trend Rate	
HealthSelect	5.25% for FY 2023, 5.15% for FY 2024, 5.00% for FY 2025, 4.75% for FY 2026, 4.60% for FY 2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2030 and later years
HealthSelect Medicare Advantage	0.00% for FY 2023, 66.67% for FY 2024, 24.00% for FY 2025, 4.75% for FY 2026, 4.60% for FY 2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2030 and later years
Pharmacy	10.00% for FY 2023 and FY 2024, decreasing 100 basis points per year to 5.00% for FY 2029, and 4.30% for FY 2030 and later years
Aggregate Payroll Growth	2.70%
Retirement Age	Experience-based tables of rates that are specific to the class of employee
Mortality	
State Agency Members	
Service Retirees, Survivors and Other Inactive Members	2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020
Disabled Retirees	2020 State Retirees of Texas Mortality table with a 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, respectively, and Ultimate MP Projection Scale projected from the year 2020
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP Projection Scale from the year 2010
Higher Education Members	
Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disabled Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from year

	2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014
Ad Hoc Post-Employment Benefit Changes	None

** The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.*

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2014 to August 31, 2019 for state agency members and for the period September 1, 2010 to August 31, 2017 for higher education members. The mortality rates were based on the tables identified in the table above titled *Actuarial Methods and Assumptions*. The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

a. The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
b. The proportion of future retirees assumed to be married and electing coverage for their spouse
c. The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement
d. The percentage of Higher Education vested terminated members assumed to have terminate less than one year before the valuation date
e. Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent health plan experience and its effects on our short term expectations. The annual rate of increase in the Patient-Centered Outcomes Research Institute Fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations. Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions; and
f. The discount rate was changed from 2.20% as of August 31, 2020 to 2.14% as of August 31, 2021 as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 2.14% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 2.20%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay as you go basis and is not intended to accumulate assets, there is no long-term expected rate of return. ERS' board of trustees adopted an amendment to the investment policy in August 2017 to require that all funds in this plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments be at least 2.4%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 2.20%.

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of TSU's net OPEB liability. The result of the analysis is presented in the table below:

Sensitivity of TSU's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

1% Decrease (1.14%)	Current Discount Rate (2.14%)	1% Increase (3.14%)
$ 108,164,053	$ 90,814,951	$ 77,241,871

Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the proportionate share of TSU's net OPEB liability. The result of the analysis is presented in the table below:

Sensitivity of TSU's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

HealthSelect (HS) or HealthSelect Medicare Advantage (HSMA)

1% Decrease HS/HSMA/Pharmacy: 4.25/-1.00/9.00 % decreasing to 3.30%	Current Healthcare Cost Trend Rates HS/HSMA/Pharmacy: 5.25/0.00/10.00 % decreasing to 4.30%	1% Increase HS/HSMA/Pharmacy: 6.25/1.00/11.00 % decreasing to 5.30%
$ 76,046,831	$ 90,814,951	$ 110,163,815

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2021 ACFR.

At August 31, 2022, TSU reported a liability of $90,814,951 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of August 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. TSU's proportion at August 31, 2021 was 0.25313914 percent. TSU's proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2020 through August 31, 2021.

For the year ending August 31, 2022, TSU recognized OPEB expense of $16,670,940. At August 31, 2022, TSU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,227,589
Changes of assumptions	6,217,547	10,114,752
Net difference between projected and actual investment return	16,084	-
Effect of change in proportion and contribution difference	32,948,753	3,607,232
Total	**$ 39,182,384**	**$ 15,949,573**

There were no deferred outflows of resources resulting from contributions subsequent to the measurement date that will be recognized as a reduction in the net OPEB liability for the year ending August 31, 2023.

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the following years:

Year Ending August 31:	Amortization of Deferred Outflows/Inflows
2023	$ 13,181,517.00
2024	9,834,202.00
2025	702,950.00
2026	(367,548.00)
2027	(118,310.00)
Total	$ 23,232,811.00

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

TSU reports their financial statements in accordance with GASB Statement No. 35. The statement requires TSU to report as one fund. Accordingly, no interfund balances and activities are reported.

NOTE 15: CONTINGENCIES AND COMMITMENTS

A. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although TSU expects such amounts, if any, to be immaterial.

B. Lawsuits

TSU is a defendant in numerous lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of TSU's management that resolution of these matters will not have a materially adverse effect on the financial condition of TSU.

NOTE 16: SUBSEQUENT EVENT

TSU evaluated subsequent events through Month XX, 2023, the date the financial statements were available to be issued and is not aware of any subsequent events that would require recognition or disclosure.

NOTE 17: RISK FINANCING AND RELATED INSURANCE

Texas Southern University endeavors to manage its financial exposures and third-party claims that are inherent with business transactions. The University conducts periodic assessments of operations in accord with risk profiles to determine risk transfer, retention and management strategies. There have been no significant reductions in insurance coverage in the past year and losses have not exceeded policy limits in the life of the insurance program.

The following outlines relevant insurance coverage and other applicable provisions.

Property Insurance, Equipment Breakdown and Terrorism
Pursuant to Chapter 412 of the Texas Labor Code, Texas Southern University participates in the Statewide Property Insurance Program to transfer financial burden resulting from property damage and loss of University assets. The program, administered by the State Office of Risk Management, affords a shared limit that includes coverage for both building contents and business interruptions.

Workers' Compensation
Pursuant to Chapters 412 and 501 of the Texas Labor Code, the State of Texas self-insures with respect to workers' compensation. The statutory Government Employees Workers' Compensation Insurance Program is administered by the State Office of Risk Management and provides mandatory workers' compensation coverage and risk management services to all state agencies. Texas Southern University employees are provided continuous coverage pursuant to Chapter 501.

The coverage extends domestically and in foreign countries. The current General Appropriations Act provides that TSU must reimburse the general revenue fund, consolidated from TSU appropriations, one-half of the unemployment benefits and 25 percent of the workers' compensation benefits paid for former and current employees. The Comptroller determines the proportionate amount to be reimbursed from each appropriated fund type. TSU must reimburse the general revenue fund 100 percent of the cost for workers' compensation and unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the State treasury. Workers' compensation and unemployment plans are on a pay- as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2022.

General Liability
As an agency of the State of Texas, the University has limited liability pursuant to Chapter 101 of the Texas Civil Practice and Remedies Code. The limits of liability under Chapter 101 are $250,000 for each person, $500,000 for each single occurrence for bodily injury or death and $100,000 for each single occurrence for injury or destruction of property. The University maintains insurance policies including Commercial General, Umbrella, Directors and Officers, Employment Practices and Internships Professional Liability to satisfy any contractual obligations.

Automobile Liability
Texas Southern University maintains a Commercial Auto Liability Policy for owned, hired and leased, and loaned vehicles with limits of $250,000 per person, $500,000 per accident for bodily injury and $100,000 per accident for property damage the extent of the waivers of State sovereign immunity specified in the Texas Tort Claims Act. In addition, coverage includes $1,000,000 Combined Single Limit Bodily Injury & Property Damage per Accident for claims that are not subject to the Texas Tort Claims Act.

NOTE 18: MANAGEMENT'S DISCUSSION AND ANALYSIS

Although normally included as Note 18 following the Comptroller's requirements, Management's Discussion and Analysis is included as a separate section in the front of this report to comply with GASB.

NOTE 19: THE FINANCIAL REPORTING ENTITY

A. Related Parties

TSU is affiliated with the Texas Southern University Foundation. The stated purpose of the foundation is "to solicit and receive gifts, grants, devices, or bequests and to maintain, use, and apply the income there from and the principal thereof exclusively for charitable, scientific, literary or educational activities in order to aid and benefit Texas Southern University." According to foundation bylaws, the President of TSU and a representative of TSU's Board of Regents shall be ex officio members of the foundation's Board of Directors with full voting rights.

TSU is also affiliated with the Texas Southern University Alumni Association. The alumni association is a non- profit organization created for the purpose of promoting, fostering, and advancing the educational goals of TSU and the interests and welfare of its students; to provide the means for continuing relationships between TSU, former students, and the community; and to enable them to contribute to and share in the progress of TSU. All former students are eligible for membership in the alumni association. The Board of Directors of the alumni association is elected by the membership. TSU administration has no controlling interest in the alumni association.

The financial statements of TSU encompass the financial activity only of TSU. TSU does not have any component entities that should be included in these financial statements.

NOTE 20: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

TSU has no material violations of finance related legal and contract provisions. Per the laws of the State of Texas, TSU cannot spend amounts in excess of appropriations granted by the Texas Legislature and there are no deficits reported in net position.

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

Donor-Restricted Endowments	Amount of Net Appreciation (Depreciation)	Reported in Net Position
True Endowments	$ 40,855,921.14	Restricted for expendable
Term Endowments	2,788,822.62	Restricted for expendable
Total	$ 43,644,743.76	

In the table above, amounts reported as "Net Appreciation" represent net appreciation (cumulative and unexpended) on investments of donor or constitutionally restricted endowments that are available for authorization and expenditure by the TSU Board of Regents. For donor restricted endowments, pursuant to the Uniform Prudent Management of Institutional Funds Act, as adopted by Texas, the TSU Board of Regents may distribute net appreciation, realized and unrealized, in the fair market value of the assets of endowment holdings over the historic dollar value of the gifts, to the extent prudent.

TSU's spending policy for endowments reflects an objective to distribute as much of the total return as is consistent with overall investment objectives while protecting the real value of the endowment corpus. The primary long-term investment objective of the endowment is to earn a total rate of return that exceeds the spending rate plus the cost of managing the investment fund. The university all-inclusive spending rate of 7%, which includes 5% spending rate and 0.5% costs of managing the investment fund. In order to preserve purchasing power parity, the Endowment's spending policy shall not exceed 5%. The calculation of the 5% spending rate will be based upon a three year moving average of Endowment Fund earnings with the most recent year removed. The 5% annual spending rate is required to be applied to each individual endowment. The University will calculate the average market value based upon the time period that these endowments are in existence.

Endowments	Increase/Decrease	Reason For Change
True Endowments	$11,229,368.25	Fair value increase in portfolio
Term Endowments	886,952.76	Fair value increase in portfolio
Total	$12,116,321.01	

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Aggregate receivables and other payables as reported on the statement of net position as of August 31, 2022, are detailed as follows:

Receivables	Balance
Student Accounts	$ 23,905,138.31
Suspense Clearing	506,510.24
Other Receivables	74,637.33
Non-Federal Grants	1,179,490.57
Third Party Accounts	709,112.37
Less Allowance	(6,798,671.33)
Total	$ 19,576,217.49

Other Payables	Balance
Sales Tax	$ 88,458.60
Advanced Payments-Peldged Aux Dorm	(663,793.08)
ARO Capital Liability	(295,566.99)
Student Deposits	(75,438.04)
Bookstore Clearing	(15,400.00)
Cashier Overage-Shortage	751.87
Declining Balance Debit Card	(1,850.78)
Housing and Housing Reserve	(15,150.85)
Installment Payments Clearing	(1,956.00)
International Student Health Insurance	(361,015.83)
Student Health Insurance Fee - Reg	4,108.00
License Prof Insurance	(40,503.50)
Suspense Clearing	459,934.54
Texas B on Time Loan	(15,480.24)
Retainage Payable	(2,198,161.79)
Wiley College	(1,920.00)
Total	$ (3,132,984.09)

NOTE 28: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In fiscal year 2022, TSU reported deferred outflows of resources in connection with GASB 68 pension plan, GASB 75 OPEB plan, Asset Retirement Obligation, and a loss on refunding series 2011 bond as well as deferred inflows of resources for GASB 68 pension plan and GASB 75 OPEB.

As of August 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
TRS Pension Plan (GASB 68)	$ 13,601,129.00	$ 22,909,332.00
ERS OPEB Plan (GASB 75)	39,182,384.00	15,949,573.00
Asset Retirement Obligation (GASB 83)	133,462.62	-
Deferred Loss on Refunding	105,768.72	-
Total	$ 53,022,744.34	$ 38,858,905.00

Deferred outflows of resources of $13,601,129.00 and Deferred inflows of resources of $22,909,332 were related to changes in employee TRS pension plan. Deferred outflows of resources of $39,182,384 and Deferred inflows of resources of $15,949,573.00 were related to changes in employee OPEB plan. See Note 9 for additional information. Deferred outflows of resources of $133,462.62 were related to Asset Retirement Obligation. Deferred loss on refunding was related to the loss on Series 2021 Bond that refunded Series 2011 Bond.

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SUPPLEMENTARY INFORMATION

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TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE OF OPERATING EXPENSES

For the Year Ended August 31, 2022

Expenses by Natural Classification		**2022**
Salaries and Wages	$	97,222,758.09
Payroll Related Costs		39,724,217.47
Professional Fees and Services		14,632,514.33
Travel		2,315,668.47
Materials and Supplies		12,885,104.32
Communication and Utilities		7,392,008.05
Repairs and Maintenance		10,365,155.37
Rentals and Leases		1,863,856.25
Printing and Reproductions		523,660.48
Federal Pass-Through Expense		366,670.91
Bad Debt Expense		2272495.00
Scholarships		42,927,227.05
Other Operating Expenses		10,659,652.23
Depreciation		23,014,851.69
Total Operating Expenses by Natural Class	$	266,165,839.71

Expenses by NACUBO Classification		**2022**
Instruction	$	76,911,091.39
Research		6,847,753.20
Public Service		2,315,949.05
Academic Support		12,074,433.76
Student Services		14,543,131.47
Institutional Support		59,025,760.03
Operation and Maintenance of Plant		17,721,445.54
Scholarships and Fellowships		35,118,277.76
Auxiliary		18,433,657.44
Depreciation		23,174,340.07
Total Operating Expenses by NACUBO	$	266,165,839.71

Texas Southern University

(An Agency of the State of Texas)

SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	ALN Number	NSE Name/ *Id. No.*	Agy/ Univ No	Pass-through From: Pass-Through From Agencies or Universities Amount	Pass-through From: Pass-Through From Non-State Entities Amount	Direct Program Amount
U.S. Department of Education						
Minority Science and Engineering Improvement	84.120A	Howard University/ *P120A190033*			58,853.47	
Direct Programs:						
Higher Education Institutional Aid	84.031					11,201,059.43
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E					13,579,125.00
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F					3,251,165.26
COVID-19 - HEERF Historically Black Colleges and Universities (HBCUs)	84.425J					41,058,582.81
Pass-Through From:						
Governors Emergency Education Relief (GEER) Fund	84.425C					
Pass-Through From:						
Texas Higher Education Coordinating Board			781	928,436.68		
Totals - U.S. Department of Education				928,436.68	58,853.47	69,089,932.50
U.S. Department of Health and Human Services						
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	Deep South Center for Environmental Justice, Inc./ *2U45ES010664-22*			241,736.57	
Direct Programs:						
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243					695,645.56
Totals - U.S. Department of Health and Human Services				0	241,736.57	695,645.56
U.S. Department of Justice						
Direct Programs:						
Public Safety Partnership and Community Policing Grants	16.710					66,578.07
Totals - U.S. Department of Justice				0	0	66,578.07
U.S. Department of Transportation						
Direct Programs:						
Highway Training and Education	20.215					19,776.50
Totals - U.S. Department of Transportation				0	0	19,776.50
Research & Development Cluster						
National Aeronautics and Space Administration						
Direct Programs:						
Space Operations	43.007					494.3
Totals - National Aeronautics and Space Administration				0	0	494.3
National Science Foundation						
Computer and Information Science and Engineering	47.070	Platforms for Advanced Wireless Research (PAWR)/ *CNS-1719547*			18,942.45	
Education and Human Resources	47.076	Howard University/ *1901420*			20,828.11	
Education and Human Resources		Platforms for Advanced Wireless Research (PAWR)/ *R76522*			18,740.31	
Education and Human Resources		University of California - San Diego/ *KR 705026/DUE-1821521*			8,906.72	

		Pass-through To			
		Pass-Through To Agencies or	Pass-Through To Non-State		
Total Amount PT From and Direct Prog.	Agy/ Univ No.	Universities Amount	Entities Amount	Expenditures Amount	Total Amount PT To and Expenditures
58,853.47				58,853.47	58,853.47
11,201,059.43				11,201,059.43	11,201,059.43
13,579,125.00				13,579,125.00	13,579,125.00
3,251,165.26				3,251,165.26	3,251,165.26
41,058,582.81				41,058,582.81	41,058,582.81
928,436.68				928,436.68	928,436.68
70,077,222.65		0	0	70,077,222.65	70,077,222.65
241,736.57				241,736.57	241,736.57
695,645.56				695,645.56	695,645.56
937,382.13		0	0	937,382.13	937,382.13
66,578.07				66,578.07	66,578.07
66,578.07		0	0	66,578.07	66,578.07
19,776.50				19,776.50	19,776.50
19,776.50		0	0	19,776.50	19,776.50
494.3				494.3	494.3
494.3		0	0	494.3	494.3
18,942.45				18,942.45	18,942.45
20,828.11				20,828.11	20,828.11
18,740.31				18,740.31	18,740.31
8,906.72				8,906.72	8,906.72

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	ALN Number	NSE Name/ *Id. No.*	Agy/ Univ No	Pass-through From: Pass-Through From Agencies or Universities Amount	Pass-through From: Pass-Through From Non-State Entities Amount	Direct Program Amount
Direct Programs:						
Engineering	47.041					19,923.96
Mathematical and Physical Sciences	47.049					11,812.97
Computer and Information Science and Engineering	47.070					56,675.57
Education and Human Resources	47.076					790,261.43
Education and Human Resources	47.076					156,895.87
Pass-Through To:						
University of Houston						
Education and Human Resources	47.076					82,372.83
Pass-Through To:						
Texas State University						
Education and Human Resources	47.076					60,834.05
Pass-Through To:						
University of Houston - Clear Lake						
Totals - National Science Foundation				0	67,417.59	1,178,776.68
U.S. Department of Defense						
Basic, Applied, and Advanced Research in Science and Engineering	12.630	Academy of Applied Science/ *W911NF1020076;601 608 FY21*			6,629.83	
Air Force Defense Research Sciences Program	12.800	Clarkson Aerospace Corporation/ *FA9550-21-1-0460;TSU-21-1-0460*			73,978.98	
Pass-Through From:						
Basic and Applied Scientific Research	12.300					
Pass-Through From:						
University of Houston			730	8,630.19		
Totals - U.S. Department of Defense				8,630.19	80,608.81	0
U.S. Department of Health and Human Services						
Maternal and Child Health Federal Consolidated Programs	93.110	Baylor University/ *5T16MC29831-04-00*			4,500.02	
Trans-NIH Research Support	93.310	Duke University/ *IU24MD16258-01/303000432*			59,244.23	
Direct Programs:						
Minority Health and Health Disparities Research	93.307					1,857,812.45
Minority Health and Health Disparities Research	93.307					19,866.81
Pass-Through To:						
University of Texas at El Paso						
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779					123,378.79
Biomedical Research and Research Training	93.859					158,149.43
Biomedical Research and Research Training	93.859					26,777.05
Pass-Through To:						

Total Amount PT From and Direct Prog.	Agy/ Univ No.	Pass-through To: Pass-Through To Agencies or Universities Amount	Pass-through To: Pass-Through To Non-State Entities Amount	Expenditures Amount	Total Amount PT To and Expenditures
19,923.96				19,923.96	19,923.96
11,812.97				11,812.97	11,812.97
56,675.57				56,675.57	56,675.57
790,261.43				790,261.43	790,261.43
156,895.87					156,895.87
	730	156,895.87			
82,372.83					82,372.83
	754	82,372.83			
60,834.05					60,834.05
	759	60,834.05			
1,246,194.27		300,102.75	0	946,091.52	1,246,194.27
6,629.83				6,629.83	6,629.83
73,978.98				73,978.98	73,978.98
8,630.19				8,630.19	8,630.19
89,239.00		0	0	89,239.00	89,239.00
4,500.02				4,500.02	4,500.02
59,244.23				59,244.23	59,244.23
1,857,812.45				1,857,812.45	1,857,812.45
19,866.81					19,866.81
	724	19,866.81			
123,378.79				123,378.79	123,378.79
158,149.43				158,149.43	158,149.43
26,777.05					26,777.05

Federal Grantor/ Pass-through Grantor/ Program Title	ALN Number	NSE Name/ *Id. No.*	Agy/ Univ No	Pass-through From: Pass-Through From Agencies or Universities Amount	Pass-through From: Pass-Through From Non-State Entities Amount	Direct Program Amount
University of Houston						
Vision Research	93.867					81,491.17
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925					571,939.97
Pass-Through From:						
Cancer Treatment Research	93.395					
Pass-Through From:						
University of Houston			730	42,125.22		
Totals - U.S. Department of Health and Human Services				42,125.22	63,744.25	2,839,415.67
U.S. Department of Housing and Urban Development						
Direct Programs:						
General Research and Technology Activity	14.506					33,160.09
Totals - U.S. Department of Housing and Urban Development				0	0	33,160.09
U.S. Department of Justice						
Direct Programs:						
Postconviction Testing of DNA Evidence	16.820					9,870.40
Totals - U.S. Department of Justice				0	0	9,870.40
U.S. Department of Transportation						
University Transportation Centers Program	20.701	University of North Carolina - Chapel Hill/ *69A3551747133/2016 0688-01-TSU*			140,116.60	
Direct Programs:						
Highway Planning and Construction	20.205					78,539.59
University Transportation Centers Program	20.701					19,924.30
Pass-Through To:						
University of Texas at Arlington						
Pass-Through From:						
Highway Planning and Construction	20.205					
Pass-Through From:						
Texas Department of Transportation			601	89,591.70		
University Transportation Centers Program	20.701					
Pass-Through From:						
University of Texas at Austin			721	123,904.36		
Totals - U.S. Department of Transportation				213,496.06	140,116.60	98,463.89
Student Financial Assistance Programs Cluster						
U.S. Department of Education						
Direct Programs:						
Federal Supplemental Educational Opportunity Grants	84.007					370,446.80
Federal Work-Study Program	84.033					533,151.48
Federal Pell Grant Program	84.063					24,543,459.69
Federal Direct Student Loans	84.268					72,972,110.00
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379					87,489.50
Totals - U.S. Department of Education				0	0	98,506,657.47
U.S. Department of Health and Human Services						

Total Amount PT From and Direct Prog.	Agy/ Univ No.	Pass-through To: Pass-Through To Agencies or Universities Amount	Pass-through To: Pass-Through To Non-State Entities Amount	Expenditures Amount	Total Amount PT To and Expenditures
	730	26,777.05			
81,491.17				81,491.17	81,491.17
571,939.97				571,939.97	571,939.97
42,125.22				42,125.22	42,125.22
2,945,285.14		46,643.86	0	2,898,641.28	2,945,285.14
33,160.09				33,160.09	33,160.09
33,160.09		0	0	33,160.09	33,160.09
9,870.40				9,870.40	9,870.40
9,870.40		0	0	9,870.40	9,870.40
140,116.60				140,116.60	140,116.60
78,539.59				78,539.59	78,539.59
19,924.30					19,924.30
	714	19,924.30			
89,591.70				89,591.70	89,591.70
123,904.36				123,904.36	123,904.36
452,076.55		19,924.30	0	432,152.25	452,076.55
370,446.80				370,446.80	370,446.80
533,151.48				533,151.48	533,151.48
24,543,459.69				24,543,459.69	24,543,459.69
72,972,110.00				72,972,110.00	72,972,110.00
87,489.50				87,489.50	87,489.50
98,506,657.47		0	0	98,506,657.47	98,506,657.47

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 1A - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended August 31, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	ALN Number	NSE Name/ *Id. No.*	Agy/ Univ No	Pass-through From: Pass-Through From Agencies or Universities Amount	Pass-through From: Pass-Through From Non-State Entities Amount	Direct Program Amount
Direct Programs:						
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925					627,828.35
Totals - U.S. Department of Health and Human Services				0	0	627,828.35
TRIO Cluster						
U.S. Department of Education						
Direct Programs:						
TRIO Student Support Services	84.042A					504,181.93
TRIO Talent Search	84.044A					415,997.36
TRIO Upward Bound	84.047A					436,308.03
Upward Bound Math-Science	84.047M					223,743.07
TRIO Educational Opportunity Centers	84.066					317,898.07
Totals - U.S. Department of Education				0	0	1,898,128.46
Total Expenditures of Federal Awards				**1,192,688.15**	**652,477.29**	**175,064,727.94**

SEFA NOTE 2

Federal Revenue-Operating

Federal Revenue-Non-Operationg Title IV

Federal Revenue Non-Operationg Cares Funding

FederalRevenue Non-Operating HEERF HBCU

Federal Pass Through Reveune

Federal Direct Student Loan

		Pass-through To			
		Pass-Through To Agencies or	Pass-Through To Non-State		
Total Amount PT From and Direct Prog.	Agy/ Univ No.	Universities Amount	Entities Amount	Expenditures Amount	Total Amount PT To and Expenditures
627,828.35				627,828.35	627,828.35
627,828.35		0	0	627,828.35	627,828.35
504,181.93				504,181.93	504,181.93
415,997.36				415,997.36	415,997.36
436,308.03				436,308.03	436,308.03
223,743.07				223,743.07	223,743.07
317,898.07				317,898.07	317,898.07
1,898,128.46		0	0	1,898,128.46	1,898,128.46
176,909,893.38		**366,670.91**	**0**	**176,543,222.47**	**176,909,893.38**

19,676,985.28
25,001,395.99
13,579,125.00
44,487,588.96
1,192,688.15
72,972,110.00
176,909,893.38

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 1B - STATE GRANT PASS THROUGH FROM/TO STATE AGENCIES

For the Year Ended August 31, 2022

Pass Through From:

Texas State Board of Public Accountancy (Agenncy# 457.0001)	$	7,816.00
Cancer Prevention & Research Inst of Tx (Agency# 542.0185		581,273.49
Texas Commission on Environmental Quality(Agency#582.0097)		129,979.18
University of Houston(Agency#730.0001		95,819.72
Texas A&M University System Health Sci Ctr (Agency# 709.0026)		14,759.00
Texas Higher Education Coordinating Board (Agency# 781.0008)		6,333,339.45
Texas Higher Education Coordinating Board (Agency# 781.0023)		71,353.00
Texas Higher Education Coordinating Board (Agency# 781.0029)		42,907.00
Texas Higher Education Coordinating Board (Agency# 781.0075)		9,631.00
Texas Higher Education Coordinating Board (Agency# 781.0082)		15,000.00
Total Pass Through From Other Agencies	$	7,301,877.84

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 2A - MISCELLANEOUS BOND INFORMATION

For the Year Ended August 31, 2022

Business-Type Activities

Description	Interest Rate	Maturity Dates First Year	Maturity Dates Last Year	First Call Date	Original Issue
Revenue Bonds- Self Supporting					
Series 2013	2.00-5.00%	2013	2023	n/a	62,355,000.00
Series 2016	2.00-3.00%	2016	2036	5/1/2026	55,490,000.00
Series 2021	2.00-5.00%	2021	2030	n/a	14,275,000.00
Total Revenue Bonded Debt					$ 117,845,000.00

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 2B - CHANGES IN BOND INDEBTEDNESS

For the Year Ended August 31, 2022

Description	Bonds Outstanding 09/01/2021	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Par Value Adjustments	Bonds Outstanding 8/31/2022	Unamortized Premium	Unamortized Discount	Adjustments	Net Bonds Outstanding 8/31/2022	Amounts Due Within One Year	Bonds Outstanding 8/31/2022
Revenue Bonds- Self Supporting												
Series 2013	10,040,000.00	-	6,275,000.00	-	-	3,765,000.00		-	-	3,765,000.00	2,905,000.00	3,765,000.00
Series 2016	45,175,000.00	-	2,145,000.00	-	-	43,030,000.00	4,242,297.50	-	-	47,272,297.50	2,255,000.00	43,030,000.00
Series 2021	14,275,000.00	-	1,380,000.00	-	-	12,895,000.00	2,391,895.75			15,286,895.75	1,350,000.00	12,895,000.00
Total General Bonded Debt	$ 69,490,000.00	$ -	$ 9,800,000.00	$ -	$ -	$ 59,690,000.00	$6,634,193.25	$ -	$ -	$ 66,324,193.25	$ 6,510,000.00	$ 59,690,000.00

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 2C - DEBT SERVICE REQUIREMENTS

For the Year Ended August 31, 2022

Year Ending	Series 2021 Revenue Bonds Refunding			Series 2013 Revenue Bonds Refunding		
Aug. 31	Principal	Interest	Total	Principal	Interest	Total
2023	1,350,000.00	644,750.00	1,994,750.00	2,905,000.00	92,500.00	2,997,500.00
2024	1,420,000.00	577,250.00	1,997,250.00	860,000.00	17,200.00	877,200.00
2025	1,490,000.00	506,250.00	1,996,250.00			
2026	1,560,000.00	431,750.00	1,991,750.00			
2027	1,640,000.00	353,750.00	1,993,750.00			
2028-2030	5,435,000.00	552,250.00	5,987,250.00	-	-	-
Total	$ 12,895,000.00	$ 3,066,000.00	$ 15,961,000.00	$ 3,765,000.00	$ 109,700.00	$ 3,874,700.00

Year Ending	Series 2016 Revenue Bonds		
Aug. 31	Principal	Interest	Total
2023	2,255,000.00	1,760,900.00	4,015,900.00
2024	2,365,000.00	1,648,150.00	4,013,150.00
2025	2,485,000.00	1,529,900.00	4,014,900.00
2026	2,605,000.00	1,405,650.00	4,010,650.00
2027	2,740,000.00	1,275,400.00	4,015,400.00
2028-2032	15,695,000.00	4,372,800.00	20,067,800.00
2033-2036	14,885,000.00	1,169,750.00	16,054,750.00
Total	$ 43,030,000.00	$13,162,550.00	$ 56,192,550.00

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 2D - ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE

For the Year Ended August 31, 2022

	Pledged and Other Sources and Related Expenditures for FY 2022			
Business-Type Activities	**Net Available for Debt Service**		**Debt Service**	
Revenue Bonds	**Total Pledged and Other Sources**	**Operating Expenses/ Expenditures and Capital Outlay**	**Principal**	**Interest**
BOND SERIES				
TRB 2013, 2016, 2021	$79,329,322.43	$ 72,707,317.29	$ 9,800,000.00	$ 2,691,015.04
Total	$79,329,322.43	$ 72,707,317.29	$ 9,800,000.00	$ 2,691,015.04

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
Required Supplementary Information
For the Last Eight Years Ended August 31 *

Schedule of Proportionate Share of Net Pension Liability*
Teacher Retirement System of Texas

	2021	2020	2019	2018	2017	2016	2015	2014
TSU's proportion of the net pension liability	0.0734%	0.0805%	0.0714%	0.0722%	0.0591%	0.0562%	0.0572%	0.0677%
TSU's proportionate share of the net pension liability	$18,681,181	$43,117,766	$37,133,090	$39,735,872	$18,886,127	$21,231,694	$20,380,538	$18,085,720
TSU's covered payroll	$55,338,037	$56,860,767	$53,462,578	$48,780,116	$21,229,587	$21,992,327	$22,004,400	$24,812,792
TSU's proportionate share of the net pension liability as a percentage of its covered payroll	33.76%	75.83%	69.46%	81.46%	88.96%	100.01%	91.94%	72.89%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

* This schedule is intended to present 10 years of information. Currently only eight years of information is available. Information for future years will be added when it becomes available.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
Required Supplementary Information
For the Last Nine Years Ended August 31 *

Schedule of Employer Contributions*
Teacher Retirement System of Texas

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions	$2,723,694	$2,595,707	$2,492,675	$2,050,711	$2,089,619	$1,251,453	$1,174,302	$1,694,645	$2,151,269
Contributions in relation to the statutorily required contributions	$2,723,694	$2,595,707	2,492,675	2,050,711	2,089,619	1,251,453	1,174,302	1,694,645	1,702,626
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	448,643
Covered payroll	$55,338,037	$58,479,781	$56,860,767	$53,462,578	$48,780,116	$21,229,587	$21,992,327	$22,004,400	$24,812,792
Contributions as a percentage of covered payroll	4.92%	4.44%	4.38%	3.84%	4.28%	5.89%	5.34%	7.70%	6.86%

* 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.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
Required Supplementary Information
For the Last Five Years Ended August 31 *

Schedule of Proportionate Share of Net OPEB Liability*
Employee Retirement System of Texas Plan

	2021	**2020**	**2019**	**2018**	**2017**
TSU's proportion of the net OPEB liability	0.2531391%	0.2590784%	0.23850393%	0.21979663%	0.02648200%
TSU's proportionate share of the net OPEB liability	$90,814,951	$85,611,509	$82,433,337	$65,142,759	$90,232
TSU's covered payroll	$0.00	$0.00	$0.00	$0.00	$6,040,027
TSU's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	1.49%
Plan fiduciary net position as a percentage of the total OPEB liability	0.38%	0.32%	1.27%	1.27%	2.04%

* This schedule is intended to present 10 years of information. Currently only five years of information is available. Information for future years will be added when it becomes available.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
Required Supplementary Information
For the Last Five Years Ended August 31 *

Schedule of Employer Contributions*
Employees Retirement System of Texas

	2,022	2021	2020	2019	2018
Statutorily required contributions	$ -	$ -	$ -	$ -	$ 6,040,027.00
Contributions in relation to the statutorily required contributions	-	-	-	-	$ 6,040,027.00
Contribution deficiency (excess)	-	-	-	-	-
Covered-employee payroll	$ -	$ -	$ -	$ -	$ 6,040,027.00
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	100.00%

* This schedule is intended to present 10 years of information. Currently only five years of information is available. Information for future years will be added when it becomes available.

OFFICIAL STATEMENT DATED JULY 11, 2023

NEW ISSUE – BOOK-ENTRY-ONLY | **RATINGS: Insured: S&P: "AA"**
Underlying: Fitch: "BBB+"
See "BOND INSURANCE" and "RATINGS" herein

In the opinion of Bracewell LLP ("Bond Counsel") under existing law, interest on the Bonds (defined herein) (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, which includes information regarding potential alternative minimum tax consequences for corporations.

$80,680,000
TEXAS PUBLIC FINANCE AUTHORITY
TEXAS SOUTHERN UNIVERSITY
REVENUE FINANCING SYSTEM BONDS, SERIES 2023

Dated Date and Interest Accrual Date: Date of Delivery (defined below) **Due: May 1, as shown on page ii**

The Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2023 (the "Bonds") are issued by the Texas Public Finance Authority (the "Authority" or the "Issuer") on behalf of the Board of Regents (the "Board of Regents") of Texas Southern University (the "University") for the purposes described below. The Bonds are payable from and secured solely by a lien on and pledge of the "Pledged Revenues" (as defined herein) of the University's Revenue Financing System on a parity with the University's outstanding "Parity Obligations" (as defined herein). The Bonds are issued pursuant to a Master Resolution (defined herein), as supplemented by a Twelfth Supplement (defined herein), adopted by the Authority's Board of Directors and the Board of Regents, and a Pricing Certificate (defined herein) which provide for the issuance of the Bonds (collectively the "Resolution"). See "PLAN OF FINANCING – Authority for Issuance of the Bonds." **THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE BOARD OF REGENTS, THE AUTHORITY, THE UNIVERSITY OR ANY PART THEREOF, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE STATE OF TEXAS, THE AUTHORITY, NOR ANY OTHER AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, OTHER THAN AS PROVIDED IN THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE AUTHORITY, NOR ANY AGENCY, POLITICAL CORPORATION OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.** See "SECURITY FOR THE BONDS."

The proceeds from the sale of the Bonds will be used to provide funds for the Board of Regents to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure in accordance with Section 55.1799, Texas Education Code, as amended, and specifically: (i) construction of the Nabrit Science Building, (ii) upgrades to signage and wayfinding, (iii) construction of the Catalyst for Urban Transformation, (iv) construction of a health and wellness center, and (v) paying costs of issuance with respect to the Bonds. See "PLAN OF FINANCING."

Interest on the Bonds accrues from the Date of Delivery (defined below), and is payable initially on November 1, 2023 and each May 1 and November 1 thereafter until maturity or prior redemption, calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds are initially issuable only to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the purchasers thereof. Interest on and principal of the Bonds will be payable by U.S. Bank Trust Company, National Association, Houston, Texas, the initial Paying Agent/Registrar, to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds.

BAM
BUILD AMERICA MUTUAL

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company. See "BOND INSURANCE."

The Bonds are subject to redemption prior to maturity as provided herein. See "DESCRIPTION OF THE BONDS – Redemption."

MATURITY DATES, INTEREST RATES, YIELDS AND
OTHER TERMS FOR THE BONDS (See Maturity Schedule on page ii)
CUSIP Prefix: 88277P

The Bonds are offered for delivery when, as, and if issued and accepted by the underwriters listed below (collectively, the "Underwriters"), and subject to approval of legality by the Attorney General of the State of Texas and the opinion of Bracewell LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority by the General Counsel of the Authority and by Escamilla & Poneck, LLP, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Greenberg Traurig, LLP. See "LEGAL MATTERS." The Bonds are expected to be available for delivery through the facilities of DTC on or about July 25, 2023 ("Date of Delivery").

Loop Capital Markets

Ramirez & Co., Inc. **SAMCO Capital Markets, Inc.**

MATURITY SCHEDULE

$80,680,000
TEXAS PUBLIC FINANCE AUTHORITY
TEXAS SOUTHERN UNIVERSITY
REVENUE FINANCING SYSTEM BONDS, SERIES 2023

CUSIP PREFIX: 88277P[1]

Maturity Date (May 1)	Principal Amount	Interest Rate	Initial Yield[2]	CUSIP Suffix[1]
2024	$3,520,000	5.000%	3.590%	AK1
2025	2,730,000	5.000%	3.590%	AL9
2026	2,860,000	5.000%	3.510%	AM7
2027	3,005,000	5.000%	3.450%	AN5
2028	3,155,000	5.000%	3.440%	AP0
2029	3,320,000	5.000%	3.480%	AQ8
2030	3,480,000	5.000%	3.490%	AR6
2031	3,650,000	5.000%	3.520%	AS4
2032	3,835,000	5.000%	3.560%	AT2
2033	4,025,000	5.000%	3.660%	AU9
2034	4,230,000	5.250%	3.750%	AV7
2035	4,445,000	5.250%	3.830%	AW5
2036	4,685,000	5.250%	3.950%	AX3
2037	4,930,000	5.250%	4.000%	AY1
2038	5,185,000	5.250%	4.090%	AZ8
2039	5,465,000	5.250%	4.130%	BA2
2040	5,745,000	5.250%	4.170%	BB0
2041	6,050,000	5.250%	4.220%	BC8
2042	6,365,000	5.250%	4.250%	BD6

(Interest accrues from Date of Delivery)

Optional Redemption. Bonds maturing on and after May 1, 2034, are subject to redemption prior to maturity at the option of the Authority, subject to the request of the University, in whole or in part, from time to time, in principal amounts of $5,000 or any integral multiple thereof, in such manner as the Authority may select, on May 1, 2033, or on any date thereafter, at a redemption price equal to par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "DESCRIPTION OF THE BONDS – Redemption."

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of The American Bankers Association by FactSet Research Systems, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services provided by CUSIP Global Services. CUSIP numbers are included herein solely for the convenience of the owners of the Bonds. None of the Authority, the Underwriters or the Financial Advisor shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

(2) The initial yields are established by, and are the sole responsibility of, the Underwriters and may be subsequently changed. Yields shown are calculated to the earlier of stated maturity or first optional redemption date at par plus accrued interest.

TEXAS PUBLIC FINANCE AUTHORITY

Board of Directors

Billy M. Atkinson, Jr., Chair
Ramon Manning, Vice-Chair
Jay A. Riskind, Secretary
Larry G. Holt, Member
Shanda G. Perkins, Member
Benjamin E. Streusand, Member
Lance S. Etcheverry, Member

Certain Officers

Lee Deviney, Executive Director
John Hernandez, Deputy Director
Pamela Scivicque, Director of Business Administration
Kevin Van Oort, General Counsel

TEXAS SOUTHERN UNIVERSITY

Board of Regents

Name	Residence	Term Expiration
Honorable Albert H. Myres, Chairman	Houston, Texas	February 1, 2025
Honorable Pamela A. Medina, Vice Chair	Houston, Texas	February 1, 2025
Honorable James M. Benham, Secretary	College Station, Texas	February 1, 2029
Honorable Caroline Baker Hurley	Houston, Texas	February 1, 2027
Honorable Richard A. Johnson, III, Ed.D.	Houston, Texas	February 1, 2029
Honorable Stephanie D. Nellons-Paige	Houston, Texas	February 1, 2025
Honorable Marilyn A. Rose	Houston, Texas	February 1, 2027
Vacant(1)		
Honorable Brandon L. Simmons	Houston, Texas	February 1, 2029
Honorable Dylan Getwood(2)	Port Arthur, Texas	May 31, 2023

(1) Dr. Mary Evans Sias was appointed by the University Board of Regents as Interim President effective June 30, 2023. Dr. Sias resigned from her Board of Regents role during this interim period.
(2) Student Regent. State law does not allow a Student Regent to vote on any matter before the Board of Regents.

Administration-Select Administrators

Name	Title
Mary Evans Sias, Ph.D.(1)	Interim President
Dakota Doman, Ed.D.	Chief of Staff(2)
Needha Boutte-Queen, Ph.D.	Interim Provost/Vice President for Academic Affairs
Devi Bala	Vice President for Business and Finance and Chief Financial Officer
Paula Stapleton	Assistant Vice President of Business and Finance/Controller
Edward Gantt	Director of Treasury and Budget
Charlie Nhan(3)	Acting General Counsel

(1) Dr. Lesia Crumpton-Young, 13th President of Texas Southern University, announced her retirement from the University on May 26, 2023, effective on June 1, 2023. Dr. Mary Evans Sias, previously a member of the Board of Regents, was appointed as Interim President, effective June 30, 2023. The University intends to conduct a national search for a President.
(2) The Board of Regents named Dr. Dakota Doman, Chief of Staff, as the Acting Chief Executive Officer effective June 4, 2023 to June 30, 2023.
(3) Former General Counsel Hao Le separated from the University effective June 1, 2023 and Deputy General Counsel Charlie Nhan was appointed Acting General Counsel.

For additional information regarding the University, please contact:

Devi Bala
Vice President for Business and Finance
and Chief Financial Officer
Texas Southern University
3100 Cleburne Avenue
Hannah Hall, Room 116
Houston, Texas 77004
(713) 313-4329

Chris W. Allen
Managing Director
RBC Capital Markets, LLC
609 Main Street, Suite 3600
Houston, Texas 77002
(713) 651-3338

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the appendices attached hereto, does not constitute an offer to sell or the solicitation of an offer to buy, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

All references to and descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the Vice President for Administration and Finance, Texas Southern University, 3100 Cleburne Avenue, Hannah Hall, Room 116, Houston, Texas 77004, (713) 313-1382. Copies of documents relating to the Authority may be obtained from the Executive Director, Texas Public Finance Authority, 300 West 15th Street, Suite 411, Austin, Texas 78701, (512) 463-5544.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon. The information set forth herein has been obtained from the University and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create the implication that there has been no change in the affairs of the Authority or other matters described subsequent to the date hereof. This Official Statement is submitted in connection with the sale of the Bonds and in no instance may this Official Statement be reproduced or used for any other purpose.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

None of the Authority, its Financial Advisor, the University or the Underwriters makes any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its book-entry-only system, as such information has been furnished by DTC.

None of the Authority, its Financial Advisor, the University or the Underwriters makes any representation or warranty with respect to the information contained in this Official Statement regarding Build America Mutual Assurance Company ("BAM") and has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of information presented under the heading "BOND INSURANCE," "SECURITY FOR THE BONDS – The Reserve Fund Insurance Policy," "APPENDIX F – SPECIMEN BOND INSURANCE POLICY," and "APPENDIX G – SPECIMEN DEBT SERVICE RESERVE INSURANCE POLICY."

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE," "APPENDIX F – SPECIMEN BOND INSURANCE POLICY," and "APPENDIX G – SPECIMEN DEBT SERVICE RESERVE INSURANCE POLICY."

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INVESTMENT DECISION.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. See "LEGAL MATTERS – Forward-Looking Statements" herein.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

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TABLE OF CONTENTS

OFFICIAL STATEMENT

relating to

$80,680,000
TEXAS PUBLIC FINANCE AUTHORITY
TEXAS SOUTHERN UNIVERSITY
REVENUE FINANCING SYSTEM BONDS, SERIES 2023

INTRODUCTION

General

This Official Statement, including the cover page and Appendices hereto, provides certain information regarding the issuance by the Texas Public Finance Authority (the "Authority" or "Issuer") of its $80,680,000 Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2023 (the "Bonds"), on behalf of the Board of Regents (the "Board of Regents") of Texas Southern University (the "University"). The Authority's Board of Directors (the "Authority Board") is authorized to issue the Bonds on behalf of the University pursuant to the Authorizing Law (as defined below). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION," except as otherwise defined herein.

The University

The University was established under the provisions of the Constitution and the laws of the State of Texas (the "State") as an institution of higher education. For the Fall 2022 Semester, the University had a total enrollment (headcount) of 8,632 students. For the University's recent historical enrollment, see "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Enrollment – TABLE 2 - University Enrollment Data." The Board of Regents is the governing body of the University and its members are officers of the State, appointed by the Governor of the State (the "Governor") with the advice and consent of the State Senate. For a general description of the University and its financial condition, see "APPENDIX A – TEXAS SOUTHERN UNIVERSITY." The University's audited basic financial statements for the Fiscal Year ended August 31, 2022 (the "Financial Statements") are attached to this Official Statement as "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2022." The Financial Statements present information on the general financial condition of the University on the dates and for the periods described therein. See also "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION –Audits and Financial Reports."

Security

The Bonds, the Outstanding Parity Obligations and any additional obligations issued on a parity with the Bonds and the Outstanding Parity Obligations (referred to herein collectively as "Parity Obligations") are special obligations of the Board of Regents equally and ratably secured by and payable solely from a pledge of and lien on the Pledged Revenues. Pledged Revenues consist of the Revenue Funds which includes the revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by the Participants (defined herein), including interest or other income from those funds, derived by the Board of Regents from the operations of each of the Participants.

Revenue Funds do not include, with respect to each series or issue of Parity Obligations, any tuition, rentals, fees, or other charges attributable to any student in a category that, at the time of the adoption by the Board of Regents of a resolution relating to such Parity Obligations, is exempt by law or by the Board of Regents from paying such tuition, rentals, fees, or other charges. See "SECURITY FOR THE BONDS."

PLAN OF FINANCING

Purpose

The proceeds from the sale of the Bonds will be used to provide funds for the Board of Regents to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure in accordance with Section 55.1799, Texas Education Code, as amended ("Section 55.1799"), and specifically: (i) construction of the Nabrit Science Building, (ii) upgrades to signage and wayfinding, (iii) construction of the Catalyst for Urban Transformation, (iv) construction of a health and wellness center, and (v) paying costs of issuance with respect to the Bonds.

Authority for Issuance of the Bonds

The Bonds are being issued in accordance with the general laws of the State, including particularly, Chapter 55, Texas Education Code, including particularly Section 55.1799, and Chapter 1232, Texas Government Code (the "Texas Public Finance Authority Act"), Chapter 1371, Texas Government Code and 34 Texas Administrative Code, Section 221.3 (collectively, the "Authorizing Law"), and additionally pursuant to a master resolution, as supplemented from time to time, adopted by the Board of Regents on October 19, 1998, and approved by the Authority on October 21, 1998 (the "Master Resolution"), and a Twelfth Supplemental Resolution approved and adopted by the Authority Board on May 4, 2023, and by the Board of Regents on April 20, 2023 (the "Twelfth Supplement"). The Twelfth Supplement authorizes a Pricing Committee of the Authority Board to complete the sale of the Bonds through a Pricing Certificate (the "Pricing Certificate," and together with the Master Resolution and Twelfth Supplement, the "Resolution"). The Bonds are eligible for reimbursement of annual debt service from the State pursuant to the State Legislature's (the "Texas Legislature") biennial appropriation for capital construction assistance bond retirement. See "INVESTMENT CONSIDERATIONS – Investment Considerations Relating to the University's Financial Condition and Operations – *State Appropriation Risk*" and "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Financing Programs – *Capital Construction Assistance Bonds.*"

Pursuant to the Authorizing Law, the Authority has the exclusive authority to issue bonds on behalf of the University and to exercise the authority of the Board of Regents to issue bonds on behalf of the University. The Authority is subject to all rights and duties granted or assigned to, and is subject to the same conditions as, the Board of Regents under the statute authorizing issuance previously applicable to the Board of Regents under the Authorizing Law. The Board of Regents submitted and the Authority approved a request for financing relating to the issuance of the Bonds pursuant to the authority granted under the Authorizing Law.

Sources and Uses of Funds

The proceeds of the Bonds are expected to be applied as follows:

Sources:	
Par Amount	$80,680,000.00
Original Issue Premium	6,848,821.85
Total	**$87,528,821.85**
Uses:	
Deposit to 2023 Construction Fund	$85,950,654.00
Costs of Issuance(1)	1,578,167.85
Total	**$87,528,821.85**

(1)Includes underwriters' discount, bond insurance premium, surety policy, other costs of issuance and rounding amount.

DESCRIPTION OF THE BONDS

General

The Bonds will be issued only as fully registered bonds, without coupons, in any integral multiple of $5,000 principal amount within a stated maturity, will accrue interest from their Date of Delivery, and will bear interest at the per annum rates shown on page ii hereof. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2023, and is calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds mature on May 1 in the years and in the principal amounts set forth on page ii hereof.

If the specified date for any payment of principal of or interest on the Bonds is a Saturday, Sunday, or legal holiday or equivalent (other than a moratorium) for banking institutions in the City of New York, New York or in the city of the Designated Payment Office for the Paying Agent/Registrar for the Bonds, such payment may be made on the next succeeding day that is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment.

Transfer, Exchange, and Registration

Upon surrender for transfer of any Bond at the Designated Payment Office described herein, the Authority and the Board of Regents will execute, and the Paying Agent/Registrar, initially U.S. Bank Trust Company, National Association, Houston, Texas, will authenticate and deliver, in the name of the designated transferee, one or more new fully registered Bonds of the same Stated Maturity, of any authorized denomination, and of a like aggregate principal amount. At the option of the Holder, Bonds may be exchanged for other Bonds of the same Stated Maturity, of any authorized denominations, and of like aggregate principal amount, upon surrender of the Bonds to be exchanged at the place of payment for the Bonds. Whenever any Bonds are so surrendered for exchange, the Authority and the Board of Regents will execute, and the Paying Agent/Registrar will authenticate and deliver, the Bonds that the Holder of Bonds making the exchange is entitled to receive. Every Bond presented or surrendered for transfer or exchange will be duly endorsed, or accompanied by a written instrument of transfer in form satisfactory to the Authority and the Paying Agent/Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing. No service charge will be made to the Holder for any registration, transfer, or exchange of Bonds, but the Authority or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Record Date for Interest Payment

The record date for the interest payable on any interest payment date means the close of business on the 15th calendar day of the month next preceding each interest payment date (the "Regular Record Date").

The interest payable on, and paid or duly provided for on, any interest payment date will be paid to the person in whose name a Bond (or one or more predecessor Bonds evidencing the same debt) is registered at the close of business on the Regular Record Date for such interest. Any such interest not so paid or duly provided for will cease to be payable to the Person in whose name such Bond is registered on such Regular Record Date, and will be paid to the Person in whose name this Bond (or one or more predecessor Bonds) is registered at the close of business on a "Special Record Date" for the payment of such defaulted interest to be fixed by the Paying Agent/Registrar, notice whereof being given to the Owners of the Bonds not less than 15 days prior to the Special Record Date.

Redemption

Optional Redemption

The Bonds scheduled to mature on and after May 1, 2034 are subject to redemption prior to maturity at the option of the Authority, subject to the request of the University, on May 1, 2033 or on any date thereafter, in whole or in part from time to time, in principal amounts of $5,000 or any integral multiple thereof (and, if in part within a maturity, the particular Bonds or portion thereof to be redeemed will be selected by the Paying Agent/Registrar by lot) at a redemption price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

Notice of Redemption

At least 30 days prior to the date fixed for any optional redemption of Bonds or portions thereof prior to Stated Maturity a written notice of such redemption will be sent by the Paying Agent/Registrar to the registered owner of each Bond to be redeemed at its address as it appeared on the Registration Books on the 45th day prior to such redemption date provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, will not affect the validity or effectiveness of the proceedings for the redemption of any Bond.

In addition, the Paying Agent/Registrar will give notice of optional redemption of Bonds at least 30 days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption notices. In the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar will also send a second notice of redemption to the persons specified in the immediately preceding sentence, at least 30 days, but not more than 90 days, prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services will be sent so that they are received at least two days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar will also send a notice of prepayment or optional redemption to the registered owner of any Bond who has not sent the Bonds in for redemption 60 days after the redemption date.

Each notice of optional redemption will contain a description of the Bonds to be redeemed, including the complete name of the Bonds, the date of issue, the interest rate, the maturity date, the CUSIP number, a reference to the principal amounts of each maturity called for redemption, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar, and the address at which the Bonds may be redeemed, including a contact person and telephone number.

Paying Agent/Registrar

The Authority Board and the Board of Regents have covenanted with the registered owners of the Bonds that at all times while the Bonds are outstanding the Board of Regents will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under the Resolution. The Authority Board and the Board of Regents reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 60 days written notice to the Paying Agent/Registrar, to be effective in accordance with the requirements of the Resolution. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Authority Board and the Board of Regents have covenanted that they will promptly appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under the Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly must transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the pertinent Bonds, to the new Paying Agent/Registrar designated and appointed by the Authority Board and the Board of Regents.

Defeasance

The Twelfth Supplement provides for defeasance of the Bonds under certain circumstances. See "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

SECURITY FOR THE BONDS

The Revenue Financing System

The Master Resolution created the Texas Southern University Revenue Financing System (the "Revenue Financing System") to provide a financing structure for revenue-supported indebtedness of the University and any research and service agencies or other components of the University, if any, which may thereunder be included, by action of the Board of Regents action, as participants in the Revenue Financing System (collectively, the "Participants" and each, a "Participant"). The Revenue Financing System is intended to facilitate the assembling of all of the University's revenue-supported debt capacity into a single financing program in order to provide a cost effective debt program to Participants and to maximize the financing options available to the Board of Regents. Currently, the University is the only Participant. The Resolution provides that once a university or agency becomes a Participant, its Revenue Funds become part of the Pledged Revenues; provided, however, that, if at the time an entity becomes a Participant it has outstanding obligations secured by any or all of its Revenue Funds, such obligations will constitute Prior Encumbered Obligations under the Resolution and the pledge of such sources as Pledged Revenues will be subject and subordinate to such outstanding Prior Encumbered Obligations. Thereafter, the Board of Regents (or the Authority on behalf of the Board of Regents) may issue bonds, notes, commercial paper, contracts, or other evidences of indebtedness, including credit agreements on behalf of such institution on a parity, as to payment and security, with the Outstanding Parity Obligations, subject only to the outstanding Prior Encumbered Obligations, if any, with respect to such Participant.

Upon becoming a Participant, an entity may no longer issue obligations having a lien on Pledged Revenues prior to the lien on the Outstanding Parity Obligations (except that the Board of Regents has reserved the right to refund any Prior Encumbered Obligations with the proceeds of refunding bonds issued as Prior Encumbered Obligations secured by the same sources as the sources securing the refunded Prior Encumbered Obligations). Generally, Prior Encumbered Obligations are those bonds or other obligations issued on behalf of a Participant that were outstanding on the date such entity became a Participant in the Revenue Financing System. Presently, there are no Prior Encumbered Obligations outstanding.

The Resolution provides that each Participant of the Revenue Financing System is responsible for its proportionate share of Outstanding Parity Obligations attributable to each Participant in the Revenue Financing System (a "Direct Obligation"). The Board of Regents has covenanted in the Resolution that in establishing the annual budget for each Participant of the Revenue Financing System, it will provide for the satisfaction by each Participant of its Annual Obligation. See "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Pledge Under Resolution

The Outstanding Parity Obligations and any additional obligations issued on a parity with the Bonds and the Outstanding Parity Obligations (referred to herein collectively as "Parity Obligations") are special obligations of the Board of Regents equally and ratably secured solely by and payable solely from a pledge of and lien on the Pledged Revenues. Pledged Revenues consist of the Revenue Funds, including all of the funds, and balances now or hereafter lawfully available to the Board of Regents and derived from or attributable to any Participant of the Revenue Financing System that are lawfully available to the Board of Regents for the payment of Parity Obligations, subject to the provisions of the Prior Encumbered Obligations, if any.

Revenue Funds include the revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by the Participants, including interest or other income from those funds, derived by the Board of Regents from the operations of each of the Participants. Revenue Funds do not include, with respect to each series or issue of Parity Obligations, any tuition, rentals, fees, or other charges attributable to any student in a category that, at the time of the adoption by the Board of Regents of a resolution relating to such Parity Obligations, is exempt by law or by the Board of Regents from paying such tuition, rentals, fees, or other charges.

Further, the following will not be included in Pledged Revenues unless and to the extent set forth in a supplement to the Resolution: (a) amounts received under Article VII, Section 17 of the Texas Constitution, including the income therefrom and any fund balances relating thereto (see "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Financing Programs"), and (b) except to the extent so specifically appropriated, General Revenue Funds appropriated to the Board of Regents by the Texas Legislature.

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE BOARD OF REGENTS, THE AUTHORITY, THE UNIVERSITY OR ANY PART THEREOF, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE BOARD OF REGENTS NOR THE AUTHORITY HAS ANY TAXING POWER, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR ANY OTHER AGENCY, POLITICAL CORPORATION OR POLITICAL SUBDIVISION OF THE STATE IS PLEDGED AS SECURITY FOR THE BONDS. THE BREACH OF ANY COVENANT, AGREEMENT, OR OBLIGATION CONTAINED IN THE RESOLUTION WILL NOT IMPOSE OR RESULT IN GENERAL LIABILITY ON OR A CHARGE AGAINST THE GENERAL CREDIT OF THE STATE, THE AUTHORITY, OR THE UNIVERSITY. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THE BONDS FROM ANY SOURCE OTHER THAN PLEDGED REVENUES.

See “APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

Pledged Revenues

The following tables contain a summary of the Pledged Revenues and Special Revenues for Fiscal Years 2018 through 2022, including pledged unappropriated fund balances available at the beginning of each year. The Pledged Revenues include certain unrestricted current funds but do not include: remissions, governmental appropriations and gifts, grants and contracts within the Educational and General Fund Group; Higher Education Assistance Funds; and private gifts in the Auxiliary Fund Group, as such terms are used in “APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2022.” See “APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION.”

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Table 1A - Pledged Revenues and Debt Service Coverage Calculations (thousands)[(1)]

	Fiscal Year Ended August 31				
	2018	2019	2020	2021	2022
Operating Revenues:					
Tuition and fees	$113,331	$107,978	$96,230	$78,232	$81,998
Discount on tuition and fees	(33,243)	(38,870)	(34,040)	(24,582)	(29,607)
Auxiliary enterprises	17,075	17,734	14,800	7,508	15,648
Other sales of goods and services	135	100	411	59	94
Other operating contracts and grants, pledged	1,292	463	988	1,894	1,238
State Appropriations[(2)]	8,386	8,378	8,378	8,864	8,864
Annual Pledged Revenues	106,976	95,783	86,767	71,976	78,235
Annual Pledged Revenues excluding State Appropriations	98,591	87,405	78,389	63,111	69,371
Pledged Fund Balances[(3)]	-	-	-	-	-
Annual Pledged Revenues and Pledged Fund Balances	106,976	95,783	86,767	71,976	78,235
Annual Debt Service[(4)]	22,918	20,359	20,458	20,458	12,491
Annual Pledged Revenues Coverage of Annual Debt Service	4.67	4.70	4.24	3.52	6.26
Annual Pledged Revenues Excluding Appropriations Coverage of Annual Debt Service	4.30	4.29	3.83	3.08	5.55
Annual Pledged Revenues and Pledged Fund Balances Coverage of Annual Debt Service	4.67	4.70	4.24	3.52	6.26
Maximum Annual Debt Service[(5)]	22,918	20,359	20,458	20,458	12,491
Annual Pledged Revenues Coverage of Maximum Annual Debt Service	4.67	4.70	4.24	3.52	6.26
Annual Pledged Revenues Excluding Appropriations Coverage of Maximum Annual Debt Service	4.30	4.29	3.83	3.08	5.55
Annual Pledged Revenues and Pledged Fund Balances Coverage of Maximum Annual Debt Service	4.67	4.70	4.24	3.52	6.26

(1) Provided by the University.
(2) State appropriations for the reimbursement of debt service on certain Capital Construction Assistance Bonds (including the Bonds) appropriated by the State of Texas. Excludes Higher Education Assistance Fund and general revenue funds appropriated by the State.
(3) Pledged Unappropriated Fund and Reserve Balances.
(4) Historical annual debt service on Parity Obligations.
(5) Parity Obligations only.

Table 1B - Special Revenues[1]

	Fiscal Year Ended August 31,				
	2018	2019	2020	2021	2022
Recreational Facilities Fee[2]	$ 1,067,878	$ 1,066,166	$ 844,353	$ 782,780	$ 825,435
Medical Services Fee	700,879	673,754	629,498	511,154	539,058
Total	$ 1,768,758	$ 1,739,920	$ 1,473,850	$ 1,293,934	$ 1,364,493

(1) Provided by the University.

(2) Revenues only available for debt service for the Series 2013 Bonds (as defined herein), which refunded the Texas Public Finance Authority Texas Southern University Revenue Financing System Improvement Bonds (Recreational Facility Project), Series 1998B only.

Certain Covenants

Rate Covenant. The Board of Regents has covenanted in the Resolution that in each Fiscal Year it will establish, charge, and use its reasonable efforts to collect Pledged Revenues, which if collected, would be sufficient to meet all financial obligations of the Board of Regents relating to the Revenue Financing System including all deposits or payments due on or with respect to Outstanding Parity Obligations for such Fiscal Year. The Board of Regents has also covenanted in the Resolution that it will not incur any debt secured by Pledged Revenues unless such debt constitutes a Parity Obligation or is junior and subordinate to the Parity Obligations.

Tuition. The Board of Regents has covenanted and agreed in the Resolution to fix, levy, charge, and collect student tuition charges required or authorized by law to be imposed on students enrolled at each Participant at each regular fall and spring semester and at each term of each summer session, for the use and availability of such institution or branch thereof, respectively, in such amounts, without any limitation whatsoever, as will be at least sufficient at all times, together with other legally available funds, including other Pledged Revenues, to provide the money to make or pay the principal of, interest on, and other payments or deposits with respect to Outstanding Parity Obligations when and as required. Provided, however, that students exempt by law or by the Board of Regents may be excluded from the requirement to pay student tuition.

Tuition and the other rentals, rates, fees, and charges included in Pledged Revenues will be adjusted, if and when permitted or required by the Resolution, to provide Pledged Revenues sufficient to make when due all payments and deposits in connection with the Parity Obligations then outstanding. The Board of Regents may fix, levy, charge, and collect the Pledged Revenues in any manner it may determine within its discretion, and in different amounts from students enrolled in different Participants, respectively, and in addition it may totally suspend the collection of any item included in Pledged Revenues from the students enrolled in any Participant, so long as total Pledged Revenues are sufficient, together with other legally available funds, to meet all financial obligations of the Board of Regents relating to the Revenue Financing System including all payments and deposits in connection with the Parity Obligations then outstanding.

Waiver of Covenants. The Board of Regents may omit in any particular instance to comply with any covenant or condition set forth in the Resolution as a general covenant or with its rate covenant, its covenants relating to issuance of Parity Obligations, its covenants governing disposition of Participant assets, or its covenants relating to admission and release of Participants if the Holders of at least a majority of all Parity Obligations outstanding waive such compliance. See "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

2023 Reserve Fund

The Resolution requires the establishment of a reserve fund for the Bonds (the "2023 Reserve Fund") in an amount not less than the Required Reserve Amount (as defined below). The Resolution permits the University to fund the 2023

Reserve Fund with a deposit of cash in an amount equal to the Required Reserve Amount for the Bonds or by a Surety Policy issued in an amount equal to the Required Reserve Amount for the Bonds or a combination of cash and a Surety Policy equal in amount to the Required Reserve Amount for the Bonds. Upon delivery of the Bonds, the 2023 Reserve Fund will be fully funded through the purchase of a Surety Policy issued by BAM. See "PLAN OF FINANCING – Sources and Uses of Funds," "INVESTMENT CONSIDERATIONS – Bond Insurance Investment Considerations" and "SECURITY FOR THE BONDS – The Reserve Fund Insurance Policy." The specimen surety policy is attached hereto as "APPENDIX G – SPECIMEN DEBT SERVICE RESERVE INSURANCE POLICY."

"Required Reserve Amount" means an amount equal to the lesser of (a) 1.25 times the average principal and interest requirements of the Bonds, or (b) 1.00 times the annual principal and interest requirements of the Bonds to be Outstanding in the Fiscal Year during which such annual principal and interest requirements are scheduled to be the greatest; provided, however, that the Required Reserve Amount shall not exceed ten percent (10%) of the aggregate proceeds (within the meaning of Section 148(d)(2) of the Code) of the Bonds.

The Resolution requires the University to maintain a balance in the 2023 Reserve Fund equal to the Required Reserve Amount while the Bonds are Outstanding. In the event of any subsequent deficiency in the 2023 Reserve Fund, or in the event that on the date of termination or expiration of any Surety Policy there is not sufficient cash or Surety Policies on deposit in the 2023 Reserve Fund equal to the Required Reserve Amount, the Resolution requires the University, after making required deposits to the Interest and Sinking Fund pursuant to the Resolution, to satisfy the Required Reserve Amount by depositing cash or a Surety Policy into the 2023 Reserve Fund in monthly installments of not less than 1/12 of such deficiency on or before the last Business Day of each month following such deficiency until such deficiency is eliminated.

See "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – CERTAIN PROVISIONS OF THE TWELFTH SUPPLEMENT TO THE MASTER RESOLUTION." The 2023 Reserve Fund is the only debt service reserve fund that secures the payment of the Bonds and no other debt service reserve funds created for any other Parity Obligations are available for the payment of the Bonds. See "SECURITY FOR THE BONDS – Reserve Funds - Parity Obligations" and "SECURITY FOR THE BONDS – The Reserve Fund Insurance Policy."

The Reserve Fund Insurance Policy

The following information has been provided by Build America Mutual Assurance Company ("BAM") for use in this Official Statement. Reference is made to "APPENDIX G – SPECIMEN DEBT SERVICE RESERVE INSURANCE POLICY" for a specimen of the municipal bond debt service reserve insurance policy to be issued by BAM upon issuance of the Bonds. None of the Authority, its Financial Advisor, the University or the Underwriters make any representation as to the accuracy or completeness of this information or as to the absence of material adverse changes in this information subsequent to the date hereof.

BAM has made a commitment to issue a municipal bond debt service reserve insurance policy for the 2023 Reserve Fund with respect to the Bonds (the "Reserve Fund Policy"), effective as of the date of issuance of such Bonds. Under the terms of the Reserve Fund Policy, BAM will, subject to the Policy Limits described below, unconditionally and irrevocably guarantee to pay that portion of the scheduled principal of and interest on the Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the Issuer (the "Insured Payments").

BAM will pay each portion of an Insured Payment that is due for payment and unpaid by reason of nonpayment by the Issuer to the Paying Agent/Registrar, as beneficiary of the Reserve Fund Policy on behalf of the holders of the Bonds on the later to occur of (i) the date such scheduled principal or interest becomes due for payment or (ii) the business day next following the day on which BAM receives a demand for payment therefor in accordance with the terms of the Reserve Fund Policy.

No payment shall be made under the Reserve Fund Policy in excess of the $6,708,250.00, the reserve fund requirement established for the Bonds (the "Reserve Fund Policy Limit"). Pursuant to the terms of the Reserve Fund Policy, the amount available at any particular time to be paid to the Paying Agent shall automatically be reduced to the extent of any payment made by BAM under the Reserve Fund Policy, provided that, to the extent of the reimbursement of such payment by the Issuer to BAM, the amount available under the Reserve Fund Policy shall be reinstated in full or in part, in an amount not to exceed the Reserve Fund Policy Limit.

The Reserve Fund Policy does not insure against nonpayment caused by the insolvency or negligence of the Paying Agent/Registrar.

Additional Parity Obligations

The Board of Regents reserves the right to issue or incur, or request that the Authority, on its behalf, issue or incur Additional Parity Obligations for any purpose authorized by law for the benefit of the University, pursuant to the provisions of the Resolution. The Board of Regents, or the Authority acting on behalf of the Board of Regents, may incur, assume, guarantee, or otherwise become liable in respect of Additional Parity Obligations if the Board of Regents determines that it will have sufficient funds to meet the financial obligations of the University, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board of Regents relating to the Revenue Financing System.

The Authority, upon approval and consent of the Board of Regents, may execute and deliver one or more Credit Agreements to additionally secure Parity Obligations. Credit Agreements may also be secured by a pledge of Pledged Revenues on a parity with or subordinate to Parity Obligations.

The Board of Regents has reserved the right to issue without limit debt secured by a lien other than a lien on Pledged Revenues and debt that expressly provides that all payments thereon will be subordinated to the timely payment of all Parity Obligations. See “APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

Reserve Funds - Parity Obligations

In addition to the 2023 Reserve Fund created with respect to the Bonds, which will be funded by the Reserve Fund Policy provided by BAM, the Master Resolution and the applicable supplements thereto create a separate reserve fund for each series of currently outstanding Parity Obligations.

Each such series of Parity Obligations has a separate reserve fund securing only the payment of that particular series of Parity Obligations and not the payment of any other series of Parity Obligations issued under the Master Resolution. **Thus, the reserve funds for each such respective series of Outstanding Parity Obligations are not available for payment of the Bonds.** The 2023 Reserve Fund created under the Twelfth Supplement is only available for payment of the Bonds. See “SECURITY FOR THE BONDS – Pledge Under Resolution” and “– 2023 Reserve Fund.”

As described in more detail in the following paragraphs, at the time of issuance of each series of outstanding Parity Obligations, the Board of Regents funded the reserve fund requirements for each series of such Parity Obligations, in whole or in part, with surety bonds provided by certain surety bond providers, cash deposits or other funding options to satisfy each outstanding Parity Obligation’s Required Reserve Amount.

With respect to the Authority’s Texas Southern University Revenue Financing System Refunding Bonds, Series 2013 (the “Series 2013 Bonds”), BAM provided a surety bond in an amount not to exceed $6,672,838.08, the reserve fund requirement established for the Series 2013 Bonds. Such surety bond policy expires on the earlier of (i) the maturity date for the Series 2013 Bonds and (ii) the date on which all payments have been made on the Series 2013 Bonds.

With respect to the Authority’s Texas Southern University Revenue Financing System Bonds, Series 2016 (the “Series 2016 Bonds”), BAM provided a surety bond in an amount not to exceed $4,015,900.00, the reserve fund requirement established for the Series 2016 Bonds. Such surety bond policy expires on the earlier of (i) the maturity date for the Series 2016 Bonds and (ii) the date on which all payments have been made on the Series 2016 Bonds.

With respect to the Authority’s Texas Southern University Revenue Financing System Refunding Bonds, Series 2021 (the “Series 2021 Bonds”), the University deposited $1,427,500.00 to satisfy its Required Reserve Amount for the Series 2021 Bonds.

In the event that the financial condition of the surety bond providers discussed above were to result in the termination of any of the existing surety bond policies described above, the University would be required to contribute cash in such amounts to each such reserve fund in order to fully fund such reserve funds as required by the Master Resolution and the applicable supplements thereto authorizing such Parity Obligations. The University makes no assurances as to the financial condition or ongoing credit worthiness of any surety bond provider.

Nonrecourse Debt and Subordinated Debt

Nonrecourse debt and subordinated debt may be incurred by the University, or the Authority on behalf of the University, without limitation.

Remedies

Any owner of Parity Obligations in the event of default in connection with any covenant contained in the Resolution or in any resolution adopted hereafter authorizing the issuance of Parity Obligations, or default in the payment of said obligations, or of any interest due thereon, or other costs and expenses related thereto, may require the Board of Regents, the Authority, their respective officials and employees, and any appropriate official of the State, to carry out, respect, or enforce the covenants and obligations of the Resolution by all legal and equitable means, including the use and filing of mandamus proceedings in any court of competent jurisdiction against the Board of Regents, the Authority, their respective officials and employees, or any appropriate official of the State. The principal of the Bonds cannot be accelerated in the event of default, and the Board of Regents has not granted a lien on any physical property that may be levied or foreclosed against. The Resolution does not establish other remedies or specifically enumerate the events of default with respect to the Bonds. The Resolution does not provide for a trustee to enforce the covenants and obligations of the Authority or the Board of Regents. The enforcement of the remedy of mandamus may be difficult and time consuming. No assurance can be given that a mandamus or other legal action to enforce a default under the Resolution would be successful. See "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Under current State law, the Authority and the Board of Regents are prohibited from waiving sovereign immunity from suit or liability with respect to the Bonds and the owners thereof may be prevented by operation of such sovereign immunity from bringing a suit against the Authority or the Board of Regents in a court of law to adjudicate a claim to enforce the Bonds or for damages for breach of the Bonds. However, State courts have held that mandamus proceedings against a governmental unit, such as the Authority or the Board of Regents, as discussed in the preceding paragraph, are not prohibited by sovereign immunity.

The Resolution does not provide for any specific remedies relating to the enforcement of the obligations of the Authority and the Board of Regents, and the Authority and the Board of Regents has not waived sovereign immunity with respect to the enforcement of the obligations of the Authority or the Board of Regents relating to the Bonds. Any owner of the Bonds, in the event of default in connection with any covenant contained in the Resolution or in any Supplement, or default in the payment of Annual Debt Service Requirements due in connection with the Bonds, or other costs and expenses related thereto, may require the Authority and the Board of Regents, its officials and employees to carry out, respect, or enforce the covenants and obligations of the Master Resolution or any Supplement, by the use and filing of mandamus proceedings in any court of competent jurisdiction in Travis County, Texas against the Authority and the Board of Regents, its officials and employees.

The remedy of mandamus may be (i) available only if the covenants and obligations to be enforced are not uncertain or disputed and (ii) controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interests of the owners of the Bonds upon any failure of the Authority or the Board of Regents to perform in accordance with the terms of the Resolution or upon any other condition, and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the owners of the Bonds. No assurance can be given that a mandamus or other legal action to enforce a default under the Resolution would be successful. The opinion of Bond Counsel will state that all opinions relative to the enforceability of the Bonds are qualified with respect to customary rights of debtors relative to their creditors.

DEBT SERVICE SCHEDULE

Fiscal Year (Aug 31)	Outstanding Parity Debt Service		Plus: The Bonds		Total Parity Debt Service Requirement
	Principal	Interest	Principal	Interest	
2024	$ 4,645,000.00	$ 2,242,600.00	$ 3,520,000.00	$ 3,183,008.34	$ 13,590,608.34
2025	3,975,000.00	2,036,150.00	2,730,000.00	3,975,750.00	12,716,900.00
2026	4,165,000.00	1,837,400.00	2,860,000.00	3,839,250.00	12,701,650.00
2027	4,380,000.00	1,629,150.00	3,005,000.00	3,696,250.00	12,710,400.00
2028	4,600,000.00	1,410,150.00	3,155,000.00	3,546,000.00	12,711,150.00
2029	4,830,000.00	1,180,150.00	3,320,000.00	3,388,250.00	12,718,400.00
2030	5,040,000.00	968,850.00	3,480,000.00	3,222,250.00	12,711,100.00
2031	3,265,000.00	748,250.00	3,650,000.00	3,048,250.00	10,711,500.00
2032	3,395,000.00	617,650.00	3,835,000.00	2,865,750.00	10,713,400.00
2033	3,530,000.00	481,850.00	4,025,000.00	2,674,000.00	10,710,850.00
2034	3,675,000.00	340,650.00	4,230,000.00	2,472,750.00	10,718,400.00
2035	3,785,000.00	230,400.00	4,445,000.00	2,250,675.00	10,711,075.00
2036	3,895,000.00	116,850.00	4,685,000.00	2,017,312.50	10,714,162.50
2037	-	-	4,930,000.00	1,771,350.00	6,701,350.00
2038	-	-	5,185,000.00	1,512,525.00	6,697,525.00
2039	-	-	5,465,000.00	1,240,312.50	6,705,312.50
2040	-	-	5,745,000.00	953,400.00	6,698,400.00
2041	-	-	6,050,000.00	651,787.50	6,701,787.50
2042	-	-	6,365,000.00	334,162.50	6,699,162.50
Total	**$ 53,180,000.00**	**$ 13,840,100.00**	**$ 80,680,000.00**	**$ 46,643,033.34**	**$194,343,133.34**

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BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $476.6 million, $196.7 million and $279.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

THE AUTHORITY

General

Under the Texas Public Finance Authority Act, the Authority's power is limited to financing and refinancing project costs for State agencies and institutions and does not affect the power of the relevant State agency or institution to carry out its statutory authority, including the authority of such agency or institution to construct buildings. The Texas Public Finance Authority Act directs State agencies and institutions to carry out their authority regarding projects financed by the Authority as if the projects were financed by legislative appropriation.

Pursuant to the Texas Public Finance Authority Act and other applicable State law, the Authority issues general obligation bonds and revenue bonds for designated State agencies (including certain institutions of higher education). In addition, the Authority currently administers three commercial paper programs, namely: a lease-revenue commercial paper program, which is available for financing equipment acquisitions and for the construction or renovation of buildings; a general obligation commercial paper program for the Cancer Prevention and Research Institute of Texas; and a commercial paper program for the Texas Facilities Commission. In addition, in 2003, the Authority created a nonprofit corporation to finance projects for eligible charter schools pursuant to Chapter 53, Texas Education Code. Further, in 2021, the Authority created a nonprofit corporation, the Texas Natural Gas Securitization Finance Corporation, to issue customer rate relief bonds to recover certain extraordinary natural gas cost associated with the 2021 Winter Storm Uri, pursuant to H.B.1520, 87th Leg., R.S. (2021).

The Authority has issued revenue bonds on behalf of the Texas Parks & Wildlife Department, the Texas Facilities Commission, the Texas State Preservation Board, the Texas Department of Criminal Justice, the Texas Health & Human Services Commission (which includes the Texas Department of State Health Services and the Texas

Department of Health), the Texas Workforce Commission, the Texas State Technical College System, the Texas Military Department, the Texas Historical Commission, Midwestern State University, Texas Southern University, Stephen F. Austin State University, the Texas Department of Transportation and the Texas Windstorm Insurance Association. It has also issued general obligation bonds for the Texas Parks & Wildlife Department, the Texas Facilities Commission, the Texas Department of State Health Services, the Texas Department of Criminal Justice, the Texas Department of Aging and Disability Services, the Texas Department of Public Safety, the Texas Juvenile Justice Department (formerly Texas Youth Commission and Texas Juvenile Probation Commission), the Texas National Research Laboratory Commission, the Texas Historical Commission, the Texas School for the Blind and Visually Impaired, the Texas School for the Deaf, the Texas Department of Agriculture, the Texas Military Department (formerly Adjutant General's Department and Texas Military Facilities Commission), the Texas Department of Transportation, the Texas Military Preparedness Commission, and the Cancer Prevention Research Institute of Texas.

Before the Authority may issue bonds for the acquisition or construction of a building, the Texas Legislature must have authorized the specific project for which the bonds or other obligations are to be issued and the estimated cost of the project or the maximum amount of bonded indebtedness that may be incurred by the issuance of bonds. The Texas Supreme Court, in *Texas Public Building Authority v. Mattox*, 686 S. W. 2d 924 (1985), ruled that revenue bonds issued by the Authority do not constitute debt of the State within the meaning of the Texas Constitution. As set forth in the Texas Public Finance Authority Act, revenue obligations issued thereunder are not a debt of the State or any State agency, political corporation or political subdivision of the State and are not a pledge of the full faith and credit of any of them.

Authority Executives

The Authority is currently governed by the Authority Board, which is composed of seven members appointed by the Governor with the advice and consent of the State Senate. The Governor designates one member to serve as Chair at the pleasure of the Governor. The current members of the Authority Board, the office held by each member and the date on which each member's term expires are as follows:

Name	Position	Term Expires (February 1)
Billy M. Atkinson, Jr.[(1)]	Chair	2023
Ramon Manning	Vice-Chair	2027
Jay A. Riskind[(1)]	Secretary	2023
Lance S. Etcheverry	Member	2025
Larry G. Holt	Member	2027
Shanda G. Perkins	Member	2025
Benjamin E. Streusand	Member	2025

(1) State law provides that a member of the Authority Board whose term has expired remains in office until the earlier of (i) the date a successor is duly appointed by the Governor and takes the oath of office, or (ii) the last day of the first regular session of the Texas Legislature which begins after the expiration of the term.

The Authority generally employs approximately 15 employees, including an Executive Director, a General Counsel, a Deputy Director and a Director of Business Administration. The Executive Director is charged with managing the affairs of the Authority, subject to and under the direction of the Authority Board.

Lee Deviney, Executive Director. The Authority Board appointed Mr. Deviney as the Executive Director of the Texas Public Finance Authority on June 5, 2014. Previously, Mr. Deviney served as the Chief Financial Officer of the Texas Economic Development and Tourism Office within the Office of the Governor since September 1, 2011. He has held similar positions at the Texas Lottery Commission and the Texas Education Agency and has served as Assistant Commissioner for Finance and Agribusiness Development for the Texas Department of Agriculture ("TDA"). Prior to his appointment as an Assistant Commissioner at TDA, Mr. Deviney served as Interim Executive Director and Director of Operations for the Texas Public Finance Authority and he was a Budget Examiner for the Texas Legislative Budget

Board. Mr. Deviney has a Bachelor's degree in Economics from The University of Texas at Austin and a Master's degree in Business Administration from St. Edwards University.

John Hernandez, Deputy Director. Mr. Hernandez leads the Authority's Finance and Accounting Team, which is responsible for debt service budgeting, arbitrage rebate compliance, the State of Texas Master Lease Program, financial reporting, and information technology. Mr. Hernandez and his team also provide support for new debt issuance of fixed rate and variable rate debt. Mr. Hernandez holds a B.A. in finance from St. Edwards University in Austin.

Pamela Scivicque, Director of Business Administration. Ms. Scivicque joined the staff of the Authority in 1990. She is currently responsible for legislative reporting, procurement, accounting, budgeting and risk and property management. Ms. Scivicque attended Texas State University, Texas Tech's Southwest School of Governmental Finance, the Texas Fiscal Officers' Academy ("TFOA"), and the Governor's Executive Development Program. She has served on numerous statewide committees, including TFOA's curriculum committee, and is a member of the Texas State Business Administrators' Association where she served as President in 2006.

Kevin Van Oort, General Counsel. Mr. Van Oort has served as the Authority's General Counsel since September, 2014. Previously, Mr. Van Oort served as Senior Tax Counsel for the Office of the Texas Attorney General; Deputy General Counsel for the Texas Comptroller of Public Accounts, and General Counsel for the Texas Legislative Budget Board. Mr. Van Oort took his bachelor's degree in Economics at the University of Nebraska and his J.D. at The University of Texas.

Sunset Review

In 1977, the Texas Legislature enacted the Texas Sunset Act (Chapter 325, Texas Government Code, as amended) (the "Sunset Act"), which provides that virtually all agencies of the State, including the Authority, are subject to periodic review of the Texas Legislature and that each agency subject to sunset review will be abolished unless the Texas Legislature specifically determines to continue its existence. The next sunset review of the Authority is scheduled to occur in 2029. The Texas Public Finance Authority Act, as amended by the 88th Texas Legislature, provides that if the Authority is not continued in existence, the Authority will cease to exist as of September 1, 2029; however, the Texas Sunset Act also provides, unless otherwise provided by law, that the Authority will exist until September 1 of the following year (September 1, 2030) in order to conclude its business.

Pursuant to the Texas Sunset Act, the Texas Legislature specifically recognizes the State's continuing obligation to pay bonded indebtedness and all other obligations incurred by various State agencies, including the Authority. Accordingly, in the event that a future sunset review were to result in the Authority being abolished, the Governor would be required by law to designate an appropriate State agency to continue to carry out all covenants contained in the Bonds and in all other obligations, including lease, contract and other written obligations of the Authority. The designated State agency would provide payment from the sources of payment of the Bonds in accordance with the terms of the Bonds and would provide payment from the sources of payment of all other obligations in accordance with their terms, whether from a State general obligation pledge, revenues or otherwise, until the principal of and interest on the Bonds are paid in full and all other obligations, including lease, contract and other written obligations, are performed and paid in full.

State Audits

General. The State Auditor's Office ("SAO") is the independent auditor for Texas state government. The SAO operates with oversight from the Legislative Audit Committee, a six-member permanent standing committee of the Texas Legislature, jointly chaired by the Lieutenant Governor and the Speaker of the House of Representatives.

The SAO is authorized by Chapter 321 of the Texas Government Code to perform financial audits, compliance audits, investigations and other special audits of any entity receiving State funds, including State agencies and higher education institutions. Audits are performed in accordance with generally accepted government auditing standards, which include standards issued by the American Institute of Certified Public Accountants, Governmental Accounting Standards Board, United States General Accounting Office or other professionally recognized entities that prescribe auditing standards.

Texas Bond Review Board

With certain exceptions, bonds issued by State agencies and institutions, including bonds issued by the Authority, must be approved by the Texas Bond Review Board (the "Bond Review Board") prior to their issuance. The Bond Review Board is composed of the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, and the Texas Comptroller of Public Accounts (the "Comptroller"). The Governor is the Chairman of the Bond Review Board. Each member of the Bond Review Board may, and frequently does, act through a designee.

On June 8, 2023, the Bond Review Board approved the issuance of the Bonds.

Retirement Plan of the Authority

The Authority participates in the joint contributory retirement system of the State administered by the Employees Retirement System of Texas ("ERS"), which is operated by the State and which covers both State employees and the Law Enforcement and Custodial Officers System.

The Texas Public Finance Authority Act; Payment and Approval of the Bonds

Under the Texas Public Finance Authority Act, the Authority's power is limited to financing projects and does not affect the power of the Authority Board to carry out its statutory authority, including its authority to construct buildings. The Texas Public Finance Authority Act directs State agencies and institutions to carry out their authority regarding projects financed by the Authority as if the projects were financed by legislative appropriation. Accordingly, the Authority will not be responsible for supervising the construction and maintenance of any of the projects of the University.

Payments on the Bonds will be made solely from the Pledged Revenues. See "SECURITY FOR THE BONDS." Any default in payments on the Bonds will not affect the payment of any other obligations of the Authority.

LEGAL MATTERS

Legal Opinions

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to approval of legality by the Attorney General of the State and the opinion of Bracewell LLP, Bond Counsel to the Authority. Attached hereto as APPENDIX E is the form of opinion that Bond Counsel will render in connection with the issuance of the Bonds.

Bond Counsel has reviewed the information under the captions "INTRODUCTION – Security," "PLAN OF FINANCING" (except for the information under "Sources and Uses of Funds" as to which no opinion is expressed), "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS" (except for the information in Table 1A, Table 1B and "The Reserve Fund Insurance Policy," as to which no opinion is expressed), "LEGAL MATTERS," "TAX MATTERS," "LEGAL INVESTMENTS IN TEXAS," "CONTINUING DISCLOSURE OF INFORMATION" and "APPENDIX B – DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION," in this Official Statement and such firm is of the opinion that the information relating to the Bonds and the Resolution contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. The payment of legal fees to Bond Counsel in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

Certain legal matters will be passed upon for the Authority by Escamilla & Poneck, LLP, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Greenberg Traurig, LLP. The legal fees of such firms are contingent upon the issuance and delivery of the Bonds. In connection with the issuance of the Bonds, Bond Counsel and Disclosure Counsel have been engaged by, and only represent, the Authority, but from time to time represent the Underwriters in other transactions.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Registration and Qualification of Bonds for Sale

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the United States Securities and Exchange Commission, nor has the United States Securities and Exchange Commission passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and have not been registered or qualified under the securities acts of any other jurisdiction. The Authority does not assume any responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided to the reader by the Board of Regents or the Authority that are not purely historical, are forward-looking statements, including statements regarding the Board of Regents' or the Authority's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Board of Regents and/or the Authority on the date hereof, and the Board of Regents and the Authority assume no obligation to update any such forward-looking statements. It is important to note that the Board of Regents' and the Authority's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including students, customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Board of Regents and the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Bond Counsel, under existing law, interest on the Bonds is (i) excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference item for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The Board of Regents and the Authority have covenanted in the Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution and provisions of the Amended and Restated Memorandum of Understanding pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the Board of Regents, the Authority, and other parties involved in the issuance of the Bonds with respect to matters solely within the knowledge of the Board of Regents, the Authority and such other parties, respectively, which Bond Counsel has not independently verified. If the Board of Regents or the Authority fails to comply with the covenants in the Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Authority as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

For tax years beginning after December 31, 2022, an "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all of the Bonds exceeds the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

INVESTMENT CONSIDERATIONS

Each prospective purchaser of the Bonds should review and evaluate the risks of making such an investment. The following is a summary, which does not purport to be comprehensive or definitive, of certain of the investment considerations an investor should review before purchasing the Bonds.

Infectious Disease Outbreak (COVID-19)

For a description of the impact of the Pandemic on the University, see "APPENDIX A – THE UNIVERSITY – Impact of COVID-19 Pandemic on the University."

Investment Considerations Relating to the University's Financial Condition and Operations

Dependence on Federal Education Funding. Federal government programs fund a substantial portion of the University's tuition and fee revenues. On average over the past 5 years, approximately 78% of the University's students receive some form of federal financial aid. Such student aid support could be reduced in the future, which could negatively impact student enrollment and thus the financial position of the University. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Enrollment – TABLE 2 - University Enrollment Data."

Accreditation. Federal funding is reliant upon the University maintaining its Southern Association of Colleges and Schools Commission on Colleges ("SACS") accreditation. The University's failure to maintain its accreditation could impact its eligibility to administer federal programs for the benefit of its students. Although the University's SACS accreditation has never been permanently revoked, the University was placed on probation in 2007, such probation was lifted and the accreditation re-instated in 2009. The University is currently SACS accredited and scheduled for its next reaffirmation in 2030. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Accreditation."

Tuition and Fee Revenue. Gross tuition and fee revenues represent approximately 76.96% of the total operating revenues for Fiscal Year 2022. Economic viability of the University depends on a steady student enrollment. Future enrollment levels will depend on the number of students continuing to decide to enroll at the University.

Enrollment vs. Acceptances. In Fiscal Year 2022, approximately 29% of the total students that were accepted into the University actually enrolled. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Enrollment – TABLE 2 - University Enrollment Data." There are no assurances that the University will be able to improve upon the number of students deciding to attend the University.

Competition from other Educational Institutions. The University is located near downtown Houston and the Houston medical center and competes with several key educational alternatives, including the University of Houston and online institutions of higher education. Certain of these education institutions compete for the same students as the University, and as such, are competitors of the University for students. Such competitors have increased their student enrollment by constructing new facilities and expanding their marketing campaigns to attract potential students. Moreover, some of the University's competitors may offer lower student tuition and fee options to potential students. It is unknown how the University's strategic position and resulting student demand will be impacted by the evolving competitive landscape. Like its urban competitors, the University has a large percentage of commuter students. The University draws a majority of its students from within the State but also enrolls students from the surrounding region and nationally as one of the nation's largest historically black colleges and universities. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Other Enrollment Data and Trends." Furthermore, the University requires freshmen students to live on campus, which is designed to attract a greater percentage of full-time students and increase graduation rates within four years.

Historic Graduation Rates. From 2017 through 2022, the University's six-year graduation rate averaged 23%. The University maintains minimum admission standards for applicants, including a minimum grade point average requirement and minimum SAT and ACT scores. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Other Enrollment Data and Trends." Students who do not graduate within six years may have to find an alternate source of funding to continue to pursue their education or withdraw from the University, thus negatively impacting the University's retention and graduation rates. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – THE UNIVERSITY – Enrollment."

Changes to the Federal Pell Grant Program. In Fiscal Year 2022, the amount of Federal Pell Grant funds that students may receive over their lifetime was limited to the equivalent of six years. During Fiscal Year 2022, 4,778 (69.96%) of the University's students received Pell Grant funding.

State Appropriation Risk.

a) Appropriation Risk for Operating Funds. The University receives support annually from the State through the Texas Legislature's biennial appropriation of General Revenue Funds. Future levels of State support to the University are dependent upon appropriations made during the biennial legislative sessions. State appropriations were equivalent to approximately 49.53% of the University's actual total operating revenues for Fiscal Year 2022 and were equivalent to approximately 43.3% of the University's budgeted total operating revenues for Fiscal Year 2023 (actual total operating revenues does not include State appropriations and includes tuition discounting; budgeted total operating revenues includes State appropriations and does not include tuition discounting.) The 88th Texas Legislature convened its regular legislative session on January 10, 2023, and concluded on May 29, 2023. Pursuant to HB1 of the 88th Texas Legislature, the adopted budget for the State for the 2024-2025 biennium that begins on September 1, 2023, the Legislature appropriated $78,869,582 for the University from the State's General Revenue fund for Fiscal Year 2024 and $78,005,159 for Fiscal Year 2025 for a total of $156,874,741 for the biennium, which represents a 12,456,776 (or 8.63%) increase over the previous biennium awarded during the 87th Texas Legislative Session. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – Impact of COVID-19 Pandemic on the University" and "INVESTMENT CONSIDERATIONS – Legislation" and "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Funding for the University – *State Appropriations*." The University has no assurance that the Texas Legislature will continue to appropriate to it the general revenue funds of the State at the same levels as in previous years. Future levels of State support are dependent upon the ability and willingness of the Texas Legislature to make appropriations to the University, taking into consideration the availability of financial resources and other potential uses of such resources as well as enrollment at the University and other factors. For example, a decline in enrollment may result in a decrease in formula-based appropriations by the Texas Legislature. See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Enrollment."

b) Appropriation Risk for Reimbursement on Capital Construction Assistance Bonds (formerly known as Tuition Revenue Bonds). After the issuance of the Bonds, approximately 98.9% of the University's outstanding indebtedness will be eligible for debt service reimbursements from the State pursuant to capital construction assistance bond authorizations. Historically, the Texas Legislature has appropriated general revenue funds in the State's budget each biennium to reimburse institutions of higher education for an amount equal to all or a portion of debt service on capital construction assistance bonds, but there are no assurances that past financial assistance from the Texas Legislature will continue in the future. Additionally, no representations or assurances are given that the University will generate sufficient revenues to make payments sufficient to pay principal of, redemption premium, if any, and interest on the Bonds should the Texas Legislature fail to appropriate reimbursements. See "INVESTMENT CONSIDERATIONS – Legislation" and "APPENDIX A – SELECTED FINANCIAL INFORMATION – Financing Programs – *Capital Construction Assistance Bonds*."

Force Majeure Events and Resiliency. The operations and financial condition of the University may be materially adversely affected by future events of force majeure, including but not limited to flooding, hurricanes or other natural disasters, epidemics, pandemics, civil unrest, terrorism, and spills of hazardous materials, among other events. Neither the Board of Regents nor the University can predict the impact any such events of force majeure may have on the operations and financial condition of the University.

Cybersecurity. The University's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. The University utilizes the cybersecurity framework prescribed by the Texas Department of Information Resources ("DIR"), which adopts the National Institute of Standards and Technology security and privacy controls for federal information systems and organizations. This framework is implemented by the University in a manner that aligns with its business and academic objectives. Notwithstanding the University's cybersecurity framework, the University cannot guarantee that it will be able to successfully defend against cybersecurity attacks or predict the impact of any such attacks on the University's operations or financial condition.

Other Investment Considerations Relating to the University. In the future, the following factors, among many others, may adversely affect the operations of the University to an extent that cannot be determined at this time: (1) changes in the demand for higher education in general or for programs offered by the University in particular; (2) a decline in the demographic pool of candidates who may elect to attend the University; (3) cost and availability of energy; (4) a decrease in student loan funds, Pell Grants or other aid that permits many students the opportunity to pursue higher education; (5) an increase in the costs of health care benefits, retirement plan, or other benefit packages offered by the University to its employees; (6) a significant decrease in the value of the University's investments caused by market or other external factors; (7) significant reduction in funding support from donors or other external sources; or (8) significant reduction of external funding for research.

Legislation

The Texas Legislature convenes in regular session every two years. The 88th Texas Legislature convened its regular legislative session on January 10, 2023 and concluded on May 29, 2023. When the Legislature is not in session, the Governor may call one or more additional special sessions, which may last no more than 30 days, and for which the Governor sets the agenda. The Governor called a special session of the 88th Texas Legislature on May 29, 2023 (the "First Special Session") to address property tax relief and border security. The First Special Session ended on June 27, 2023 and on the same day the Governor called a second special session of the 88th Texas Legislature to address property tax relief and a pathway to eliminate school district maintenance and operation property taxes. The 88th Texas Legislature or future Texas Legislatures may consider bills that could have a direct impact on the University or the administrative agencies that oversee the University. The University makes no representations or predictions concerning the substance or the effect of any legislation that may be passed in the future or how any such legislation could affect the University.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or State level, may adversely affect the tax-exempt status of interest on the Bonds under federal or State law and could affect the market price or marketability of the Bonds. Any such legislation, action or decision could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such legislation, action or decision being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters. See "TAX MATTERS."

Market Factors Regarding the Bonds

The relative buying and selling interest of market participants in securities such as the Bonds will vary over time, and such variations may be affected by, among other things, news relating to the University, the attractiveness of alternative investments, the perceived risk of owning the Bonds (whether related to credit, liquidity or any other risk), the tax treatment accorded the Bonds, the accounting treatment accorded the Bonds, reactions to regulatory actions or press reports, financial reporting cycles and market sentiment generally.

Bond Rating

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will be in effect for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such agency, circumstances so warrant. None of the Authority, the University or the Underwriters has agreed to take any action with respect to any proposed rating change or to bring such change, if any, to the attention of the registered owners of the Bonds, except that the Board of Regents has agreed to provide certain information discussed under the heading "CONTINUING DISCLOSURE OF INFORMATION." See "BOND INSURANCE" and "RATINGS" herein.

Bond Insurance Investment Considerations

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of BAM without appropriate consent. BAM may direct and must consent to any remedies and BAM's consent may be required in connection with amendments to any applicable bond documents.

In the event BAM is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event BAM becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of BAM and its claim paying ability. BAM's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of BAM and of the ratings on the Bonds insured by the BAM will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "BOND INSURANCE" and "RATINGS" herein.

The obligations of BAM are contractual obligations and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

None of the Authority, the University or the Underwriters has made independent investigation into the claims paying ability of BAM and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. When making an investment decision, potential investors should carefully consider the ability of the University to pay principal and interest on the Bonds and the claims paying ability of BAM, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by BAM and the Policy, which includes further instructions for obtaining current financial information concerning BAM.

LEGAL INVESTMENTS IN TEXAS

Chapter 1201, Texas Government Code, as amended, provides that obligations, such as the Bonds, are legal and authorized investments for insurance companies, fiduciaries and trustees, and for the sinking funds of municipalities and other political subdivisions or public agencies of the State. The Bonds are also eligible to secure deposits of any public funds of the State, its agencies, and political subdivisions, and are lawful and sufficient security for those deposits to the extent of their market value. For political subdivisions in the State that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended), the Bonds may need to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "RATINGS" herein.

The Authority has made no investigation of other laws, rules, regulations, or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The Authority has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

RATINGS

The Bonds have an insured rating of "AA" by S&P, as a result of the Policy to be delivered by BAM. Fitch Ratings, Inc. has assigned an underlying rating of "BBB+" to the Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and none of the Authority, the Board of Regents or the Underwriters make any representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the Board of Regents, as the obligated party on the Bonds, has made the following agreement for the benefit of the Authority and the Holders and beneficial owners of the Bonds. The Board of Regents has agreed that, so long as the Board of Regents is an "obligated person" under the Rule (hereinafter defined), it will provide certain updated financial information and operating data annually and timely notice of specified material events to the Municipal Securities Rulemaking Board (the "MSRB"). Such information will be available to the public at no charge using the MSRB's Electronic Municipal Market Access ("EMMA") system via the MSRB's website, www.emma.msrb.org.

Annual Reports

The Board of Regents will provide certain updated financial information and operating data to the Authority and the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the University of the general type included in this Official Statement hereto under the heading(s) "SECURITY FOR THE BONDS – TABLE 1A - Pledged Revenue and Debt Service Coverage Calculations" and "– TABLE 1B - Special Revenues;" information under "APPENDIX A – TEXAS SOUTHERN UNIVERSITY" under the headings "– THE UNIVERSITY – Enrollment – TABLE 2 - University Enrollment Data," "– TABLE 2A – Freshmen to Sophomore Retention Rates," "– TABLE 2B – University Graduation Rates," "– SELECTED FINANCIAL INFORMATION – TABLE 3 - Statement of Revenues, Expenses, and Changes in Net Position," "– TABLE 4 - Condensed Statement of Net Assets" and "– TABLE 5 - Outstanding Indebtedness;" and in "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2022." The Board of Regents will update and provide this information within 180 days after the end of each Fiscal Year ending in or after 2023.

The Board of Regents may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. Any financial information provided by the Board of Regents shall be prepared in accordance with the accounting principles described in the notes to the University's financial statements, which are generally accepted accounting principles of fund accounting for colleges and universities, or such other accounting principles as the Board of Regents may be required to employ from time to time pursuant to State law or regulation.

The updated information will also include audited financial statements of the University, if the Board of Regents commissions an audit and it is completed by the time required. If audited financial statements of the University are not available by the required time, the Board of Regents will provide such statements when and if they become available. Any such financial statements are to be prepared in accordance with accounting principles generally accepted in the United States of America. *No outside audit of the University's financial statements is currently required to be obtained by the Board of Regents under State law.*

The University's current Fiscal Year end is August 31. Accordingly, the Board of Regents must provide updated information within 180 days following August 31 of each year, unless the University changes its Fiscal Year. If the University changes its Fiscal Year, the Board of Regents will notify the MSRB of the change.

Event Notices

The Board of Regents will also provide timely notice (not in excess of ten (10) business days after the occurrence of the event) of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the University; (13) the consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) the appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) the incurrence of a financial obligation (as defined in the Resolution, including certain debt, debt-like, and debt-related obligations) of the University, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar event under the terms of any such financial obligation of the University, any of which reflect financial difficulties. In addition, the Board of Regents will provide timely notice of any failure by the Board of Regents to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

For these purposes, any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the University in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the University, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the University. Additionally, (a) as used in clauses (15) and (16) in the immediately preceding paragraph, "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12, and (b) the University intends the words used in clauses (15) and (16) and the definition of financial obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect to the amendments to Rule 15c2-12 effected by the 2018 Release.

Availability of Information from MSRB

The Board of Regents has agreed to provide the information only as described in this section under "Annual Reports" and "Material Event Notices". Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The Board of Regents has agreed to update information and to provide notices of material events only as described above. The Board of Regents has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Board of Regents makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Board of Regents disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Holders of Bonds may seek a writ of mandamus to compel the Board of Regents to comply with its agreement.

The Board of Regents, subject to obtaining the consent of the Authority, may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board of Regents, but only if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the Resolution that authorizes such an amendment) of the Bonds then Outstanding consent to the amendment or (b) any person unaffiliated with the Board of Regents (such as nationally recognized Bond Counsel) determines that the amendment will not materially impair the interests of the registered owners and beneficial owners of the Bonds. If the Board of Regents and the Authority so amend the Board of Regents, continuing disclosure agreement, the Board of Regents will provide notice of such amendment to the MSRB, in a timely manner, including an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the notices to be so provided. The Board of Regents also may amend or repeal the provisions of its continuing disclosure agreement with consent of the Authority if the United States Securities and Exchange Commission amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds.

UNDERWRITING

Loop Capital Markets LLC, as bookrunner, on behalf of the firms listed on the cover page (collectively, the "Underwriters") has agreed, subject to certain conditions, to purchase the Bonds from the Authority. The purchase price for the Bonds is $87,162,019.44 (which represents the par amount of the Bonds, plus a premium of $6,848,821.85, less an underwriters' discount of $366,802.41). The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than the initial public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following three paragraphs for inclusion in this Official Statement.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

FINANCIAL ADVISOR

RBC Capital Markets, LLC has acted as Financial Advisor to the Authority in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds.

Although the Financial Advisor has read and participated in the preparation of this Official Statement, such firm has not independently verified any of the information set forth herein. The information contained in this Official Statement has been obtained primarily from the Authority's and the University's records and from other sources that are believed to be reliable. No guarantee is made as to the accuracy or completeness of any such information. No person, therefore, is entitled to rely upon the participation of the Financial Advisor as an implicit or explicit expression of opinion as to the completeness and accuracy of the information contained in this Official Statement.

LITIGATION

The University

As of the date hereof various lawsuits and claims involving the University are currently pending. While the ultimate liability with respect to such litigation and claims asserted against the University cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, according to University officials, is not likely to have a material effect on the University or the Pledged Revenues.

Cause No. 2023-38136; Prestige Building Group, LLC vs. Texas Southern University and Hao Le, in the 61st Judicial District, Harris County, Texas. Prestige Building Group, LLC filed a lawsuit against the University and the former General Counsel, Hao Le, in his individual capacity. This lawsuit relates to a contract dispute for services provided to the University. While the ultimate liability with respect to such lawsuit and claims asserted against the University cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, according to University officials, is not likely to have a material effect on the University or the Pledged Revenues.

The Authority

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Authority, threatened) that affects the obligation of the Authority to deliver the Bonds or the validity of the Bonds.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The information contained herein has been obtained from sources believed by the Authority and the University to be reliable; however, the information regarding the University, the Pledged Revenues and the financial condition of the University, including "SECURITY FOR THE BONDS - Table 1A – Pledged Revenues and Debt Service Coverage Calculations," "SECURITY FOR THE BONDS - Table 1B – Special Revenues," "APPENDIX A – TEXAS SOUTHERN UNIVERSITY" and "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2022" has been provided by the University and has not been independently verified by the Authority, and information regarding the Authority has been provided by the Authority and has not been independently verified by the University. The information regarding BAM's Policy and BAM's Reserve Fund Policy under the headings "BOND INSURANCE," "SECURITY FOR THE BONDS – The Reserve Fund Insurance Policy," "APPENDIX F – SPECIMEN BOND INSURANCE POLICY" and "APPENDIX G – SPECIMEN DEBT SERVICE RESERVE INSURANCE POLICY" has been provided by BAM and has not been independently verified by the Authority or the University. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to the original document in all respects.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

/s/ *Lee Deviney*
Lee Deviney
Executive Director
Texas Public Finance Authority

/s/ *Dr. Mary Evans Sias*
Dr. Mary Evans Sias
Interim President
Texas Southern University

APPENDIX A – TEXAS SOUTHERN UNIVERSITY[1]

General

The University was established by the Texas Legislature in 1947 as Houston's first state-supported university for the purpose, among others, to serve the African American population of Texas. The University's involvement with programs and services was especially suited to the needs and requirements of people in urban areas and caused the Texas Legislature in 1973 to designate the University as a "special purpose institution for urban programming." The University offers a wide array of diverse programs to complement its diverse student body and faculty. Various opportunities exist for internships, cooperative education, teacher training, and research.

The University's single campus is located on 145 acres approximately 3 miles from downtown Houston, Texas. It is one of the largest historically black institutions in the nation with an enrollment (headcount) of approximately 8,632 students for the Fall 2022 semester. The University has eleven colleges and schools: the Jesse H. Jones School of Business, the Barbara Jordan-Mickey Leland School of Public Affairs, the College of Education, the College of Science, Engineering & Technology, the College of Liberal Arts & Behavioral Sciences, the College of Pharmacy & Health Sciences, the School of Communication, the Thurgood Marshall School of Law, the Graduate School, the Thomas F. Freeman Honors College and the College of Continuing Education. These programs offer baccalaureate degrees in 47 areas, master's degrees in 25 areas, doctoral degrees in 7 areas, and professional degrees in 2 areas. At the professional and graduate level, post baccalaureate degrees are available in various areas, including law, pharmacy, and education.

The University administers approximately $21 million in grant funding from agencies such as the National Science Foundation, NASA, the United States Department of Education (the "USDE"), the Department of Health and Human Services, the Department of Energy, and private foundations and corporations. Major research centers and activities include Center for Biomedical and Health Research Excellence, Center for Research on Complex Networks, Mickey Leland Center on World Hunger and Peace, the Center for Transportation, the Center for Excellence in Urban Education, the Center for Environmental Justice Minority Worker Training Program, and the Houston-Louis Stokes Alliance for Minority Participation: Senior Alliance. The print collection is approximately 80,000 volumes and its subscribed eBooks collection contains over 300,000 titles. The University's library includes the Barbara Jordan and Mickey Leland archives and a significant art collection.

Accreditation

The University is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools. Such accreditation is required for the University's students to be eligible for federal financial aid. The University also holds memberships in the following organizations: the Council of Graduate Schools, the Conference of Southern Graduate Schools, the Texas Association of Graduate Schools, the Council of Historically Black Graduate Schools, the American Council on Education, the American Chemical Society, the Association of American Universities, and the American Association of Colleges for Teacher Education.

The University's College of Education is accredited by the National Council for Accreditation of Teach Education (USDE recognized). The College of Pharmacy and Health Sciences is accredited by the American Council of Pharmaceutical Education (USDE recognized), the National Accrediting Agency for Clinical Laboratory Sciences, the Commission on Accreditation for HIM and the Committee on Accreditation for Respiratory Care. The Jesse H. Jones School of Business is accredited by the Association for the Advancement of Collegiate Schools of Business. The College of Liberal Arts and Behavioral Sciences' Social Work Program is accredited by the Council on Social Work Education Office of Social Work Accreditation, and the Academy of Nutrition and Dietetics Accreditation Council for Education in Nutrition and Dietetics. The College of Science, Engineering and Technology is accredited by the Association of Technology, Management and Applied Engineering. The Barbara Jordan/Mickey Leland School of Public Affairs is accredited by the Network of Schools in Public Policy Affairs, and Administration and the Planning Accreditation Board. The Thurgood Marshall School of Law is accredited by the American Bar Association Council of the Section of Legal Education and Admission to the Bar (USDE recognized).

Texas Higher Education Coordinating Board

The University is subject to the supervisory powers of the Texas Higher Education Coordinating Board (the "THECB"). The THECB is an agency of the State established to promote the efficient use of State resources by providing coordination and leadership for the State's higher education systems, institutions and governing boards. The THECB serves in a governance capacity for the State in matters of public higher education and prescribes the scope and role of each institution of higher education. The THECB periodically reviews all degree and certificate programs offered by the State's institutions of higher education and annually reviews the academic courses offered by such institutions. The THECB also determines space

[1] The information set forth in this APPENDIX A has been provided by the University.

utilization formulas designed to promote the efficient use of construction funds and the development of physical plants to meet projected growth estimates. These space utilization formulas directly impact the allocation of appropriated funds among the State's institutions of higher education.

Administration of the University

The University is governed by a Board of Regents consisting of nine members who are appointed by the Governor of the State with the advice and consent of the State Senate. Texas Education Code §106.13 requires the Governor to make appointments from different geographical locations in the State. Each member holds office for a term of six years, with the terms of three members expiring on February 1 of each odd numbered year. Each member holds office until a successor is appointed and has qualified. Each member is eligible for reappointment. Members serve without compensation but are entitled to reimbursement for actual reasonable expenses incurred in performing their duties of office.

The members of the Board of Regents elect one of the members to serve as Chair of the Board of Regents. The Chair presides at all meetings and performs such other duties as may be prescribed from time to time by the Board of Regents and by State law. In addition, the members of the Board of Regents elect one of the members to serve as Vice Chair to perform the duties of the Chair when the Chair is not present or is incapable of performing such duties. The Board of Regents also elect a Secretary from its members to perform the duties prescribed by the Board of Regents. The current members of the Board of Regents and the date of expiration of their terms of office are listed on page iii.

The University's enabling statute, Chapter 106 of the Texas Education Code, provides that the University is to be administered by a President who is appointed by the Board of Regents and who holds office for such term as the Board of Regents may decide. The President of the University serves as its chief executive officer and is responsible for the administration and leadership of the University. Among other duties and powers the President is responsible for directing financial management of the University in conformity with all laws and regulations and to provide uniformity in data collection and financial reporting procedures.

<u>*Recent Leadership Changes*</u>

Dr. Lesia Crumpton-Young, 13th President of Texas Southern University, announced her retirement from the institution on May 26, 2023, which was effective on June 1, 2023. The Board of Regents named Dr. Dakota Doman, Chief of Staff, as the Acting Chief Executive Officer effective June 4, 2023 through June 30, 2023. In addition, General Counsel, Hao Le separated from the institution effective June 1, 2023 and Deputy General Counsel Charlie Nhan was appointed Acting General Counsel.

On June 15, 2023, Texas Southern University Board of Regents unanimously appointed Dr. Mary Evans Sias, Ph.D as Interim President effective June 30, 2023. Dr. Sias, a member of the TSU Board of Regents and appointed by Texas Governor Greg Abbott in October 2022. Accordingly, Dr. Sias resigned from her board role during this interim period.

<u>*University Administrators*</u>

Dr. Mary Evans Sias, Ph.D was unanimously appointed by TSU Board of Regents as Interim President effective June 30, 2023. Accordingly, Dr. Sias resigned from her board role during this interim period.

Prior to her appointment to the TSU Board of Regents, Dr. Sias spent more than three decades serving respectively as president of Kentucky State University (2004 – 2014), senior vice president for student affairs and external relations at the University of Texas Dallas (1995 – 2004) and chief executive officer of the YWCA of Metropolitan Dallas (1984 – 1995). During her career in academia, Dr. Sias has been an associate provost, associate professor and assistant professor at both Grambling State University and Southern Methodist University.

Dr. Sias brings a broad range of administrative proficiencies on a state and national level. She has served as chairperson of two of the big six national organizations in higher education: the Association of Public and Land-grant Universities (APLU) and the American Association of State Colleges and Universities (AASCU). Additional board experiences include service as chairperson of the Southern Intercollegiate Athletic Association (SIAC), the Educational Testing Service Advisory Board for HBCUs and president of both the Tejas Council of Girl Scouts and The Dallas Summit.

Similarly, Dr. Sias has amassed a range of community engagement competencies serving on the board of directors for the Frankfort Chamber of Commerce, the Oaks Bank and Trust Company, The Dallas Foundation, Dallas Zoological Society, The Dallas Museum, Children's Health Services of Texas, Children's Medical Foundation and Leadership Women.

Dr. Sias received a Bachelor of Science in Sociology from Tougaloo College, a Master of Science and Doctor of Philosophy in Sociology from the University of Wisconsin Madison. Still, she earned a Master of Business Administration from Abilene Christian University. She was bestowed an honorary Doctor of Public Service from Central Michigan University.

Dr. Dakota Doman serves as the Chief of Staff and Acting Chief Executive Officer of Texas Southern University, effective on June 4, 2023 through June 30, 2023.

Dr. Dakota Doman joined Texas Southern University (TSU) as Chief of Staff in March 2022. As the Chief of Staff, Dr. Doman assist with working with the Executive Administration of the institution and the TSU Board of Regents. Prior to his arrival at TSU, he served as the Senior Director for Policy Development and Strategic Implementation at the Texas Higher Education Coordinating Board where he led various agency initiatives pertaining to Academic Affairs, College Readiness, Student Success, Digital Learning, and Workforce Education.

In 2016, Dr. Doman was named Vice President of Student Affairs and Enrollment Management at Philander Smith College in Little Rock, Arkansas. He led a team of dedicated practitioners that enrolled the largest first-year class in the 145-year history of the institution. This team also increased retention rates by 15% during his tenure as Vice President. Under his leadership, Philander Smith College was ranked the number one fastest-growing Historically Black College and University by the United Negro College Fund and was recognized as the fastest growing institution in the state of Arkansas by the Arkansas Department of Higher Education.

Dr. Dakota Doman has over 15 years of executive higher education experience at Historically Black Colleges and Universities, Hispanic Serving Institutions, and Predominantly White Institutions at various Research Carnegie Classifications. He has served as an executive administrator, academician, strategist, policy analyst, governmental relations liaison, and researcher. Dr. Doman has served as an Assistant Vice President for Student Affairs and Enrollment Management at West Virginia State University, Director of Student Life and Services at the University of Houston-Victoria, and Director of Student Activities and Civic Engagement at Lamar University where he is a proud two-time alumnus earning a Bachelor of Science in Biochemistry and a Master of Business Administration. Dr. Doman earned a Doctorate in Higher Education Administration from Texas Tech University, where his dissertation research investigated the presidential pathways of Historically Black Colleges and Universities. since June 1, 2023.

Mr. Charlie Nhan serves as the Acting General Counsel of Texas Southern University (TSU) since June 4, 2023.

Mr. Charlie Nhan joined Texas Southern University (TSU) as Deputy General Counsel in June 2022. Mr. Nhan graduated from Baylor University with a B.B.A. in Finance and Accounting and received his law degree from South Texas College of Law Houston. Following his undergraduate studies, Mr. Nhan worked for various energy and oil and gas companies in mid-level management capacities before the completion of his law degree. With over 22 years' experience as a managing attorney in private law practice, Mr. Nhan is licensed to practice before State and Federal Courts in Texas as well as the U.S. Tax Court.

Select Business & Finance Administrators

Devi Bala, currently serves as Vice President for Business and Finance and Chief Financial Officer at Texas Southern University. Hired in September 2022, Ms. Bala provides executive support and direction to all operations within the Division of Business and Finance. She now presides over all finance and budgetary functions within the University including Treasury & Budget, Administration & Finance, the Controller's Office, Facilities & Maintenance, Building & Grounds, Information Technology, Public Safety and Human Resources.

Ms. Bala has over twenty years of experience in higher education finance both at the two-year college level and at four-year university systems. Ms. Bala previously served as Associate Vice Chancellor Finance and Accounting at the Houston Community College System; where she was responsible for financial operations, tax compliance, records and reporting with financial oversight for budgets, overseeing treasury and debt management functions and served as the primary investment officer.

Ms. Bala served as Assistant Vice President, Business Services at the University of Houston. She was responsible for strategic financial planning, financial accounting and reporting, human resources and payroll operations for the divisions of Administration & Finance and Student Affairs and Enrollment Services. Departments serviced included Human Resources, University IT, Facilities Planning and Construction, Campus Safety, Treasury, Budget, General Accounting, Equal Opportunity Services, Auxiliary Services including dining, office of real estate and 27 departments within Student Affairs and Enrollment Services. Prior to that, Ms. Bala served in the Maricopa Community College District in Arizona for over a decade as Associate Dean, Business Services at Rio Salado College and multiple progressive roles handling Budget, Business Services, Debt Management and Investments, Capital/Plant, Human Resources – Payroll and Off-Sites Business Services Support.

Ms. Bala holds master's degree in Accounting from Utkal University, India and a Post Baccalaureate in Accounting from Arizona State University. She is a Member of the Institute of Cost and Works Accountants of India. She is a Certified Public Accountant licensed in the State of Texas. She is also a Certified Government Financial Manager and Certified Texas State Public Funds Investment Officer.

Paula Stapleton was named Assistant Vice President of Business & Finance and Controller in February 2023. Ms. Stapleton came to TSU from Houston Community College System where she served as Director of Student Financial Services. In her role at TSU, Ms. Stapleton oversees budgets, general accounting, financial reporting, treasury and endowments as well as advises on financial services along with grants management. Ms. Stapleton has more than sixteen years of increasingly responsible experience in nonprofit accounting. At Houston Community College, she was at the center of reimagining the institution as it supported students through the coronavirus pandemic. She has also served at South Texas College of Law Houston as Controller. Ms. Stapleton embraces her role in higher education and is excited about the contribution Texas Southern University makes to the community. She works to further support the influence of Texas Southern University by serving as a member of the National Association of College and University Business Officers (NACUBO). Prior to entering higher education, Ms. Stapleton held various and increasingly responsible leadership roles in accounting and financial services at Kelsey Seybold Clinic, Texas Children's Hospital and M D Anderson Cancer Center. She holds a Bachelor of Business Administration in Accounting from the University of Houston Central Campus and has been a Certified Public Accountant since March of 2003.

Edward Gantt, Director of Treasury and Endowments. Mr. Gantt has served as Senior Managing Auditor at Texas Southern University since 2010 and has primary responsibility for the Treasury and Endowment functions for Texas Southern University. His career has extensively covered finance and accounting over the past 35 years in higher education financial management and operations. He has been directly responsible for performing audits of Texas Southern University's finance, endowment and financial operations, and departmental processes. He has successfully planned, implemented and managed the University operations and function as it relates to the TSU's finances and endowments.

Prior to joining Texas Southern University, he prepared financial statements for the University of Houston Systems for all five of the University campuses. Prior to University of Houston, Mr. Gantt worked for Touché Ross & Co (currently Deloitte & Touché), CPA firm. Mr. Gantt holds a B.A. in Accounting and Taxation from University of Houston Central Campus and has over 35+ years of finance and accounting experience.

Financial Support

State appropriations were equivalent to approximately 73% of the University's actual total operating revenues for Fiscal Year 2022 (actual total operating revenues does not include State appropriations and includes tuition discounting.). See "APPENDIX A – TEXAS SOUTHERN UNIVERSITY – SELECTED FINANCIAL INFORMATION – Funding for the University – *State Appropriations*." Federal revenues represented approximately 18% of the University's actual total operating revenues for Fiscal Year 2022.

Enrollment

TABLE 2 - University Enrollment Data (Headcount)

The following table shows a headcount of enrollment by semester for Fiscal Year 2018 through Fiscal Year 2023:

Fiscal Year	Fall Semester	Spring Semester	Summer Session
2017-2018	10,237	9,088	2,520
2018-2019	9,732	8,676	2,522
2019-2020	9,034	8,023	1,938
2020-2021	7,015	6,648	1,937
2021-2022	7,524	6,969	1,956
2022-2023	8,632	7,659	N/A

TABLE 2A – Freshmen to Sophomore Retention Rates

The following table reflects the freshmen to sophomore retention rates from fall 2018 through fall 2022:

Persistence Rate of First-Time Entering Undergraduates (1 year) - Total				
Fall 2018	**Fall 2019**	**Fall 2020**	**Fall 2021**	**Fall 2022**
54%	52%	51%	68%	55%

TABLE 2B – University Graduation Rates

Undergraduate Graduation Rate - Total Cohort					
	2018	2019	2020	2021	2022
4-year	7%	8%	11%	6%	7%
5-year	18%	14%	18%	22%	9%
6-year	21%	23%	19%	23%	26%

Source: TSU Institutional Effectiveness report.

Other Enrollment Data and Trends

The following information is meant to highlight trends from the data within TABLE 2 – University Enrollment Data above:

Enrollment for Undergraduate and Full-time Equivalents – Fall Semesters	F2018	F2019	F2020	F2021	F2022
Headcount					
Undergraduate – Full-Time	6,503	6,032	4,204	4,877	5,684
Undergraduate – Part-Time	1,101	1,060	1,094	849	1,146
Total Undergraduate Enrollment	**7,604**	**7,092**	**5,298**	**5,726**	**6,830**
Graduate – Full-Time	1,524	1,432	1,306	1,313	1,350
Graduate – Part-Time	604	510	411	485	452
Total Graduate	**2,128**	**1,942**	**1,717**	**1,798**	**1,802**
Total Headcount Enrollment	**9,732**	**9,034**	**7,015**	**7,524**	**8,632**
Full-Time Equivalents (FTEs)					
Total FTE Undergraduate Enrollment	6,796	6,279	4,575	5,102	6,040
Total FTE Graduate Enrollment	2,033	1,876	1,673	1,692	1,709
Total FTE Enrollment	**8,829**	**8,155**	**6,248**	**6,794**	**7,749**

Fall 2022 Enrollment by State of Residence (Top 5)

State of Residence	Student Count
Texas	7,004
California	259
Louisiana	209
Illinois	140
Missouri	54

Sources: The University

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Enrollment by Classification – Fall 2022

Classification	Part-time Students	Full-time Students	Total Students
Freshman	342	2,744	3,086
Sophomore	174	860	1,034
Junior	230	990	1,220
Senior	400	1,090	1,490
Post Baccalaureate	12	30	42
Graduate	276	505	781
Professional	164	815	979
Totals	**1,598**	**7,034**	**8,632**

Source: The University

Average Entrance Exam Scores

	2018	2019	2020	2021	2022
Average Freshman SAT	911	920	960	912	888
Average Freshman ACT	17	17	18	17	17

First-time Undergraduate Applicant, Acceptance and Enrollment Information

	Summer and Fall Semester				
	2018	2019	2020	2021	2022
Total Applicants	8,166	8,554	6,887	10,554	8,582
Total Applicants Accepted	7,798	7,772	4,438	6,654	8,307
Total Applicants Enrolled	1,607	1,476	724	1,294	2,372
Total Accepted Top 10%	349	236	338	401	353
Total Enrolled Top 10%	39	45	43	40	56
Total Accepted Top 25% not included in top 10%	747	498	725	606	566
Total Enrolled Top 25% not included in top 10%	123	91	82	120	120

Source: THECB First-time Undergraduate Applicant, Acceptance, and Enrollment Information 2018-2022.

Admissions Fall Semester

	2018	2019	2020	2021	2022
Freshman Applications	8,166	8,554	6,730	10,554	8,582
Freshman Admission	7,798	7,772	4,478	6,654	8,307
Freshman Matriculants	1,607	1,476	724	1,294	2,372
Transfer Applications	1,239	1,247	730	2,032	874
Transfer Admissions	1,213	1,090	632	884	770
Transfer Matriculants	742	700	328	479	464
Graduate Applications	431	452	303	328	540
Graduate Admissions	409	434	303	321	532
Graduate Matriculants	311	290	209	286	309

Source: The University

Residency Fall Semester

	2018	2019	2020	2021	2022
Undergraduate Student					
In-State (%)	83%	83%	85%	84%	82%
Out of State (%)	17%	17%	15%	16%	17%
Headcount Residing on Campus					
Freshman (%)	69%	58%	63%	73%	84%
Total (%)	25%	25%	21%	27%	46%

Source: The University

Annual Undergraduate Cost of Attendance ($)

Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Tuition	$9,162	$9,173	$9,173	$9,173	$9,173	$9,173
Room & Board	9,664	9,664	9,664	9,664	9,664	9,664
Total	**$18,826**	**$18,837**	**$18,837**	**$18,837**	**$18,837**	**$18,837**

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Capital Improvements and Student Housing

The University has budgeted for campus improvements and maintenance through Fiscal Year 2023. The University currently anticipates funding maintenance costs of approximately $11 Million from the State's Higher Education Assistance Fund (HEAF) for future fiscal years.

As further described below, the University provides several student housing facilities located on or near the University that have the capacity to house approximately 1,846 students. These facilities have been designed to meet the University's objectives of increasing the ratio of students living on campus and attracting and retaining students. For the Fall 2022 semester, such housing facilities had a cumulative occupancy rate of approximately 99%, including resident assistants.

Tierwester Oaks, Richfield Manor and Courtyard Apartments. On September 26, 2011, the University acquired the Tierwester Oaks, Richfield Manor and Courtyard Apartments (collectively, the "Student Apartments") from the Houston Student Housing II, L.L.C. The University's acquisition of the Student Apartments was financed through the USDE's Historically Black Colleges and Universities ("HBCU") Capital Access Loan Program (the "HBCU Loan Program"). The HBCU Loan Program provides historically black colleges and universities with access to capital financing or refinancing for the repair, renovation and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The University obtained a loan from the HBCU Loan Program in an aggregate not to exceed principal amount of $64,180,000 (the "Student Apartment Loan," as evidenced by the Texas Public Finance Authority Texas Southern University Promissory Note, Series 2011A-4) secured by housing rental revenues derived from the Student Apartments. The total cost of acquisition for the Tierwester Oaks and Richfield Manor Apartments was $21,442,969.78 and the total cost of acquisition for the Courtyard Apartments was $9,817,505.80. In connection with passage CRRSAA (HEERF II) (as defined herein), signed into law by the President of the United States on December 27, 2020, the Student Apartment Loan was discharged in full as of March 19, 2021, and the lender released all right, title and interest to the revenues pledged to secure payment thereof.

University Towers. Student housing known as the "University Towers" consists of 800 beds and is located on the east side of the TSU campus at Wheeler and Sampson streets. University Towers was financed through the HBCU Loan Program. The University obtained a loan from the HBCU Loan Program in an aggregate not to exceed principal amount of $55,000,000 (the "University Towers Loan," as evidenced by the Texas Public Finance Authority Texas Southern University Promissory Note, Series A 2012-10) secured by housing rental revenues derived from the University Towers. In connection with passage CRRSAA (HEERF II), signed into law by the President of the United States on December 27, 2020, the University Towers was discharged in full as of March 19, 2021, and the lender released all right, title and interest to the revenues pledged to secure payment thereof.

Future Additional Debt

Other than the Bonds, the University does not anticipate issuing Additional Parity Obligations or other additional debt within the next 12 months.

Insurance

The University 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, the University and its employees are covered by various immunities and defenses which limit some of these risks of loss. Remaining exposures are managed by self-insurance arrangements, contractual risk transfers, the purchase of commercial insurance, or a combination of these risk financing techniques. For details, see "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2022 – Note 17: Risk Financing and Related Insurance."

Retirement Systems

General. The State has joint contributory retirement plans for substantially all its employees. One of the primary plans in which the University participates is administered by the Teachers Retirement System of Texas (the "TRS"). The TRS plan is a traditional defined benefit state retirement program in which investment risks are generally absorbed by the State. The contributory percentages of participant salaries currently provided by the State and by each participant are 7.5% and 7.7%, respectively, of annual compensation.

The State has also established an optional retirement program (the "ORP") for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS. The ORP is an individualized defined contribution plan in which each participant selects from a variety of investments offered by several companies (authorized by the employing institution) through annuity contracts or mutual fund investments. The percentages of participant salaries in Fiscal Year 2022 contributed by the State and each participant are 6.6% and 6.65%, respectively.

Pension Liability. In Fiscal Year 2015, the University implemented accounting standard GASB Statement No. 68 ("GASB 68"), *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. GASB 68 establishes accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Additionally, GASB Statement No. 71 ("GASB 71"), *Pension Transition for Contributions Made Subsequent to the Measurement Date*, amends the transition provisions of GASB 68 by requiring the University, at transition, to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability.

As a result of GASB 68 and GASB 71, for Fiscal Year ended August 31, 2022, the University's total net position decreased by $6,155,875 (or 2%) as compared to Fiscal Year ended August 31, 2021. For additional information regarding pension liability on the University's financials see "SELECTED FINANCIAL INFORMATION – TABLE 3 - Statement of Revenues, Expenses, and Changes in Net Position" and "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2022 – FINANCIAL SECTION."

Impact of COVID-19 Pandemic on the University

The COVID-19 Pandemic's financial impact on the University has been partially offset by federal legislation passed in response to the Pandemic. Under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), signed into law by the President on March 27, 2020, the University received $35,862,085 ($5,898,449 for student emergency aid grants, $5,898,449 in funding for its institutions, and $24,065,187 in funding for minority serving institutions). Under the Coronavirus Response and Relief Supplemental Appropriations Act, 2021: Higher Education Emergency Relief Fund II ("CRRSAA (HEERF II)"), signed into law by the President of the United States on December 27, 2020, the University received $51,749,654 ($5,898,449 for student emergency aid grants, $13,616,071 in funding for its institutions, and $32,235,134 in funding for minority serving institutions). Most recently, under the American Rescue Plan Act of 2021: Higher Education Emergency Relief Fund III ("ARP (HEERF III)"), signed into law by the President of the United States on March 11, 2021, the University received $33,884,869 ($17,044,881 for student emergency aid grants and $16,839,988 in funding for its institutions).

In fiscal year 2022, TSU continued to include reporting consideration for COVID-19 pandemic response. Congress passed these Acts in fiscal year 2020 and 2021:

- Coronavirus Aid, Relief, and Economic Security (CARES) Act
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- American Rescue Plan (ARP)

These Acts provided economic grants to offset additional expenses and forgone revenue as a response to COVID-19.

As a result of the acts provided, The Higher Education Emergency Relief Funds (HEERF I, II, and III) was created, which provides budgetary relief to higher education institutions through numerous provisions.

SELECTED FINANCIAL INFORMATION

Audits and Financial Reports

General. The State issues audited financial statements, prepared in accordance with generally accepted accounting principles, for the State government as a whole. The State's financial statements are prepared by the Comptroller and are audited by the SAO. The SAO expresses an opinion on the financial statements of the State but does not express an opinion on the financial statements of individual component units, including those of the University. The scope of the SAO 's audit includes tests for compliance with the covenants of general obligation and revenue bond issues of the State and its component agencies and institutions. Supplementary schedules are included in the State financial statements providing for each bond issue information related to the pledged revenues and expenditures, coverage of debt service requirements, restricted account balances, and/or other relevant information that may be feasibly incorporated. The SAO does not express an opinion on such schedules in relation to the basic financial statements taken as a whole. Any material compliance exceptions related to bond covenants are addressed in the overall management letter for the State audit.

Annually, not later than November 20, an unaudited financial report dated as of August 31, prepared from the books of the University, must be delivered to the Governor and the Comptroller. Each year, the SAO must certify the financial statements of the State as a whole, inclusive of the University, and in so doing examines the financial records of the University. No outside audit in support of this detailed review is required to be obtained by the University.

The Fiscal Year of the State and the University begins on September 1 of each year. The University is an agency of the State and its financial records reflect compliance with applicable State statutes and regulations. The significant accounting policies followed by the University in maintaining accounts and in the preparation of the combined primary financial reports are in accordance with the "Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements."

The financial records of the University, reported as a business-type activity in the State's Comprehensive Annual Financial Report, reflect compliance with applicable State statutes and Governmental Accounting Standards Board (GASB) pronouncements. The significant accounting policies followed by the University in maintaining accounts and in the preparation of the consolidated financial statements are in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements.

The financial reports of the University have been prepared on the accrual basis of accounting. Under the accrual basis, revenues recognized when earned, and expenses are recorded when an obligation has been incurred. The financial reports for the University have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB.

Audited Financial Statements of the University. Beginning in Fiscal Year 2022, the Board of Regents commissioned FORVIS, LLP to audit the statement of net assets and the related statements of revenues, expenses and changes in net assets and cash flow of the University. Such firm has audited such financial statements of the University for the Fiscal Year ended August 31, 2022. FORVIS, LLP has not undertaken any procedures in connection with this Official Statement. The Board of Regents is not legally or contractually required to commission an audit of its financial statements, and no assurances can be given as to whether the Board of Regents will commission audits with respect to any future Fiscal Years after the Fiscal Year ending August 31, 2022.

Attached to this Official Statement as "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2022" are the most recent primary statements of the audited combined annual financial reports of the University for the Fiscal Year ended August 31, 2022. The University's combined primary financial statements consist of the Statement of Net Assets as of August 31, 2022, the Combined Statement of Revenues, Expenses and Changes in Net Position for the Year Ended August 31, 2022, and the Combined Statement of Cash Flows for the Year Ended August 31, 2022. Included in "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2022" are recommended internal control findings made by FORVIS, LLP, which are process improvements and best practices, distinct and separate from the financial statements and do not have fiscal implications. Although the University has obtained audited financial statements for Fiscal Year ending August 31, 2008 through August 31, 2022, no outside audit of the University's financial statements is currently required to be obtained by the Board of Regents under State law and no assurances are given that the University will continue to commission audits of its financial statements.

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TABLE 3 - Statement of Revenues, Expenses, and Changes in Net Position

The table below presents the audited Statement of Revenues, Expenses and Changes in Net Position for Fiscal Years 2018 through 2022:

	2018	2019	2020	2021	2022
Operating Revenues:					
Tuition and fees, pledged	$ 113,330,977	$ 107,977,661	$ 96,229,869	$ 78,232,311	$ 81,997,583
Discount on tuition and fees	(33,242,663)	(38,869,738)	(34,040,324)	(24,582,417)	(29,606,510)
Auxiliary enterprises, pledged	17,075,215	17,734,426	14,800,371	7,508,284	15,647,563
Other sales of goods and services, pledged	135,112	99,520	410,773	59,382	93,778
Federal revenue	20,005,822	19,374,526	20,429,889	19,841,669	19,620,771
Federal pass through revenue	364,410	847,692	639,223	2,881,601	1,208,495
State revenue	758,076	982,178	760,315	290,743	1,006,557
State pass through revenue	8,217,385	9,210,005	4,886,641	5,511,132	7,479,011
Other op contract and grants, pledged	1,292,020	463,427	988,486	1,893,888	1,238,279
Other operating revenue	6,370,004	6,869,601	5,413,667	5,352,937	7,798,899
Total Operating Revenues	$ 134,306,359	$ 124,689,296	$ 110,518,910	$ 96,989,530	$ 106,484,425
Operating Expenses:					
Salaries and wages	$ 92,983,609	$ 97,082,406	$ 96,630,395	$ 94,566,668	$ 97,186,731
Payroll related costs	18,159,525	42,433,768	47,867,985	47,631,196	39,720,489
Professional fees and services	9,036,088	10,992,817	17,286,455	10,896,255	14,632,514
Travel	3,122,437	3,815,911	2,321,287	832,338	2,315,668
Materials and supplies	9,295,788	9,353,650	11,927,920	7,756,990	12,885,104
Communication and utilities	7,107,618	6,967,530	5,924,249	6,579,530	7,392,008
Repairs and maintenance	8,806,473	7,826,474	7,490,883	6,291,981	10,365,155
Rentals and leases	1,818,689	1,636,199	1,570,224	1,155,555	1,863,856
Printing and reproductions	502,595	522,385	500,781	363,918	523,660
Federal pass through expenditures	-	-	641,387	408,898	366,671
Bad debt expense	3,046,218	-	400,000	2,203,501	2,272,495
Scholarships	20,785,452	22,449,873	19,111,464	36,471,783	42,927,227
Other operating expenses	9,650,745	8,863,128	9,526,484	8,075,012	10,642,732
Depreciation and amortization	19,267,982	19,810,066	22,732,130	22,977,507	23,014,852
Total Operating Expenses	$ 203,583,219	$ 231,754,208	$ 243,931,643	$ 246,211,132	$ 266,109,164
Operating Income (Loss)	$ (69,276,860)	$ (107,064,912)	$ (133,412,733)	$ (149,221,602)	$ (159,624,739)
Nonoperating Revenues (Expenses)					
State appropriations	$ 55,516,210	$ 55,474,393	$ 51,561,004	$ 51,491,043	$ 52,716,085
Additional appropriations	11,373,752	11,022,840	10,624,882	10,555,430	17,574,424
Gifts received	3,496,454	1,402,983	1,091,129	368,451	342,146
Federal Revenue Nonoperating	25,348,224	31,447,951	30,356,097	66,621,821	83,068,552
Interest income	4,714,991	5,340,421	2,966,631	2,169,599	2,293,124
Extinguishment of debt					
Investing expenses	(341,617)	(498,242)	(380,996)	(525,803)	(113,721)
Interest expense	(6,735,487)	(6,704,598)	(6,159,500)	(4,625,427)	(2,707,650)
Net increase (decrease) in fair value of inv	6,560,183	(1,595,087)	8,453,262	16,166,641	(12,116,321)
Other non-operating revenues/(expenses)	619,532	(300,129)	639,487	15,291,451	1,070,648
Total Nonoperating Revenue (Expenses)	$ 100,552,243	$ 95,590,532	$ 99,151,996	$ 157,513,206	$ 142,127,287
Income (Loss) before Other Revs, Exps, Gains and Transfers	$ 31,275,383	$ (11,474,380)	$ (34,260,737)	$ 8,291,604	$ (17,497,452)
Other Revs, Exps, Gains and Transfers					
Capital appropriations, HEAF	$ 11,659,843	$ 11,659,843	$ 11,659,843	$ 11,719,335	$ 11,719,335
Additions to endowments	126,459	448,892	368,893	898,617	804,814
Returned lapsed appropriations	(1,467,111)	(636,408)	(670,247)	(1,907,882)	(1,263,509)
Transfer In					144,914
Transfer out	155,732	153,132	156,510	(1,859,870)	(63,978)
Total Other Rev, Exps, Gains & Transfers	$ 10,474,923	$ 11,625,460	$ 11,514,999	$ 8,850,200	$ 11,341,576
Ganin on Cancellation of Debt	$ -	$ -	$ -	$ 86,141,136	$ -
Restatement, GASB 68	$ (105,328)	$ (6,040,027)	$ -	$ -	$ -
Change in Net Position	$ 41,750,306	$ 151,080	$ (22,745,737)	$ 17,141,804	$ (6,155,876)
Beginning Net Position	$ 165,159,347	$ 206,804,325	$ 200,915,377	$ 178,169,640	$ 281,452,580
Ending Net Position	$ 206,804,325	$ 200,915,377	$ 178,169,640	$ 281,452,580	$ 275,296,704

(#) Restated

TABLE 4 – Condensed Statement of Net Assets

The table below presents the audited Condensed Statement of Net Assets for Fiscal Years 2018 through 2022:

	Fiscal Year Ended August 31				
	2018	2019	2020	2021	2022
Assets:					
Current and other assets	$ 183,992,266	$ 162,212,395	$ 140,491,176	$ 152,741,733	$ 170,627,419
Restricted assets	73,618,951	73,564,045	71,269,077	87,829,811	77,285,710
Capital assets, net	274,376,053	299,495,836	291,729,063	287,506,536	264,570,591
Total Assets	$ 531,987,270	$ 535,272,276	$ 503,489,316	$ 528,078,081	$ 512,483,720
Deferred Outflows of Resources	10,117,922	95,985,285	88,058,306	76,495,538	53,022,744
Liabilities:					
Current liabilities	$ 118,035,821	$ 119,255,897	$ 105,595,100	$ 99,447,586	$ 109,194,698
Noncurrent liabilities	212,216,726	282,076,981	279,829,731	195,652,574	169,240,122
Total Liabilities	$ 330,252,548	$ 401,332,878	$ 385,424,831	$ 295,100,160	$ 278,434,820
Net Assets:					
Invested in capital assets, net of related debt	$ 119,126,076	$ 129,320,486	$ 131,869,961	$ 216,960,555	$ 213,579,583
Restricted for:					
Capital projects	-	-	-	-	
Debt service	833,899	856,656	881,115	389,726	104,564
Other	63,149,337	61,615,509	73,696,163	97,754,562	82,273,340
Unrestricted	23,695,013	9,122,727	(28,277,599)	(33,652,263)	(20,660,783)
Total Net Assets	$ 206,804,325	$ 200,915,377	$ 178,169,639	$ 281,452,580	$ 275,296,704

Funding for the University

General. Funding for the University for the Fiscal Year ended August 31, 2022, consisted of government appropriations; tuition and student fees; gifts, grants, and scholarships; sales, services, and other sources; designated funds; and auxiliary enterprises. The amounts and the sources of such funding vary from year to year; there is no guarantee that the source or amounts of such funding will remain the same in future years.

State Appropriations. State appropriations were equivalent to approximately 60.24% of the University's actual total operating revenues for Fiscal Year 2022 and were equivalent to approximately 60.68% of the University's budgeted total operating revenues for Fiscal Year 2021 (actual total operating revenues does not include State appropriations and includes tuition discounting; budgeted total operating revenues includes State appropriations and does not include tuition discounting.). The University receives State appropriations through formula-based appropriations and through specific non-formula appropriations. For the 2022-2023 biennium, the University received approximately 90.8% of its total State appropriations pursuant to formula-based distributions and approximately 9.2% of its total State appropriations pursuant to specific non-formula appropriations, respectively.

The 88th Texas Legislature convened its regular legislative session on January 10, 2023, and concluded on May 29, 2023. Pursuant to HB1 of the 88th Texas Legislature, the adopted budget for the State for the 2024-2025 biennium that begins on September 1, 2023, the Legislature appropriated $78,869,582 for the University from the State's General Revenue fund for Fiscal Year 2024 and $78,005,159 for Fiscal Year 2025 for a total of $156, 874,741 for the biennium, which represents a 12,456,776 (or 8.63%) increase over the previous biennium awarded during the 87th Texas Legislative Session.

The University has no assurance that the Texas Legislature will continue to appropriate to it the General Revenue Funds of the State at the same levels as in previous years. Future levels of State support are dependent upon the ability and willingness of the Texas Legislature to make appropriations to the University, taking into consideration the availability of financial resources and other potential uses of such resources as well as enrollment at the University and other factors. Any reductions to State appropriations made by the Texas Legislature could have a significant impact on operations of the University.

Tuition and Fees

The University charges tuition and fees as determined by the Texas Legislature and the Board of Regents under Chapters 54 and 55 of the Texas Education Code. Total tuition charges are comprised of "State Mandated Tuition" and "Designated Tuition," as further described below.

Both the State Mandated Tuition and the Board Designated Tuition (defined below) are included in Revenue Funds and are pledged for the benefit of Parity Obligations.

State Mandated Tuition. Section 54.051, Texas Education Code, currently requires (i) undergraduate tuition applicable to state residents to be charged at $50 per semester credit hour; and (ii) tuition of a nonresident student at a general academic teaching institution or medical and dental unit to be an amount per semester credit hour equal to the average of the nonresident undergraduate tuition charged to a resident of the State at a public state university in each of the five most populous states other than the State (the amount of which would be computed by the THECB for each academic year). For the 2021-22 academic year, the THECB has computed $459 per semester credit hour for nonresident undergraduate tuition. The tuition rates described above are referred to in this document as "State Mandated Tuition."

Designated Tuition. In 2003, the Texas Legislature approved, and the Governor signed into law House Bill 3015 ("HB 3015"), which provided for the deregulation of a portion of tuition that a governing board of an institution of higher education, such as the Board of Regents, has the authority to charge under Section 54.0513 of the Texas Education Code. Prior to the amendment to Section 54.0513, Texas Education Code, the amount of tuition that a board of regents could independently charge students was capped at the levels described above with respect to State Mandated Tuition. Effective with the tuition that was charged for the Fall 2003 semester, a governing board may charge any student an amount (referred to in this document as "Board Designated Tuition") that it considers necessary for the effective operation of the institution. The legislation also provides authority to the governing board to set a different tuition rate for each program and course level offered by the institution.

No less than 20% of the Board Designated Tuition charged more than $46 per semester hour is required to be set aside to provide financial assistance to resident undergraduate students, consistent with the provisions of Subchapter B, Chapter 56, Texas Education Code, which were contained in HB 3015.

The University has no assurance that the Texas Legislature will not place future limits on the Board of Regent's ability to charge Board Designated Tuition in an amount that the Board of Regents considers necessary for the effective operation of the University. However, the Texas Education Code also permits the Board of Regents to set the tuition and any other necessary fees, rentals, rates, or other Revenue Funds of the Board of Regents at the level necessary, without limit, to enable the Board of Regents to meet its obligations with respect to the payment of debt service on the Parity Obligations. Thus, the rate of the tuition pledged as a Revenue Fund imposed to secure the Parity Obligations is not limited by law or the Resolution, to the extent necessary to raise such rates if there were insufficient Pledged Revenues to pay debt service on Parity Obligations.

Current Funds

Current funds are funds expendable for current operating purposes. Within the current funds group, funds are segregated between unrestricted and restricted. The current funds revenues and expenditures described below are derived from the Combined Statement of Current Funds Revenues and Expenditures included in the University's audited combined primary financial report for each of the Fiscal Years indicated. See "APPENDIX D – AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY FOR THE YEAR ENDED AUGUST 31, 2022."

Unrestricted Current Funds Revenues

Unrestricted funds are funds over which the Board of Regents retains full control in achieving institutional purposes. Not all unrestricted funds constitute Pledged Revenues. "SECURITY FOR THE BONDS."

Financing Programs

The University has one financing program in addition to the Revenue Financing System. Article VII, Section 17 of the Texas Constitution provides that, except for cases of demonstrated need and upon a vote of two-thirds of each house of the Texas Legislature, and except in cases of fire or natural disaster, the University may not receive any funds from the general revenues of the State for acquiring, constructing, or equipping permanent improvements, or for major repairs or rehabilitations of permanent improvements.

Higher Education Assistance Fund Bonds. Pursuant to the Higher Education Assistance Fund ("HEAF") program, the University is qualified to receive an annual allocation from amounts constitutionally appropriated to institutions of higher education that are not entitled to participate in Permanent University Fund bond financing to fund permanent improvements (except those for auxiliary enterprises). Under the constitutional provision authorizing HEAF, the Board of Regents is authorized to issue bonds and notes to finance permanent improvements at the University and to pledge up to 50% of its allocation to secure the payment of principal of and interest on the bonds and notes. As of August 31, 2022, the University had no bonds or other obligations outstanding under this program.

HBCU Loan Program. The University has utilized the HBCU Loan Program to finance certain acquisitions of properties for student housing through the USDE. See "– THE UNIVERSITY – Capital Improvements and Student Housing" and "– TABLE 5 – Outstanding Indebtedness" within this APPENDIX A. As of the date of this Official Statement, the University has no obligations outstanding under the HBCU Loan Program. In connection with passage CRRSAA (HEERF II), signed into law by the President of the United States on December 27, 2020, all of the University's obligations under the HBCU Loan Program were discharged in full as of March 19, 2021, and the lender released all right, title and interest to the revenues pledged to secure payment thereof.

Capital Construction Assistance Bonds. Pursuant to Chapter 55, Texas Education Code, revenue bonds issued by a university system, such as the University, may be equally secured by and payable from a pledge of all or a portion of certain revenue funds of the university system, and all of the Parity Obligations of the University, including the Bonds, are secured solely by and payable solely from a pledge of and lien on the Pledged Revenues. See "SECURITY FOR THE BONDS."

Historically, the Texas Legislature has appropriated General Revenue Funds in the State's budget each biennium to reimburse institutions of higher education for an amount equal to all or a portion of the debt service on certain revenue bonds ("Capital Construction Assistance Bonds") issued pursuant to specific statutory authorizations for individual institutions and projects identified in Chapter 55 of the Texas Education Code.

The reimbursement of the payment of debt service on such Capital Construction Assistance Bonds does not constitute a debt of the State, and the State is not obligated to continue making any such appropriations in the future. Furthermore, the Texas Legislature is prohibited by the Texas Constitution from making any appropriations for a term longer than two years. Accordingly, the Texas Legislature's appropriations for the reimbursement of debt service on Capital Construction Assistance Bonds may be reduced or discontinued at any time after the current biennium, and the Texas Legislature is under no legal obligation to continue such appropriations in any future biennium. See "INVESTMENT CONSIDERATIONS – Investment Considerations Relating to the University's Financial Condition and Operations – *State Appropriation Risk*."

The Bonds are eligible for reimbursement from the State pursuant to the Texas Legislature's biennial appropriation for capital construction assistance bond retirement. Section 55.17591 of the Texas Education Code, which authorizes the University to issue Bonds for the purpose of acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property and facilities, including roads and related infrastructure, for certain projects at the University, was enacted by the 79th Texas Legislature in 2006.

The Texas Legislature has historically appropriated funds to reimburse the University in an amount equal to all or a portion of the debt service on the University's Capital Construction Assistance Bonds. The 88th Texas Legislature convened its regular legislative session on January 10, 2023, and concluded on May 29, 2023. Pursuant to HB1 of the 88th Texas Legislature, the proposed budget for the State for the 2024-2025 biennium that begins on September 1, 2023, the Legislature appropriated $78,869,582 for the University from the State's General Revenue fund for Fiscal Year 2024 and $78,005,159 for Fiscal Year 2025 for a total of $156, 874,741 for the biennium, which represents a 12,456,776 (or 8.63%) increase over the previous biennium awarded during the 87th Texas Legislative Session.

Capital Construction Assistance Bonds, such as the Bonds, issued for the University constitute Parity Obligations of the University which are equally and ratably secured by and payable from a pledge of and lien on Pledged Revenues on parity with all other Parity Obligations of the University System and do not include any additional pledge or security as a result of being authorized as Capital Construction Assistance Bonds**.** See "– TABLE 5 – Outstanding Indebtedness" below.

The University provides no assurances with respect to any future appropriations by the Texas Legislature. Future levels of State support are dependent upon the ability and willingness of the Texas Legislature to make appropriations to the University, taking into consideration the availability of financial resources and other potential uses of such resources as well as enrollment at the University and other factors. See "INVESTMENT CONSIDERATIONS – Investment Considerations – *State Appropriation Risk*."

TABLE 5 - Outstanding Indebtedness

Assuming delivery of the Bonds, the University will have the following outstanding indebtedness:

Revenue Financing System	Par Amount Issued	Par Amount Outstanding
TPFA TSU Revenue Financing System Ref Bonds, Series 2013	$62,355,000	$860,000
TPFA TSU Revenue Financing System Bonds, Series 2016	55,490,000	40,775,000
TPFA TSU Revenue Financing System Ref Bonds, Series 2021	14,275,000	11,545,000
TPFA TSU Revenue Financing System Bonds, Series 2023	80,680,000	80,680,000
Total	**$212,800,000**	**$133,860,000**

Investment Policy and Procedures

Management of Investments. The Board of Regents approved the University's current Endowed and Non-Endowed Investment Policies at its August 2022 meeting. As provided in State law and University policy, each member of the Board of Regents has the legal responsibilities of a fiduciary in the management of funds under the control of the University. All investments are made in accordance with applicable State and federal regulations. Currently, the Board utilizes Consequent Capital Management, LLC to provide investment management consulting services with respect to the University's endowment funds and the Board of Regents relies on the University's administrative staff to manage its operating funds internally. Cash on hand is invested in overnight collateralized repurchase agreements. The Board of Regents receives quarterly reports regarding asset allocation, investment returns, and comparative investment results of other indices.

Authorized Investments. All available funds held by the University are authorized to be invested in accordance with State law and with the written investment policy of the Board of Regents. Investments are to be made with the judgment and care, under the circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income therefrom as well as the probable increase in value and the safety of their capital. In the management of University investments, consideration is given to the requirements of liquidity, diversification, safety of principal, yield, maturity, quality, and capability of investment management, with primary emphasis on safety of principal.

Investment Programs. Specific investment ranges and investment policy limitations are as follows:

	Operating Funds		Endowment Funds	
	Minimum	**Maximum**	**Minimum**	**Maximum**
U.S. Treasury Obligations	50%	100%	15%	75%
Federal Agency Obligations	20%	80%	15%	80%
Commercial Paper	0%	20%	15%	75%
Certificates of Deposit	0%	100%	15%	75%
Collateral Repurchase Agreements	0%	10%	15%	70%
Corporate Bonds	0%	0%	15%	75%
Corporate Stocks	0%	0%	25%	75%
Cash Equivalents	0%	70%	0%	5%

The University has adopted a written investment policy regarding the investment (the "Investment Policy") of its endowment and non-endowed funds. All investments are made in accordance with the Investment Policy, applicable laws and resolutions of the Board Regents. As of August 31, 2022, and pursuant to the University's Investment Policy, the University's endowed and non-endowed funds investment pool was as follows:

The market value of Endowment Funds as of August 31, 2022, was $86,873,106.

Compliance Audits

Pursuant to Section 2256 of the Texas Government Code (the Public Funds Investment Act, hereinafter referred to as the "PFIA"), the University is required, at least once every two years, to arrange for a compliance audit of management controls on investments and adherence to the University's investment policies. Such results of the compliance audit is required, not later than January 1 of each even-numbered year, to be provided to the SAO. Additionally, pursuant to Rider 5, page III-241, General Appropriations Act of the 83rd Texas Legislature ("Rider 5"), the Board of Regents is required to file with the SAO, Comptroller of Public Accounts, the Legislative Budget Board and the Governor an annual report of all investment transactions involving endowment funds, short-term and long-term investment funds, and all other securities transactions, in a method prescribed by the SAO.

Under the authority referenced above, the University self-reported to the SAO, from compliance audit reports dated as of August 31, 2022, certain areas of noncompliance for contracting and reporting under the PFIA. Specifically, the University self-reported that its investment policies for Endowments and Non-Endowments should be reviewed and ratified annually by its Board of Regents. The University partially complied with the Higher Education Institution Investment Reporting Requirements in accordance with Rider 5 by posting investment information on its website. Contracts with investment advisors/managers should be current and annual disclosure statements should be submitted to the SAO by April 15th of each year. Based on the information provided by the University, during follow-up verification activities, the University was categorized as fully compliant with the 12 requirement areas addressed in Rider 5. On May 28, 2021, the SAO completed its biennial review of the University's compliance with the Higher Education Institution Investment Reporting Requirements, and the SAO's independent verification did not find any significant compliance deficiencies.

Debt Management

Debt management of the University is the responsibility of the Vice President for Business and Finance and Chief Financial Officer. Debt is issued by the Authority pursuant to the University's debt capacity analyses and annual funding requirements in accordance with the capital budget. Issuance of debt requires approval of the Board of Regents and the Texas Bond Review Board. The Authority's Board approval is required for the issuance of revenue bonds.

APPENDIX B

DEFINED TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

This Appendix contains excerpts of certain provisions of the Twelfth Supplement and the Master Resolution and is qualified in its entirety by reference to such documents, which may be examined at the offices of the Authority or copies of which may be obtained from the Authority, at 300 W. 15th Street, Suite 411, Austin, Texas 78701.

DEFINITIONS

As used in the Twelfth Supplement, the following terms and expressions have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"***2023 Construction Fund***" means the "Texas Southern University Revenue Financing System Bonds, Series 2023 Construction Fund" pursuant to Section 5 of this Twelfth Supplement, with such subaccounts for (i) the construction of the Nabrit Science Building, (ii) upgrades to signage and wayfinding, (iii) construction of the Catalyst for Urban Transformation and (iv) construction of a health and wellness center as may be desirable or necessary as determined by the University from time to time.

"***2023 Costs of Issuance Fund***" means the Texas Southern University Revenue Financing System Bonds, Series 2023 Costs of Issuance Fund pursuant to Section 5 of this Twelfth Supplement.

"***2023 Fund(s)***" means collectively or individually the Interest and Sinking Fund, the 2023 Construction Fund, the 2023 Costs of Issuance Fund, and the 2023 Reserve Fund.

"***2023 Reserve Fund***" means the Texas Southern University Revenue Financing System Bonds, Series 2023 Reserve Fund created pursuant to Section 5 of this Twelfth Supplement.

"***Authority Board***" means the Board of Directors of the Texas Public Finance Authority.

"***Board***" means the Board of Regents of the University.

"***Bond Counsel***" means Bracewell LLP, or such other firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Authority.

"***Bond Purchase Contract***" means the contract executed by the duly acting representative of the Pricing Committee and the duly acting representative of the Underwriters establishing the price, terms and conditions relating to the issuance and sale of the Series 2023 Bonds.

"***Bond Insurance Policy***" means the Credit Facility or bond insurance policy entered into in connection with the Series 2023 Bonds as further described in Section 15 hereof and the Pricing Certificate.

"***Bond Insurance Reimbursement Amount***" means the amounts due to the Bond Insurer in connection with payments made by the Bond Insurer under the Bond Insurance Policy approved under Section 15 hereof and as more specifically described in the agreement authorizing such Bond Insurance Policy and/or the additional provisions related to the Bond Insurance Policy.

"***Code***" means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code, and (d) the Regulations promulgated under the provisions described in (b) and (c).

"***Credit Agreement***" means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase

Parity Obligations, purchase or sale agreements, interest rate swap agreements, currency exchange agreements, interest rate floor or cap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the Authority as a Credit Agreement in connection with the authorization, issuance, security or payment of Parity Obligations and on parity therewith.

"Credit Facility" means (i) a policy of insurance or a Surety Policy, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations or the satisfaction of the Reserve Requirement Amount or (ii) a letter or line of credit issued by any financial institution.

"***Designated Financial Officer***" means either the Vice President for Finance/Chief Financial Officer or the Chief Operating Officer and Vice President, Administration, or such other official of the University appointed by the Board to carry out the functions of the Designated Financial Officer specified herein.

"***Disclosure Counsel***" means Escamilla & Poneck, LLP.

"***Financial Obligation***" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"***Interest and Sinking Fund***" means the Texas Southern University Revenue Financing System Bonds, Series 1998A Interest and Sinking Fund created pursuant to Section 11 of the Master Resolution.

"Master Resolution" means the Master Resolution establishing the Financing System and authorizing the issuance of Parity Obligations and the pricing and sale of the Series 1998A Bonds and any resolutions supplementing or amending the Master Resolution from time to time providing for, among other things, the issuance of Additional Parity Obligations.

"Pricing Certificate" means that certificate executed by the Pricing Committee relating to the terms, price and redemption provisions of the Series 2023 Bonds.

"***Pricing Committee***" means Ramon Manning, Chair of the Pricing Committee; Shanda Perkins; and Lance Etcheverry; the members of the Authority's Board of Directors who are authorized to act on behalf of the Authority in selling and delivering the Series 2023 Bonds, with all remaining members of the Board as alternates.

"***Required Reserve Amount***" means an amount equal to the lesser of (a) 1.25 times the average principal and interest requirements of the Series 2023 Bonds, or (b) 1.00 times the annual principal and interest requirements of the Series 2023 Bonds to be Outstanding in the Fiscal Year during which such annual principal and interest requirements are scheduled to be the greatest; provided, however, that the Required Reserve Amount shall not exceed 10% of the aggregate proceeds (within the meaning of Section 148(d)(2) of the Code) of the Series 2023 Bonds.

"***Regulations***" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulation may be amended or supplemented from time to time.

"***Reserve Policy Costs***" means the amounts due to the Bond Insurer in connection with the repayment of any draws under the Surety Policy for the 2023 Reserve Fund approved under this Twelfth Supplement and as more specifically described in the agreement authorizing such Surety Policy and/or any additional provisions related to such Surety Policy.

"***Series 2023 Bonds***" means the Texas Public Finance Authority Texas Southern University Revenue Financing System Bonds, Series 2023, authorized to be issued pursuant to this Twelfth Supplement.

"***Series 2023 Obligations***" means, together, the Series 2023 Bonds, Bond Insurance Reimbursement Amounts, and the Reserve Policy Costs, if any.

"***Twelfth Supplement***" means this Twelfth Supplement to the Master Resolution authorizing the issuance and sale of the Series 2023 Bonds and any amendments and supplements thereto.

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As used in the Master Resolution, the following terms and expressions have the meanings set forth below, unless the text hereof specifically indicates otherwise.

"***Additional Parity Obligations***" means the additional Parity Obligations permitted to be issued pursuant to the Resolution payable from and secured by the Pledged Revenues subject only to the lien securing Prior Encumbered Obligations.

"***Annual Debt Service Requirements***" means, for any Fiscal Year, the principal of and interest on all Parity Obligations coming due at Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default on such Debt, or be payable in respect of any required purchase of such Debt by the Board or the Authority) in such Fiscal Year.

"***Board***" means the Board of Regents of the University.

"***Bond Insurer***" means the issuer of a Bond Insurance Policy.

"***Business Day***" means any day that is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City of New York, New York or in the city where the Designated Payment Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

"***Credit Provider***" means any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

"***Debt***" means all:

(1) indebtedness incurred or assumed by the Board for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the Board that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet.

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the Board, or that is in effect guaranteed, directly or indirectly, by the Board through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(3) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the Board whether or not the Board has assumed or become liable for the payment thereof.

For the purpose of determining the "Debt" of the Board, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary money (or investments that will provide sufficient money, if permitted by instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of the Board in prior Fiscal Years.

"***Designated Financial Officer***" shall mean the Senior Vice President for Administration of the University, or such other official of the University appointed by the Board to carry out the functions of the Designated Financial Officer specified herein.

"***Designated Payment Office***" shall have the meaning ascribed to said term in Section 15(b) of the Resolution.

"***Direct Obligation***" means the proportionate share of Outstanding Parity Obligations attributable to and the responsibility of each Participant in the Financing System.

"***Executive Director***" means the duly acting Executive Director of the Authority, and any person authorized by the Board of Directors of the Authority to serve in the capacity of and perform the duties and obligations of the Executive Director.

"***Fiscal Year***" means the fiscal year of the Board which currently ends on August 31 of each year.

"***Funded Debt***" means all Parity Obligations that mature by their terms (in the absence of the exercise of any earlier right of demand), or are renewable at the option of the Board to a date, more than one year after the original creation, assumption, or guarantee of such Debt by the Board.

"***General Revenue Funds***" means the general revenue funds appropriated biennially to the Board by the Legislature of the State of Texas, excluding those funds appropriated to the Board which are attributable to and derived from the tuition, local funds and fees levied and collected by the University and as included in the definition of "revenue funds" in Section 55.01(3) of the Texas Education Code.

"***Holder***" or "***Bondholder***" or **"*Owner*"** means the registered owner of any Parity Obligation registered as to ownership and the holder of any Parity Obligation payable to bearer.

"***Maturity***," when used with respect to any Debt, means the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

"***Officer's Certificate***" means a certificate executed by the Designated Financial Officer.

"***Outstanding***" when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations theretofore delivered and secured under the Resolution and any resolution hereafter adopted authorizing the issuance of Additional Parity Obligations, except:

(1) Parity Obligations theretofore cancelled and delivered to the Board or delivered to the Paying Agent or the Registrar for cancellation;

(2) Parity Obligations deemed paid pursuant to the provisions of Section 21 of the Resolution or any comparable section of any resolution hereafter adopted authorizing the issuance of Parity Obligations;

(3) Parity Obligations upon transfer of or in exchange for and in lieu of which other Parity Obligations have been authenticated and delivered pursuant to the Resolution; and

(4) Parity Obligations under which the obligations of the Board, or the Authority on behalf of the Board, have been released, discharged, or extinguished in accordance with the terms thereof;

provided, however, that, unless the same is acquired for purposes of cancellation, Parity Obligations owned by the Board shall be deemed to be Outstanding as though it was owned by any other owner.

"***Parity Obligations***" means all Debt of the Board which may be issued or assumed in accordance with the terms of the Resolution and any resolution authorizing the issuance of Debt on a parity with the Series 1998A Bonds and any Outstanding Parity Bonds, secured by a pledge of the Pledged Revenues.

"***Participant in the Financing System***" and "***Participant***" means each of the agencies, institutions and branches of the University and such agencies, institutions and branches hereafter designated by the Board to be a participant in the Financing System. As of the date of the Resolution, the University is the only Participant in the Financing System.

"***Paying Agent/Registrar***," "***Paying Agent***" or "***Registrar***" means each of the agents (one or more) appointed pursuant to Section 14 of the Resolution, or any successor to any such agent.

"***Pledged Revenues***" means, subject to the provisions of the Prior Encumbered Obligations, the Revenue Funds, including all of the funds and balances now or hereafter lawfully available to the Board and derived from or attributable to any Participant of the Financing System which are lawfully available to the Board for payments on Parity Obligations; provided, however, that the following shall not be included in Pledged Revenues unless and to the extent set forth in a resolution authorizing the issuance of Parity Obligations: (a) amounts received by the University under Article VII, Section 17 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; and (b) except to the extent so specifically appropriated, General Revenue Funds appropriated to the Board by the Legislature of the State of Texas.

"***Prior Encumbered Obligations***" means those outstanding bonds or other obligations of an institution which becomes a Participant of the Financing System after the date of adoption of the Resolution, which are secured by a lien on and pledge of the Prior Encumbered Revenues charged and collected at such institution or agency, and any other bonds or other obligations secured by revenues which are hereafter designated by the Board as a Pledged Revenue.

"***Prior Encumbered Revenues***" means (i) the revenues pledged to the payment of Prior Encumbered Obligations of the University and (ii) the revenues of any revenue producing system or facility of an institution or agency which hereafter becomes a Participant of the Financing system and which are pledged to the payment of bonds or other obligations outstanding on the date such institution or agency becomes a Participant of the Financing System.

"***Record Date***" means, with respect to the Bonds, the last business day of each month preceding an interest payment date.

"***Registration Books***" means the books or records relating to the registration, payment, and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar, pursuant to Section 14 of the Resolution.

"***Revenue Financing System***" or "***Financing System***" means the "*Texas Southern University Consolidated Revenue Financing System*," for the benefit of the University, and such other institutions and agencies now or hereafter under the control or governance of the Board, and made a Participant of the Revenue Financing System by specific action of the Board.

"***Revenue Funds***" means the "revenue funds" of the Board (as defined in Section 55.01(3) of the Texas Education Code to mean the revenues, incomes, receipts, rental rates, charges, fees, grants, and tuition levied or collected from any public or private source by an institution of higher education, including interest or other income from those funds) derived by the Board from the operations of each of the Participants. The term "Revenue Funds" does not include, with respect to each series or issue of Parity Obligations, any tuition, rentals, rates, fees, or other charges attributable to any student in a category which, at the time of the adoption of the Board of a resolution relating to such Parity Obligations, is exempt by law or by the Board from paying such tuition, rentals, rates, fees, or other charges.

"***Stated Maturity***" when used with respect to any Debt or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

"***Surety Policy***" means a surety bond, insurance policy, letter of credit, other agreement, instrument, or other financial guaranty instrument under which the issuer thereof is obligated to provide funds up to and including the Required Reserve Amount.

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EXCERPTS OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION

Section 1. **ESTABLISHMENT OF A REVENUE FINANCING SYSTEM AND ISSUANCE OF PARITY OBLIGATIONS**. The Board does hereby establish the Texas Southern University Revenue Financing System (the "Financing System"), for the purpose of providing a financing structure fur revenue supported indebtedness to provide funds to acquire, purchase, construct, improve, renovate, enlarge or equip properly, buildings, structures, facilities, roads or related infrastructure at the University, as well as at any institution, branch or entity hereafter placed under the control and governance of the Board, under authority of the pertinent provisions of the Texas Education Code.

Section 2. **SECURITY AND PLEDGE**. (a) ***Pledge***. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, Parity Obligations shall be secured by and payable from a lien on the Pledged Revenues, and the Board hereby assigns and pledges the Pledged Revenues to the payment of the principal of, premium, if any, and interest on Parity Obligations, and the Pledged Revenues are further pledged to the establishment and maintenance of any funds which may be provided to secure the repayment of Parity Obligations in accordance with this Resolution. The Authority, upon approval and consent of the Board, may execute and deliver one or more Credit Agreements to additionally secure Parity Obligations. Credit Agreements may also be secured by a pledge of Pledged Revenues on a parity with or subordinate to Parity Obligations.

(b) ***Additional Participants***. As provided in Section 7 of this Resolution, institutions which may hereafter come under the control and governance of the Board may become Participants in the Financing System and such institutions may, at such time, have outstanding obligations secured by the Prior Encumbered Revenues and that, therefore, the lien on and pledge of the Pledged Revenues established pursuant to this Resolution and effective when such institutions become Participants in the Financing System will be subject and subordinate only to such institutions' outstanding Prior Encumbered Obligations.

(c) ***Restriction on Issuance of Additional Debt on a Parity with Prior Encumbered Obligation***s. Except as provided in Section 4(g) and for so long as any Parity Obligations are Outstanding, no additional bonds, notes, or other obligations may be issued or incurred by the Board or the Authority on a parity with any Prior Encumbered Obligations.

(d) ***Parity Obligations are Special Obligations***. All Parity Obligations and the premium, if any, and the interest thereon shall constitute special obligations of the Board and the Authority payable from the Pledged Revenues, and the owners thereof shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than the source specified in this Resolution. The obligation of the Board and the Authority to pay or cause to be paid the amounts payable under this Resolution out of the Pledged Revenues shall be absolute, irrevocable, complete, and unconditional, and the amount, manner, and time of payment of such amounts shall not be decreased, abated, rebated, set-off, reduced, abrogated, waived, diminished, or otherwise modified in any manner or to any extent whatsoever, regardless of any right of setoff, recoupment, or counterclaim that the Board or the Authority might otherwise have against any owner or any other party and regardless of any contingency, *force majeure*, event, or cause whatsoever and notwithstanding any circumstance or occurrence that may arise or take place before, during, or after the issuance of Parity Obligations while any Parity Obligations are Outstanding.

Section 3. **COVENANTS RELATING TO PLEDGED REVENUES**. (a) ***Rate Covenant.*** In each fiscal Year, the Board shall establish, charge, and use its reasonable efforts to collect at each Participant the Pledged Revenues which, if collected, would be sufficient to meet all financial obligations of the Board for such Fiscal Year relating to the Financing System including all deposits or payments due on or with respect to (i) the Prior Encumbered Obligations and (ii) all Outstanding Parity Obligations.

(b) ***Tuition***. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations and to the other provisions of this Resolution, the Board covenants and agrees to fix, levy, charge and collect at each Participant student tuition charges required or authorized by law to be imposed on students enrolled at each Participant (excepting, with respect to each series or issue of Parity Obligations, any student in a category which, at the time of adoption of a resolution relating to such Parity Obligations, is exempt by law or by the Board from paying such tuition charges). Each student (excluding those exempt from payment as provided above), enrolled at each Participant, respectively, at each regular fall and spring semester and at each term of each summer session, shall be required to pay tuition charges in such amounts, subject to limitations imposed by law, as will be sufficient at al l times, together with other legally available funds, including other Pledged Revenues, to provide the money to make or pay the principal of, interest on, and other payment; or deposits with respect to Outstanding Parity Obligations when and as required. All changes in the tuition charged students al each Participant shall be made by resolution of the Board, but such procedure shall not constitute or be regarded as an amendment of this Resolution, but merely the carrying out of the provisions and requirements hereof.

(c) ***Anticipated Deficit***. If the Board determines, for any reason whatsoever, that there are not anticipated to be legally available funds, including Pledged Revenues, sufficient to meet all financial obligations of the Board relating to the Financing System including the deposits and payments due on or with respect to Outstanding Parity Obligations as the same mature or come due, or that any Participant in the Financing System will be unable to pay its Annual Direct Obligation in full, then the Board shall fix, levy, charge; and collect such rentals, rates, fees, tuition, or other charges at each Participant in the Financing System with enrolled students, effective at the next succeeding regular semester or semesters or summer term or terms, in such amounts, without any limitation whatsoever other than as provided in subsection (d) below), as will be at least sufficient to provide, together with other legally available funds, including Pledged Revenues, the money for making when due all financial obligations of the Board relating to the Financing System including all payments and deposits due on or with respect to Outstanding Parity Obligations when and as required by this Resolution.

(d) ***Economic Effect of Adjustments***. Any adjustments in the rate or manner of charging for any rentals, rates, fees, tuition, or other charges included i n Pledged Revenues at any Participant in the Financing System resulting from an event described in subsection (c) above will be based upon a certificate and recommendation of the Designated Financial Officer, delivered to the Board, as to the rates and anticipated collection of the Pledged Revenues at each Participant in the Financing System (after taking into account the anticipated effect the proposed adjustments i n such rentals, rates, fees, tuition, or other charges would have on enrollment and the receipt of Pledged Revenues and other funds at each Participant in the Financing System) which will be anticipated to result in (i) Pledged Revenues attributable to each Participant being sufficient (to the extent possible) to satisfy the Annual Obligation of such Participant and (ii) Pledged Revenues being sufficient, together with other legally available funds, to meet all financial obligations of the Board relating to the Financing System including all deposits and payments due on or with respect to (A) the Prior Encumbered Obligations and (B) all Outstanding Parity Obligations, when and as required by this Resolution.

(e) ***Annual Obligation***. If, in the judgment of the Board, any Participant in the Financing System has been or will be unable to satisfy its Annual Obligation, the Board shall fix, levy, charge, and collect rentals, rates, fees, and charges for goods and services furnished by such Participant and, with respect to Participants with enrolled students, tuition, effective at the next succeeding regular semester or semesters or summer term or terms, in amounts sufficient, without limitation whatsoever other than as provided subsection (d) above), together with other legally available funds, including other Pledged Revenues attributable thereto, to enable it to make its Annual Obligation payments.

(f) ***Additional Participants***. The Board hereby agrees to apply the covenants hereinabove made to any institution, branch or entity hereinafter placed under the control and governance of the Board and added as a Participant in the Financing System in accordance with the provisions of Section 7 hereof.

Section 4. **GENERAL COVENANTS**. The Board further represents, covenants, and agrees that while any Parity Obligations or interest thereon is Outstanding:

(a) ***Payment of Parity Obligations***. On or before each payment date it shall make available to the Paying Agent for such Parity Obligations or to such other party as required by the resolution authorizing the issuance of such Parity Obligations, money sufficient to pay the interest on, principal of, and premium, if any, on the Parity Obligations as will accrue or otherwise come due or mature, or be subject to mandatory redemption prior to maturity, on such date and the fees and expenses related to the Parity Obligations, including the fees and expenses of the Paying Agent and any Registrar, trustee, remarketing agent, tender agent, or Credit Provider.

(b) ***Performance***. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution, and in each and every Parity Obligation or evidence thereof.

(c) ***Redemption***. It will duly cause to be called for redemption prior to maturity, and will cause to be redeemed prior to maturity, all Parity Obligations which by their terms are mandatorily required to be redeemed prior to maturity, when and as so required.

(d) ***Lawful Title***. It lawfully owns, has title to, or is lawfully possessed of the lands, buildings, and facilities now constituting the University, and it will defend said title and title to any lands, buildings, and facilities which may hereafter become part of the Financing System, for the benefit of the owners of Parity Obligations against the claims and demands of all persons whomsoever.

(e) ***Lawful Authority***. It is lawfully qualified to pledge the Pledged Revenues herein pledged in the manner prescribed herein and has lawfully exercised such right.

(f) ***Preservation of Lien***. Subject to the conditions set forth in Sections 5, 6, and 7 of this Resolution, it will not do or suffer any act or thing whereby the Financing System might or could be impaired, and that it will at all times maintain, preserve, and keep the real and tangible property of the Participants in the Financing System and every part thereof in good condition, repair, and working order and operate, maintain, preserve, and keep the facilities, buildings, structures, and equipment pertaining thereto in good condition, repair, and working order.

(g) ***No Additional Encumbrance***. It shall not incur additional Debt secured by the Pledged Revenues in any manner, except as permitted by this Resolution in connection with Parity Obligations, unless said Debt is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution. Notwithstanding anything to the contrary contained herein, and in addition to the right hereunder to refund the Prior Encumbered Obligations with Parity Obligations, the Board reserves the right to issue obligations to refund any Prior Encumbered Obligations and to secure the refunding obligations either with (i) the Pledged Revenues or (2) with the same source or sources securing the Prior Encumbered Obligations being refunded or with both (1) and (2). Upon the defeasance of the refunded Prior Encumbered Obligations, the refunding obligations will be Prior Encumbered Obligations (unless the refunding obligations are made Parity Obligations in accordance with the terms of this Resolution).

(h) ***Investments and Security***. It will invest and secure money in the funds established pursuant to this Resolution under its control in the manner prescribed by law for such funds, including, but not by way of limitation, the Public Funds Investment Act of 1987, (Chapter 2256, Texas Government Code), Chapter 163, Texas Property Code, and Section 51.0031, Texas Education Code, and in accordance with written policies adopted by the Board and to comply with any requirements of any Bond Insurance Policy.

(i) ***Records***. It will keep proper books of record and account in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the University. Each year while Parity Obligations are Outstanding, the Board will cause to be prepared from such books of record and account an annual financial report of the University and shall furnish such report to the Authority, to the principal municipal bond rating agencies, and to any owner of Parity Obligations who shall request same in writing. In addition, the Board shall submit such financial report and other information required by law for examination in connection with financial compliance and other audits required to be conducted by the office of the Auditor of the State of Texas.

(j) ***Inspection of Books***. It will permit the Authority and any owner or owners of twenty-five percent (25%) or more of the then Outstanding Principal Amount of Parity Obligations at all reasonable times to inspect all records, accounts, and data of the Board relating to the University and the Financing System.

(k) ***Annual and Direct Obligations***. To establishing the annual budget for each Participant in the Financing System, it shall provide for the satisfaction by each Participant in the Financing System of its Annual Obligation. The Direct Obligation shall represent the financial responsibility of each Participant in the Financing System with respect to Outstanding Parity Obligations. Each such Participant's Direct Obligation and Annual Obligation shall be evidenced by a financing agreement between the Board and each Participant.

(l) ***Determination of Outstanding Parity Obligations***. For all purposes of this Resolution, the judgment of the Designated Financial Officer shall be deemed final in the determination of which obligations of the Board constitute Parity Obligations; provided, however, such judgment is subject to confirmation by the Auditor of the State of Texas in connection with the annual audit of the records of the University.

(m) ***Execution of Credit Agreements***. (i) For so long as the Authority possesses the exclusive authority to issue bonds on behalf of the University, should the Board or the Authority determine that it is in the best interests of the University to obtain a Credit Agreement to enhance the security for or provide for the payment, redemption , or remarketing of Parity Obligations, the Authority, upon approval and consent of the Board, may from time to time and at any time execute and deliver a Credit Agreement 10 which the Pledged Revenues are to be pledged. The Authority agrees that it shall use reasonable efforts to negotiate and deliver, on behalf of the University, a Credit Agreement containing terms and conditions mutually acceptable to the Authority and the Board; provided, however, that prior to the Authority adopting any resolution authorizing the execution and delivery of any such Credit Agreement, it shall receive from the University an Officer's Certificate to the effect that (a) the Board has determined that the Participant for whom the Credit Agreement is to be executed and delivered possesses the financial capability to satisfy its Direct Obligation aft.er taking into account the payment obligations under the proposed Credit Agreement , and (b) to the best of his or her knowledge, the Board is in compliance with all covenants contained in this Resolution and any resolution adopted authorizing The issuance of Parity Obligations, and is not in default in the performance and observance of any of the terms, provisions, and conditions hereof or thereof.

(ii) The Board agrees to provide promptly to the Authority substantially final versions of all documents pertaining to any "credit agreement'' (as defined in Vernon's Ann. Tex. Civ. St. Article 717q), to which the Pledged Revenues are to be pledged, proposed to be executed and delivered by the Board to enhance the security for or provide for the payment, redemption, or remarketing of the Prior Encumbered Obligations. The Board further agrees that it shall give written notice to the Authority no later than thirty (30) days prior to the date the Board considers for approval any resolution authorizing the execution and deli very of any such Credit Agreement. The lien on and pledge of Pledged Revenues to pay the cost of any such Credit Agreement may be on a parity with, but not superior to, the lien on and pledge of the Pledged Revenues securing the Parity Obligations.

Section 5. **ISSUANCE OF ADDITIONAL OBLIGATIONS**. (a) ***Additional Parity Obligations***. The Board reserves and shall have the right and power to issue or incur, or request the Authority, on its behalf: to issue or incur, Additional Parity Obligations for any purpose authorized by law pursuant to the provisions of this Resolution and the applicable laws of the State of Texas governing the issuance of bonds for the benefit of the University. The Board, or the Authority acting on behalf of the Board, may incur, assume, guarantee, or otherwise become liable in respect of any Additional Parity Obligations if the Board shall have determined that it will have sufficient funds to meet the financial obligations of each Participant (currently the University) in the Financing System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System. In addition, the Board shall not issue or incur, or cause to be issued or incurred, Additional Parity Obligations unless (i) the Board shall determine that the Participant for whom the Additional Parity Obligations are being issued or incurred possesses the financial capability to satisfy its Direct Obligation after taking into account the then proposed Additional Parity Obligations, and (ii) the Designated Financial Officer shall deliver to the Board and the Authority a certificate stating that to the best of his or her .knowledge the Board is in compliance with all covenants contained in this Resolution and any resolution adopted authorizing the issuance of Additional Parity Obligations, and is not in default in the performance and observance of any of the terms, provisions, and conditions hereof or thereof.

(m) ***Non-Recourse Debt and Subordinated Debt***. Non-Recourse Debt and Subordinated Debt may be incurred by the Board or the Authority on behalf of the Board without limitation, subject to the applicable laws of the State of Texas.

Section 6. **DISPOSITION OF ASSETS ATTRIBUTABLE TO FINANCING SYSTEM PARTICIPANTS**. The Board may convey, sell, or otherwise dispose of any properties of each Participant (currently the University) in the Financing System provided:

(a) ***Ordinary Course***. Such conveyance, sale, or disposition shall be in the ordinary course of business of such Participant which uses, operates, owns, or is otherwise responsible for such properties; or

(b) ***Disposition*** upon Board Determination. The Board shall determine that after the conveyance, sale, or other disposition of such properties, the Board shall have sufficient funds during each fiscal Year during which Parity Obligations are to be Outstanding to meet the financial obligations of each Participant in the Financing System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System.

Section 7. **COMBINATION, DIVISION, RELEASE AND ADMISSION OF NEW INSTITUTIONS UNDER THE FINANCING SYSTEM**. (a) ***Combination and Division***. Notwithstanding anything to the contrary contained herein, it is recognized that certain institutions which may become Participants i n the Financing System may be combined or divided and that so long as such combined or divided institutions continue to be governed by the Board such action shall not be in violation of the provisions of this Resolution or require any amendments of the provisions hereof.

(b) **Release**. Subject to the conditions set forth below, any Participant in the Financing System or portion thereof may be closed and abandoned by law or may be removed from the Financing System (thus deleting the revenues, income, funds and balances attributable to said Participant or portion thereof from Pledged Revenues) without violating the terms of this Resolution provided:

(i) the Board approves and delivers to the Authority an Officers' Certificate to the effect that. to the knowledge thereof, after the release of such Participant or portion thereof, the Board will have sufficient funds during each Fiscal Year in which Parity Obligations shall thereafter be Outstanding to meet the financial obligations of the Board, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System; and

(ii) the Board and the Authority receive an Opinion of Counsel which shall state that such release will not adversely affect the status for federal income tax purposes of interest on any Outstanding Parity Obligations and that all conditions precedent provided in this Resolution or any resolution hereafter adopted governing the issuance of Parity Obligations relating to such release have been complied with; and

(iii) (A) if the Participant or portion thereof to be released from the Financing System is to remain under the governance and control of the Board, the Board must either (i) provide, from lawfully available funds, including Pledged Revenues attributable to said withdrawing Participant, for the payment or discharge of said Participant's Direct Obligation; or (ii) pledge to the payment of Parity Obligation, additional resources not then pledged in an amount sufficient to satisfy such withdrawing Participant's Direct Obligation; or

(B) if the Participant or portion thereof to be released from the Financing System is to no longer be under the governance and control of the Board and remains in operation independent of the

Board, the Board must enter into a binding obligation with the new governing body of the withdrawing institution or the portion thereof being withdrawn. obligating said governing body to make payments to the Board at the times and in the amounts equal to said Participant's Annual Obligation or to pay or discharge said Participant's Direct Obligation, or, in the case of a portion of a Participant being withdrawn, the proportion of the Participant's Annual Obligation or Direct Obligation, as the case may be, attributable to the withdrawing portion of the Participant.

(c) If, after the date of the adoption of this Resolution, the Board desires for an institution or agency governed by the Board to become a Participant of the Financing System, or if the Board is required by law to assume the governance of an institution or agency, it may include said institution or agency in the Financing System with the effect set forth in this Resolution by the adoption of a resolution amending this Resolution, which resolution shall be binding upon the Authority.

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Section 18. **PAYMENTS**. Semiannually on or before each principal or interest payment date while any of the Bonds are outstanding and unpaid, commencing on the first interest payment date for the Bonds as provided in this Resolution and the Bond Purchase Contract, the Board shall make available to the Paying Agent/Registrar, money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or be subject to mandatory redemption prior to stated maturity, on such principal, redemption, or interest payment date. The Paying Agent/Registrar shall cancel all paid Bonds and shall furnish the Board and the Authority with an appropriate certificate of cancellation.

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Section 20. **REMEDIES**. Any owner of Parity Obligations in the event of default in connection with any covenant contained herein or in any resolution adopted hereafter authorizing the issuance of Parity Obligations, or default in the payment of said obligations, or of any interest due thereon, or other costs and expenses related thereto, may require the Authority, the Board, their respective officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of this Resolution by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings in any court of competent jurisdiction against the Authority, the Board, their respective officials and employees, or any appropriate official of the State of Texas.

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Section 22. **AMENDMENT OF RESOLUTION**. (a) ***Amendment without Consent***. This Resolution and the rights and obligations of the Authority, the Board and of the owners of the Outstanding Parity Obligations may be modified or amended at any time without notice to or the consent of any owner of the Outstanding Parity Obligations, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board or the Authority contained in this Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board or the Authority in this Resolution;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Resolution, upon receipt by the Board and the Authority of an opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Resolution;

(iii) To provide for the issuance of Additional Parity Obligations;

(iv) To supplement the security for the Parity Obligations, including, but not by way of limitation, to provide for the addition of new institutions and agencies to the Financing System or to clarify the provisions regarding the University as a Participant in the Financing System;

provided, however, if the definition of Pledged Revenues is amended in any manner which results in the pledge of additional resources .the terms of such amendment may limit the amount of such additional pledge and the manner, extent, and duration of such additional pledge all as set forth in such amendment;

(v) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Parity Obligations, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board and the Authority, materially adversely affect the interests of the owners of the Outstanding Parity Obligations;

(vi) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Outstanding Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of Credit Agreements with respect to the Parity Obligations; or

(vii) To make such other changes in the provisions hereof as the Board and the Authority may deem necessary or desirable and which shall not, in the judgment of the Board and the Authority, materially adversely affect the interests of the owners of Outstanding Parity Obligations.

Notice of any such amendment may be published by the Board or the Authority in the manner described in subsection (c) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory resolution and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory resolution.

(c) ***Amendments with Consent***. Subject to the other provisions of this Resolution, the owners of Outstanding Parity Obligations aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment to this Resolution, other than amendments described in subsection (a) of this Section, which may be deemed necessary or desirable by the Board and the Authority; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Parity Obligations, the amendment of the terms and conditions in this Resolution so as to:

(i) Grant to the owners of any Outstanding Parity Obligations a priority over the owners of any other Outstanding Parity Obligations; or

(ii) Materially adversely affect the rights of the owners of less than all Parity Obligations then Outstanding; or

(iii) Change the minimum percentage of the Outstanding Principal Amount necessary for consent to such amendment.

(iv) Make any change in the stated maturity, or the provisions for redemption prior to stated maturity, of the Outstanding Bonds;

(v) reduce the rate of interest borne by Outstanding Bonds;

(vi) Reduce the amount of the principal payable on Outstanding Bonds;

(vii) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment.

(d) ***Notice.*** If at any time this Resolution is to be amended pursuant to the provisions of subsection (b) of this Section 22, the Board or the Authority shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Registrar for the Parity Obligations for inspection by all owners of Parity Obligations. Such publication is not required, however , if the Board or the Authority gives or causes to be given such notice in writing, by certified mail, to each owner of Parity Obligations. Such publication is not required with respect to amendments to this Resolution effected pursuant to the provisions of subsection (a) of this Section 22.

(e) ***Receipt of Consents***. Whenever at any time not less than thirty (30) days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board or the Authority shall receive an instrument or instruments executed by all of the owners or the owners of at least a majority in Outstanding Principal Amount, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board and the Authority may adopt the amendatory resolution in substantially the same form.

(f) ***Effect of Amendments***. Upon the adoption of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board, the Authority and all the owners of then Outstanding Parity Obligations and all future Parity Obligations shall thereafter be determined, exercised, and enforced under this Resolution, as amended.

(g) ***Consent Irrevocable***. Any consent given by any owner of Parity Obligations pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Parity Obligations during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar for such Parity Obligations, the Authority and the Board, but such revocation shall not be effective if the owners of a majority in Outstanding Principal Amount, prior to the attempted revocation, consented to and approved the amendment.

(h) ***Ownership***. For the purpose of this Section, the ownership and other matters relating to all Parity Obligations shall be determined by the Registration Books maintained by the Registrar.

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CERTAIN PROVISIONS OF THE TWELFTH SUPPLEMENT TO THE MASTER RESOLUTION

Section 1. **MASTER RESOLUTION TO REMAIN IN EFFECT; ADDITIONAL PARITY OBLIGATIONS**. Except as supplemented or amended herein, the Master Resolution shall remain in full force and effect, it being the intention of the Board and the Authority Board to provide for the issuance of the Series 2023 Bonds on parity with the Outstanding Parity Obligations such that the Series 2023 Bonds shall be considered Additional Parity Obligations under the Master Resolution. The Authority Board and the Board hereby agree that the Series 2023 Bonds are to be secured by the Pledged Revenues to the same extent the Outstanding Parity Obligations are secured and to the same extent any other Additional Parity Obligations, including any refunding bonds, may be secured under the Master Resolution. As Additional Parity Obligations under the Master Resolution, the Series 2023 Bonds are entitled to the benefits of and governed by the provisions, agreements, covenants and warranties contained in the Master Resolution that relate to Parity Obligations, to the extent that such provisions, agreements, covenants, and warranties are not in conflict or inconsistent with this Twelfth Supplement; provided, however, that to the extent of any conflict between the Master Resolution and this Twelfth Supplement as related to the covenants of Sections 15, 16, 17, and 18 of this Twelfth Supplement, the covenants set forth in Sections 15, 16, 17, and 18 of this Twelfth Supplement shall control.

****

Section 5. **MANAGEMENT OF 2023 FUNDS**.

(a) ***Creation and Maintenance of Funds and Accounts***. In addition to any other funds described in this Section, the following funds are hereby created: (i) the 2023 Construction Fund, (ii) the 2023 Costs of Issuance Fund and (iii) the 2023 Reserve Fund (collectively, the "2023 Funds"). The 2023 Costs of Issuance Fund shall be maintained by the University and shall be applied to pay the costs of issuing the Series 2023 Bonds as approved by the Executive Director and as provided in this Twelfth Supplement. The 2023 Funds shall be held by the University with its depository bank, JPMorgan Chase Bank, N.A., separate from any other funds, or as otherwise directed by the University in accordance with this Twelfth Supplement. The Designated Financial Officer shall provide JPMorgan Chase Bank, N.A. with such instructions as are necessary to effect the proper application of such 2023 Funds as provided by this Twelfth Supplement.

****

(c) **Application of Interest and Sinking Fund**. Amounts on deposit in the Interest and Sinking Fund shall be applied at such times and in such amounts as required for the timely payment of the interest and principal of, and premium, if any, due on any then-currently Outstanding Parity Obligations issued pursuant to Chapter 55, Texas Education Code, whether by reason of stated maturity or redemption prior to stated maturity.

****

(e) **2023 Reserve Fund**. The 2023 Reserve Fund shall be funded upon issuance with a deposit of cash in an amount equal to the Required Reserve Amount for the Series 2023 Bonds or by a Surety Policy or letter of credit issued in an amount equal to the Required Reserve Amount for the Series 2023 Bonds or a combination of cash and a Credit Facility equal in amount to the Required Reserve Amount for the Series 2023 Bonds, all as set forth in the Pricing Certificate. The University shall maintain a balance in the 2023 Reserve Fund equal to the Required Reserve Amount, and covenants that the 2023 Reserve Fund is pledged as security or a source of payment for the Series 2023 Bonds in compliance with this Twelfth Supplement and the Amended and Restated Memorandum of Understanding. While the Series 2023 Bonds are outstanding, the University may, upon passage of a resolution by the Board, replace or substitute a Credit Facility for cash on deposit in the 2023 Reserve Fund or in substitution for or replacement of any existing Credit Facility. Upon such replacement or substitution, cash in excess of the Required Reserve Amount may be withdrawn by the University at its option, and used for any lawful purpose; provided that, if such cash amounts were originally deposited from proceeds of the Series 2023 Bonds, the University must consult Bond Counsel regarding an acceptable use of such amounts; and, provided further that, the face amount of any Credit Facility may be reduced at the option of the University in lieu of such transfer.

The University shall notify the Authority of any withdrawals on the 2023 Reserve Fund or substitutions to the 2023 Reserve Fund security in compliance with the Amended and Restated Memorandum of Understanding. In the event of a deficiency in the 2023 Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the 2023 Reserve Fund sufficient cash or Credit Facilities, all in an aggregate amount at least equal to the Required Reserve Amount, then the University shall, after making required deposits to the Interest and Sinking Fund in accordance with the terms of this Twelfth Supplement, satisfy the Required Reserve Amount by depositing cash or a Credit Facility into the 2023 Reserve Fund in monthly installments of not less than 1/12 of such deficiency on or before the last Business Day of each month following such deficiency, termination or expiration.

****

Section 10. **SECURITY FOR SERIES 2023 BONDS**. The Series 2023 Bonds are special obligations payable from and secured by the Pledged Revenues pursuant to this Twelfth Supplement and the Master Resolution. The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, to the payment of the principal of, premium, if any, and interest on the Series 2023 Bonds on parity with all other Parity Obligations, as the same shall become due and payable. The Board agrees to pay from Pledged Revenues the principal of, premium, if any, and the interest on the Series 2023 Bonds when due, whether by reason of stated maturity or redemption prior to stated maturity.

Section 11. **ISSUANCE OF SERIES 2023 BONDS AS PARITY OBLIGATIONS PURSUANT TO THE MASTER RESOLUTION**. The Series 2023 Bonds shall be issued as Parity Obligations pursuant to the

Master Resolution. The Board has determined that there will be sufficient funds to meet the financial obligations of each Participant in the Financing System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System. The Board has also received and approved all certifications and estimates from the Designated Financial Officer that are required by the Master Resolution as a condition to the authorization of the Series 2023 Bonds.

****

Section 15. **BOND INSURANCE POLICY, SURETY POLICY, AND CREDIT FACILITY**. (a) In connection with the sale of the Series 2023 Bonds, the Authority Board and Board together may (i) select from a municipal bond insurer (a "Bond Insurer") a Bond Insurance Policy to guarantee the full and complete payment required to be made by or on behalf of the Board on some or all of the Series 2023 Bonds and/or (ii) select a Credit Facility for all or any portion of the Required Reserve Amount for the Series 2023 Bonds. A Bond Insurance Policy, Surety Policy, and Credit Facility executed in connection with the Series 2023 Bonds constitute authorized Credit Agreements under the Master Resolution. The Authority Board and the Board together are hereby authorized to determine whether to obtain one or more Bond Insurance Policies or Surety Policies, to authorize the execution by the Executive Director and Designated Financial Officer of a commitment letter with the Bond Insurer or Surety Policy provider, to authorize the payment of the premium for any Bond Insurance Policies or Surety Policies at the time of the delivery of the Series 2023 Bonds out of the proceeds of sale of the Series 2023 Bonds or from other available funds, and to authorize the execution by the Executive Director and Designated Financial Officer of other documents and certificates as necessary in connection with any Bond Insurance Policies or Surety Policies. The Authority solely is hereby authorized to determine whether to obtain any other Credit Facility (other than Bond Insurance Policies or Surety Policies), to authorize the execution thereof by the Executive Director, to authorize the payment of the costs for such Credit Facility at the time of the delivery of the Series 2023 Bonds out of the proceeds of sale of the Series 2023 Bonds or from other available funds, and to authorize the execution by the Executive Director of other documents and certificates as necessary in connection with any such Credit Facility.

A printed statement on Series 2023 Bonds covered by a Bond Insurance Policy, Surety Policy, or other Credit Facility describing such insurance, in form and substance satisfactory to the Credit Facility provider and approved by the Executive Director, is hereby approved and authorized. The Pricing Certificate may contain supplemental special provisions related to a Bond Insurance Policy, Surety Policy, or other Credit Facility, including payment provisions thereunder, and the rights of any Bond Insurer or other Credit Facility provider, and any such provisions shall be read and interpreted as an integral part of this Twelfth Supplement. The individuals designated by Section 4(d) hereof are authorized, in the manner set forth therein, to enter into and execute one or more agreements in connection with a Bond Insurance Policy, Surety Policy, or other Credit Facility containing terms and conditions acceptable to such individuals, approve any special conditions acceptable to such individuals, and approve any special provisions to this Twelfth Supplement related to such Bond Insurance Policy, Surety Policy, or other Credit Facility.

****

Section 12. **DEFEASANCE OF OBLIGATIONS**. (a) Any Series 2023 Bond may be defeased (a "Defeased Bond") within the meaning of this Twelfth Supplement, except to the extent provided in subsections (c) and (e) of this Section, in any manner provided by law, when payment of the principal of such Series 2023 Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the Authority with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Series 2023 Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Series 2023 Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the revenues herein pledged as provided in this Twelfth Supplement, and such principal and interest shall be payable solely from such money or Defeasance Securities

(b) The term "Defeasance Securities" as used in this Section means (i) means direct, noncallable obligations of the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by such agency or instrumentality and that, on the date the Authority Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Series 2023 Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Authority Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Series 2023 Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent.

(c) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Series 2023 Bond as aforesaid when proper notice of redemption of such Series 2023 Bonds shall have been given, in accordance with this Twelfth Supplement. Any money so deposited with the Paying Agent/Registrar as provided in this Section may at the written discretion of the Authority also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar pursuant to this Section that is not required for the payment of such Series 2023 Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be turned over to the Authority.

(d) Notwithstanding any provision of any other Section of this Twelfth Supplement that may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Series 2023 Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Series 2023 Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds in the same manner as if they had not been defeased, and the Board shall make proper arrangements to provide and pay for such services as required by this Twelfth Supplement.

(e) Notwithstanding anything elsewhere in this Twelfth Supplement, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar pursuant to this Section for the payment of Series 2023 Bonds and such Series 2023 Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Series 2023 Bond affected thereby.

(f) Notwithstanding the provisions of subsection (a) of this Section, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the Authority retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of the Twelfth Supplemental authorizing its issuance, the Authority may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) of this Section with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

(g) In the event that the Authority elects to defease less than all of the principal amount of Series 2023 Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Series 2023 Bonds by such random method as it deems fair and appropriate.

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APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof and such information is not to be construed as a representation by any of the Authority, the Financial Advisor or the Underwriters.

The Authority and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds, as set forth on the inside of the cover page hereof, in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Paying Agent/Registrar on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Commission or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the University. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The University may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

Notices

THE PAYING AGENT/REGISTRAR, THE BOARD OF REGENTS, AND THE AUTHORITY, SO LONG AS THE DTC BOOK-ENTRY-ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF PROPOSED AMENDMENT TO THE RESOLUTION OR OTHER NOTICES WITH RESPECT TO SUCH BONDS ONLY TO DTC. ANY FAILURE BY DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO NOTIFY THE BENEFICIAL OWNERS, OF ANY NOTICES AND THEIR CONTENTS OR EFFECT WILL NOT AFFECT ANY ACTION PREMISED ON ANY SUCH NOTICE. NEITHER THE BOARD OF REGENTS, THE AUTHORITY, NOR THE PAYING AGENT/REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS ON THE BONDS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

Effect of Termination of Book-Entry-Only System

In the event that the book-entry-only system is discontinued by DTC or the University, the following provisions will be applicable to the Bonds: Bonds may be exchanged for an equal aggregate principal amount of Bonds in authorized denominations and of the same maturity upon surrender thereof at the Principal Office for Payment of the Paying Agent/Registrar. The transfer of any Bond may be registered on the books maintained by the Paying Agent/Registrar for such purpose only upon the surrender of such Bond to the Paying Agent/Registrar with a duly executed assignment in a form satisfactory to the Paying Agent/Registrar. For every exchange or transfer of registration of Bonds, the Paying Agent/Registrar and the Authority may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The Authority shall pay the fee, if any, charged by the Paying Agent/Registrar for the transfer or exchange. The Paying Agent/Registrar will not be required to transfer or exchange any Bond after its selection for redemption. The Authority and the Paying Agent/Registrar may treat the person in whose name a Bond is registered as the absolute owner thereof for all purposes, whether such Bond is overdue or not, including for the purpose of receiving payment of, or on account of, the principal of, and interest on, such Bond.

APPENDIX D

AUDITED FINANCIAL REPORT OF TEXAS SOUTHERN UNIVERSITY

FOR THE YEAR ENDED AUGUST 31, 2022

2022 Annual Financial Report

For Fiscal Year Ended August 31, 2022

Texas Southern University . 3100 Cleburne Avenue . Houston, TX 77004 713-313-7011 . http://www.tsu.edu/

ANNUAL FINANCIAL REPORT

of

TEXAS SOUTHERN UNIVERSITY

(An Agency of State of Texas)

For the Year Ended
August 31, 2022

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TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

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For the Year Ended August 31, 2022

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INTRODUCTORY SECTION

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TEXAS SOUTHERN UNIVERSITY

3100 CLEBURNE ST. | HOUSTON, TEXAS 77004 | 713.313.1179

Office *of the* President

June 21, 2023

Texas Southern University is excited to share positive news about its fiscal health. The Annual Financial Report (AFR) for Fiscal Year 2022 delivers a complete overview of the University's financial status and operations as of August 31, 2022. Texas Southern University is mandated by law to provide a full accounting of income received as it makes transformative investments in the educational future of our students.

As President of Texas Southern University, I understand the criticality of maintaining a transparent financial process, which ensures that there is a full and open accounting of funds from all sources, including those from the state and federal government, public and private corporations and foundations, and individual donors. This 2022 Financial Report is the primary publication that provides accountability to elected officials, taxpayers and other constituents.

Texas Southern is truly a global institution, serving a diverse student population from across the United States and more than 50 countries internationally. In its 95th year of existence, TSU has experienced exponential growth as a student-centered, comprehensive doctoral university and one of the largest HBCUs in the United States. The University's faculty, staff and students view TSU as a destination university where students are eager to obtain an affordable, world-class education, and faculty and staff are provided the necessary resources to prepare and transform students into tomorrow's leaders. It is via these financial assets that TSU pursues a holistic approach leading to career-ready graduates at the bachelor, master, doctoral and professional levels in a variety of disciplines. This includes signature programs in aviation, biology, civil and electrical engineering, communications, law, maritime transportation, pharmacy, arts and sciences and other critical STEM-related fields. As a result, TSU consistently ranks as a state and national leader in providing degrees to African American and other students of color in a variety of programs.

TSU has invested its resources with equal measures of efficiency and innovation, ensuring that incoming students – whether they are first-time-in-college or transferring from our multitude of educational partners – are prepared to succeed. This includes dozens of community colleges with whom TSU has established seamless transfer agreements and pipelines to success. The TSU Summer of Success program – now in its sixth year – is an example of the University utilizing its resources to provide conditional admittance to hundreds of qualified high school graduates via a specialized summer curriculum that leads to successful university admission. By concentrating on students' quality and potential on the front end, TSU has ensured that students' persistence, success, and completion rates for Fall 2022 are the highest in TSU history.

Texas Southern University is proud of its long and illustrious history. Just as important, TSU is confident and excited about its future. The 2022 Annual Financial Report reflects the success of our mission in the preceding year and our ability to be excellent stewards of the resources to which we have been entrusted.

Lesia L. Crumpton-Young

Dr. Lesia L. Crumpton-Young
President [1]

(1) Dr. Lesia Crumpton-Young announced her retirement from the institution on May 26, 2023, effective on June 1, 2023. The Board of Regents named Dr. Dakota Doman, Chief of Staff, as the Acting Chief Executive Officer effective June 4, 2023 to June 30, 2023. On June 15, 2023, Dr. Mary Evans Sias was appointed as Interim President, effective June 30, 2023.

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TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

BOARD OF REGENTS

August 31, 2022

Officers

Honorable Albert H. Myres, Chairman
Honorable Marc C Carter, Vice Chair
Honorable Pamela A. Medina, 2nd Vice Chair
Honorable James M. Benham, Secretary

Members

Honorable James M. Benham	College Station
Honorable Ronald J. Price	Mesquite
Honorable Marc C. Carter, Vice Chair	Houston
Terms Expire February 1, 2023	
Honorable Aaliyah M. Fleming, Student Regent	Houston
Term Expired February 1, 2022	
Honorable Keonne M. McClain, Student Regent	Houston
Term Expire May 31, 2023	
Honorable Dylan Getwood, Student Regent	Port Arthur
Term Expire May 31, 2024	
Honorable Pamela A. Medina, 2nd Vice Chair	Houston
Honorable Albert H. Myres, Chairman	Liberty
Honorable Stephanie D. Nellons-Paige	Houston
Terms Expire February 1, 2025	
Honorable Caroline Baker Hurley	Houston
Honorable Marilyn A. Rose	Houston
Honorable Mary Evans Sias	Richardson
Terms Expire February 1, 2027	

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TEXAS SOUTHERN UNIVERSITY
(An Agency of the State of Texas)
UNIVERSITY ADMINISTRATION
August 31, 2022

University Administration

Dr. Lesia L. Crumpton Young	President
Dr. Dakota Doman	Chief of Staff
Kia Harper	Executive Director of Presidential Initiatives and Projects
Devi Bala	Vice President for Business and Finance/Chief Financial Officer
Dr Needham Bouttee-Queen	Interim Provost & Vice President for Academic Affairs and Research
Melinda Spaulding	Vice President for Communications & Advancement
Hao Le	General Counsel
Dr. DeNeia Thomas	Vice President of Enrollment and Student Success
Dr. Michelle Penn-Marshall	Vice President Research and Innovation
Dr. Kevin Granger	Vice President of Intercollegiate Athletics

Fiscal Administration

Anita Lockridge	Interim Vice President for Administration and Finance/CFO
Devi Bala	Vice President for Business and Finance/CFO
Charla Parker-Thompson	Chief Audit Executive
Darlene Brown	Chief Audit Executive
Paula Stapleton	Assistant Vice President for Business & Finance/Controller
Bobbie Phelps	Manager of General Accounting

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FINANCIAL SECTION

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FORV/S

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Independent Auditor's Report

Board of Regents
Texas Southern University
Houston, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Texas Southern University (the University), an agency of the State of Texas, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Texas Southern University as of August 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report June 20, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

FORVIS, LLP

Houston, Texas
June 20, 2023

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Regents
Texas Southern University
Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Texas Southern University, which comprise the statement of net position as of August 31, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2022-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-002 and 2022-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Texas Southern University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Texas Southern University's Response to Findings

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

Purpose of This Report

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

FORVIS, LLP

Houston, Texas
June 20, 2023

Texas Southern University

Summary Schedule of Findings

Year Ended August 31, 2022

Reference Number	Summary of Findings

2022-001 **Accounting for Capital Asset Activity**

Criteria or specific requirement: Texas Southern University's internal controls should be designed to prevent, or detect and correct, misstatements on a timely basis.

Condition: Several adjustments related to capital assets were required in order to agree the capital asset additions detail to the capital asset rollforward, including completed Construction in Progress (CIP) transferred out of CIP and into a depreciable asset category, the UAV dormitory settlement, and agreeing asset addition balances in total between the CIP and building asset additions to the rollforward.

Effect: Potential material misstatement of financial statements.

Cause: The processing of capital asset activity is overly complex. In addition, due to turnover there is no individual that is familiar with the processing.

Recommendation: We recommend that management evaluate the current capital asset process within the Banner system and identify an individual to be responsible for capital asset accounting. Additionally, we recommend general ledger capital asset accounts be reconciled to detailed records on a monthly basis.

Views of responsible officials and planned corrective actions: TSU will hire a full-time staff accountant to reconcile and manage accounting transactions related to capital assets, including matching the balances to our CAPPs report with the State of Texas. The reconciliations will be completed monthly instead of annually as is the current practice. The Controller will review the processing of capital asset transactions, implement improvements to streamline the procedures, and document the new process which will be used to train the new accountant.

2022-002 **State Appropriations**

Criteria or specific requirement: Texas Southern University's internal controls should be designed to prevent, or detect and correct, misstatements on a timely basis.

Condition: Several differences were noted between the recorded State Appropriations by TSU and the amounts reported as of August 31, 2022, by the State Comptroller that required extensive research and resulted in an adjustment to the recorded balances.

Effect: Potential material misstatement of financial statements.

Cause: Lack of individuals who are familiar with the USAS process specifically related to State Appropriations.

Recommendation: We recommend cross-training General Accounting team on USAS accounting and ensuring that all appropriated amounts are properly recorded and rolled over for budgetary purposes..

Reference Number	Summary of Findings

Views of responsible officials and planned corrective actions: TSU will have all members of the General Accounting team cross-trained on USAS accounting. A full-time accountant will be hired to reconcile the USAS balances monthly.

2022-003 **Other Post Employment Benefit (OPEB) Accounting**

Criteria or specific requirement: Texas Southern University's internal controls should be designed to prevent, or detect and correct, misstatements on a timely basis.

Condition: It was noted that the entries provided by the State Comptroller for OPEB current year changes in actuarial assumptions was not properly recorded to match the schedule provided by the State.

Effect: Potential material misstatement of financial statements.

Cause: Lack of review by someone other than the preparer.

Recommendation: We recommend ensuring journal entries are reviewed and verified with supporting documentation prior to posting.

Views of responsible officials and planned corrective actions: This concern has been addressed by the hiring of an Assistant Vice President of Business & Finance/Controller who started on February 6, 2023. The Controller leads the function of reviewing all journal entries recorded by the Accounting Manager. The Accounting Manager was the preparer of the OPEB entries.

Texas Southern University
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2022

Reference Number	Summary of Finding	Status
2021-001	**Accounting for Debt Activity**	**Resolved**
	Criteria or specific requirement: Texas Southern University's internal controls should be designed to prevent, or detect and correct, misstatements on a timely basis.	
	Condition: During the year, the University had two unique debt transactions– forgiveness of debt and a debt refunding. Several errors were identified regarding accounting for debt activity. These areas included material, non-routine transactions such as the loan forgiveness and bond refunding, as well as non-material routine transactions related to recording of bond premiums/discounts and calculation of accrued bond interest. These errors were subsequently corrected.	
	Effect: Potential material misstatement of financial statements.	
	Cause: For the loan forgiveness and debt refunding transactions management was not fully knowledgeable of how to record these infrequent transactions. For the other transactions, there was a lack of management oversight.	
	Recommendation: We recommend that management review Government Accounting Standards Board (GASB) codification for guidance on the accounting for debt transactions and consult with us as unusual transactions occur prior to recording journal entries. In addition, we recommend allowing sufficient time to review the accounting of recurring and unique transactions.	
2021-002	**Net Position**	**In Process**
	Criteria or specific requirement: Texas Southern University's internal controls should be designed to prevent, or detect and correct, misstatements on a timely basis.	
	Condition: Several errors were identified regarding calculation and categorization of net position components. These areas included distinctions between restricted and unrestricted funds, unspent bond proceeds, net investment in capital assets inclusive of retainage payable, and identification of restricted capital projects. These errors were subsequently corrected. The adjustments resulted in reducing the negative unrestricted net position.	
	Effect: Potential material misstatement of financial statements.	

Reference Number	Summary of Finding	Status
	Cause: The review of net position categorization was not performed timely. Recommendation: We recommend that management review GASB for guidance to ensure proper categorization of net position.	

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

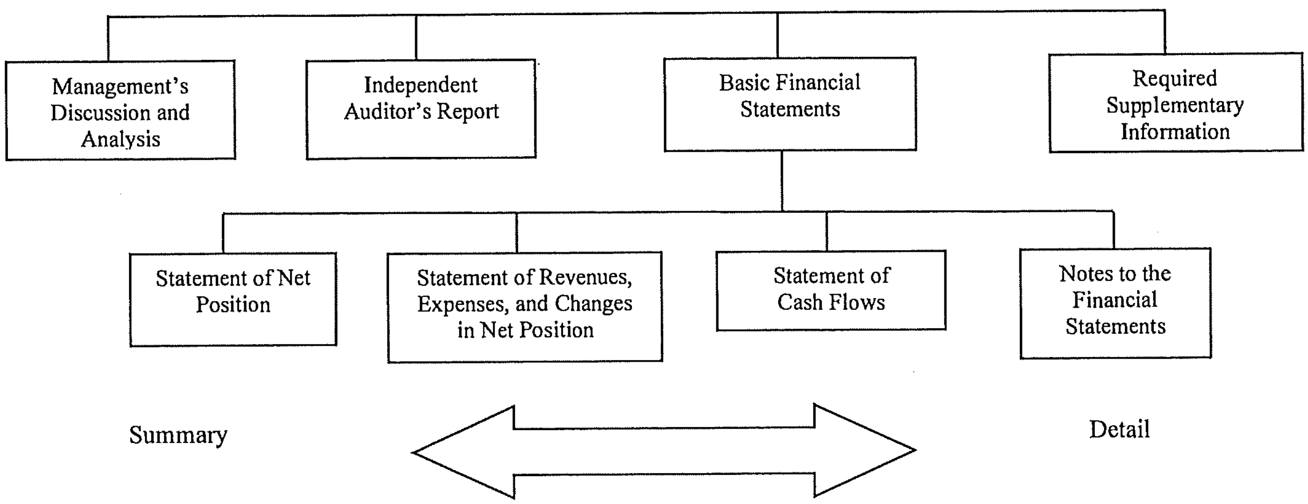
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended August 31, 2022

The following is Texas Southern University's Management's Discussion and Analysis (MD&A) which outlines the financial performance for the fiscal year ended August 31, 2022. The information that is being presented should be read in conjunction with other areas of the financial section of the report including the message from the President located in the introductory session.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



TSU's basic financial statements include the statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statement themselves.

<u>Basic Financial Statements</u>

The basic financial statements report information for TSU. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of TSU as an economic entity. The statement of net position and the statement of revenues, expenses, and changes in net position, which appear first in the financial statements, report information on TSU's activities that enable the reader to understand the financial condition of TSU. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The statement of net position presents information on all TSU's assets and deferred outflows of resources that exceed liabilities and deferred inflows of resources. The difference between these categories is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of TSU is improving or deteriorating. Other nonfinancial factors, such as TSU's student enrollment and the condition of TSU's infrastructure, should be considered to assess the overall health of TSU.

The statement of revenues, expenses, and changes in net position presents information showing how TSU's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method.

The statement of cash flows presents information about TSU's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balances during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The basic financial statements can be found after the MD&A within this report.

FINANCIAL ANALYSIS OF TSU

As noted earlier, net position may serve over time as a useful indicator of TSU's financial position. As of August 31, 2022, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $275,296,704.49. The largest portion of TSU's net position (78%) reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, leased land, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. TSU uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although TSU's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since those assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position

The following table reflects the condensed Statement of Net Position:

CONDENSED STATEMENT OF NET POSITION

	2022	2021
Current and other assets	$ 170,654,625.06	$ 152,741,733.15
Non-current Restricted assets	77,285,710.04	87,829,811.27
Capital assets, net	291,627,350.05	287,506,536.27
Total Assets	539,567,685.15	528,078,080.69
Deferred Outflows of Resources	53,022,744.34	76,495,538.34
Current liabilities	109,195,987.88	99,447,585.54
Noncurrent liabilities	169,238,832.12	195,652,573.63
Total Liabilities	278,434,820.00	295,100,159.17
Deferred Inflows of Resources	38,858,905.00	28,020,880.00
Net investment in capital assets	213,579,583.37	216,960,554.88
Restricted for:		
Debt service	104,563.67	389,726.29
Other	82,273,340.25	97,754,562.05
Unrestricted	(20,660,782.80)	(33,652,263.36)
Total Net Position	$ 275,296,704.49	$ 281,452,579.86

Total Assets increased by $11,489,604.46 from $528,078,080.69 in the prior year to $539,567,685.15 in the current year. Texas Southern University (TSU) recognized a substantial increase in legislative appropriation higher education fund (HEF) which increased from $17,151,716.74 to $26,820,951.39 approved by the Legislative Budget Board for biennium 2022-2023.

Total Liabilities decreased by $16,665,349.17 from $295,100,159.17 in the prior year to $278,434,820.00. TSU recognized a substantial decrease in non-current liabilities primarily due to decrease in pension liability by $24,436,585 from $43,117,766 in fiscal year 2021 to $18,681,181 in fiscal year 2022.

Unrestricted net deficit decreased by ($12,991,480.50) from ($33,652,263.36) to ($20,660,782.80) at year end. Unrestricted net position represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants and enabling legislation. Most of the increase can be attributed to the increase in OPEB expense.

Restricted Net Position decreased by $15,766,384.42 from $98.144,288.34 to $82,377,903.92. The decrease can be attributed to the negative change in market value in endowment by $10,630,125.11 from $85,740,146.55 in prior year to $75,110,020.44. In addition, a significant decrease in capital project by $4,396,283.52 from $5,981,261.77 in prior year to $1,584,978.25.

Statement of Revenues, Expenses, and Changes in Net Position

	2022	2021
OPERATING REVENUES		
Tuition and Fees - Pledged	$ 81,997,583.40	$ 78,232,310.78
Discount on Tuition and Fees	(29,606,509.91)	(24,582,417.44)
Auxiliary Enterprises -Pledged	15,647,562.88	7,508,283.86
Other Sales of Goods and Services - Pledged	93,778.01	59,381.88
Federal Revenue	19,677,446.78	19,841,669.36
Federal Pass-Through Revenue	1,208,494.58	2,881,601.22
State Revenue	1,006,556.62	290,743.17
State Pass-Through Revenue	7,479,011.26	5,511,131.79
Other Contracts and Grants - Pledged	1,238,278.63	1,893,888.35
Other Operating Revenue	7,798,898.75	5,352,936.78
Total Operating Revenues	106,541,101.00	96,989,529.75
OPERATING EXPENSES		
Salaries and Wages	97,222,758.09	94,566,668.12
Payroll Related Costs	39,724,217.47	47,631,196.04
Professional Fees and Services	14,632,514.33	10,896,255.41
Travel	2,315,668.47	832,338.17
Materials and Supplies	12,885,104.32	7,756,989.77
Communication and Utilities	7,392,008.05	6,579,530.08
Repairs and Maintenance	10,365,155.37	6,291,981.43
Rentals and Leases	1,863,856.25	1,155,554.53
Printing and Reproductions	523,660.48	363,917.74
Federal Pass-Through Expense	366,670.91	408,897.89
Bad Debt Expense	2,272,495.00	2,203,500.96
Scholarships	42,927,227.05	36,471,782.80
Other Operating Expenses	10,659,652.23	8,075,011.93
Depreciation and Amortization	23,014,851.69	22,977,507.35
Total Operating Expenses	266,165,839.71	246,211,132.22
Operating (Loss)	$ (159,624,738.71)	$ (149,221,602.47)

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

	2022	2021
NONOPERATING REVENUES (EXPENSES)		
Legislative Revenue	$ 52,716,085.00	$ 51,491,043.00
Additional Appropriations	17,574,423.88	10,555,429.76
Gifts	342,145.79	368,451.32
Federal Revenue Nonoperating	83,068,552.45	66,621,820.78
Interest Income	2,293,123.71	2,169,599.22
Investing Activities Expenses	(113,721.30)	(525,802.64)
Interest Expense and Fiscal Charges	(2,707,649.88)	(4,625,427.36)
Net Increase (Decrease) In Fair Value	(12,116,321.01)	16,166,641.00
Other Nonoperating Revenue/Expense	1,070,648.54	15,291,451.47
Total Nonoperating Revenues (Expenses)	142,127,287.18	157,513,206.55
Income (Loss) Before Other Revenues, Expenses, and Transfers	(17,497,451.53)	8,291,604.08
OTHER REVENUES, EXPENSES, AND TRANSFERS		
Capital Appropriations (HEAF)	11,719,335.00	11,719,335.00
Contributions to Permanent and Term Endowments	804,813.88	898,616.98
Lapses	(1,263,508.78)	(1,907,881.52)
Transfer In	144,914.00	10,434,038.68
Transfer Out	(63,977.94)	(12,293,908.77)
Total Other Revenues, Expenses, and Transfers	11,341,576.16	8,850,200.37
Extraordinary Gains or Losses		
Gains on Cancellations of Debt	-	86,141,136.20
Change in Net Position	(6,155,875.37)	103,282,940.65
Beginning Net Position	281,452,579.86	178,169,639.21
Ending Net Position	$ 275,296,704.49	$ 281,452,579.86

For the year ended August 31, 2022, total revenue was $276,275,143.25. This represents a decrease in total revenues of $104,688,270.92 or 25% which can be primarily attributed to the gain on cancellation of debt that occurred in 2021.

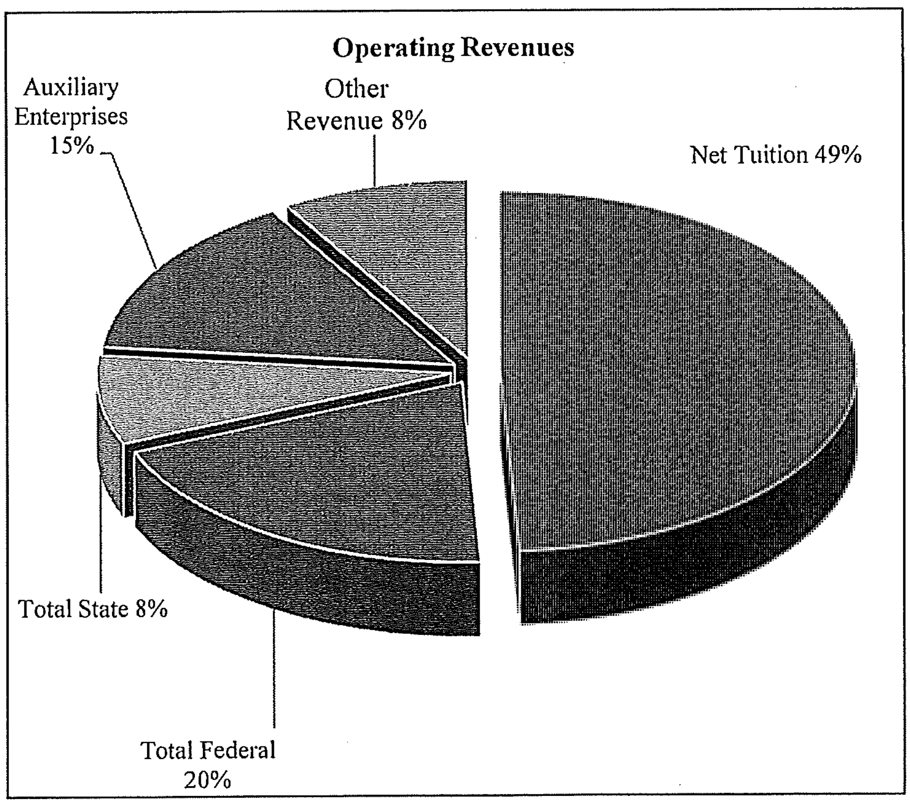
Total net position decreased by $6,155,875.37. The primary decrease in net position can be attributed to the downturn in market conditions for endowments during the year. TSU suffered a $10,630,125.11 decrease in endowment value caused by the overall market decline for fiscal year 2022.

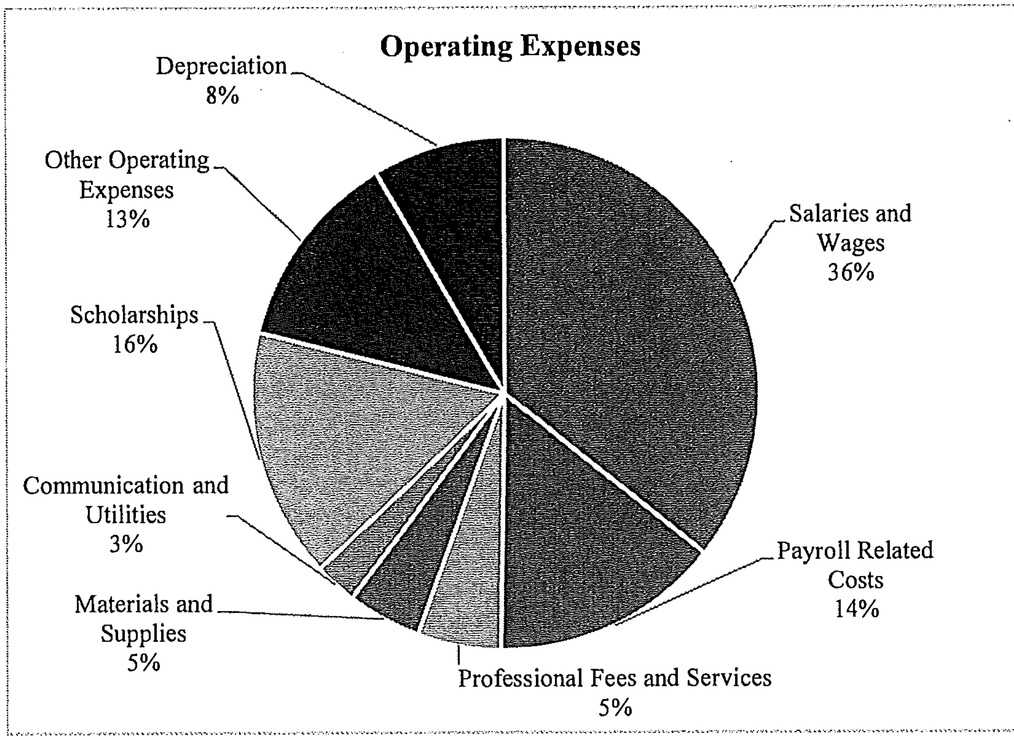
Expenses totaled $270,314,697.61 for the year ended August 31, 2022. This represents an increase of $4,750,545.10 from last year which can be attributed to an increase in operating expenses primarily related to materials and supplies, repairs and maintenance and scholarship expenses.

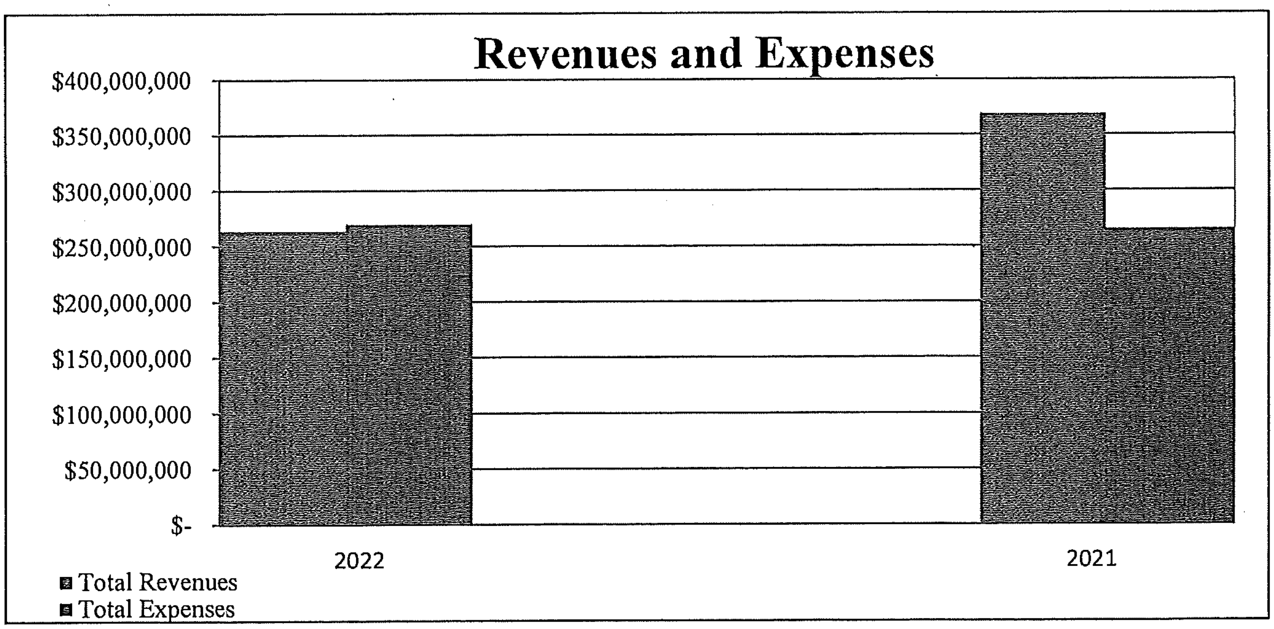
Key elements to these changes are as follows:

- Operating revenues increased by $9,551,571.25 or 9.8% due in large part to tuition and fees as well as auxiliary services related to an increase in student enrollment.
- Non-operating revenues and Other Revenues decreased by $28,098,706.10 or 15% primarily due to decreased HEERF Funding, decreases in fair market value of investments, state transfer-in and other non-operating revenue.
- Operating expenses less depreciation expense increased by $19,917,363.15 due to an increase in scholarships and other operating expenses that were proportionate to the increase in enrollment.
- Non-operating expenses and Other Expenses decreased by $15,204,162.39 or 7.9% primarily due to a decrease in interest paid as result of the cancellation of HBCU loan debt, a decrease in transfer out and a slight decrease in lapses.

Graphic presentations of selected data from the summary tables follow to assist in the analysis of TSU's activities.




Operating Expenses
Depreciation 8%
Other Operating Expenses 13%
Scholarships 16%
Communication and Utilities 3%
Materials and Supplies 5%
Professional Fees and Services 5%
Payroll Related Costs 14%
Salaries and Wages 36%


Revenues and Expenses
$400,000,000
$350,000,000
$300,000,000
$250,000,000
$200,000,000
$150,000,000
$100,000,000
$50,000,000
$-
2022
2021
Total Revenues
Total Expenses

CAPITAL ASSETS

At year end, TSU had capital assets net of $291,627,350.05 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of $4,120,813.78.

Major capital asset events during the current year include the following:

- Building improvements were completed at a cost of $16,731,392.00.
- Various equipment and other capital assets increased for a total of $6,163,265.28.

More detailed information about TSU's capital assets is presented in note 2 to the financial statements.

LONG-TERM DEBT

TSU's revenue bonds carry the rating of "Baa3" with Moody's Investors Service. At year end, TSU had $66,734,957.71 in revenue bonds outstanding versus $77,123,762.34 last year.

More detailed information about TSU's long-term liabilities is presented in note 5 to the financial statements.

ECONOMIC FACTORS

Texas Southern University is a vibrant and progressive HBCU located in the historic Third Ward District of the Houston Metropolitan Area. Its rich history and unwavering connection to the community have led to the successful bridging of the gap for many first-generation college students. As a public 4-year institution offering professional programs in Pharmacy, Business, and Law, the University's financial position is closely tied to the State of Texas and the health of the state's economy.

During fiscal year 2022, the COVID-19 pandemic health crisis subsided due to widely available vaccines and treatments, however, there continued to be a significant amount of pressure on the institution's budget. Equity and fixed income markets declined during the year. The Federal Reserve significantly increased the federal funds rate during the period. In response, market interest rates escalated and borrowing rates across the country increased sharply. Commodity prices rose as a result of supply chain and gasoline issues influenced in large part by Russia's war on Ukraine. These events have generated concern about a slow global economy and high inflation despite the benefit of strong wage gains and a low unemployment rate in the country. TSU 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. TSU will continue to ensure best practices in fiscal management efforts while supporting the institution's priority of student success.

The University continued to heavily invest in its existing online e-learning and conference platforms, software upgrades and installations, and updated online security. Classes continued to be offered in three formats: face-to-face, hybrid (face-to-face and remote), and online only. By offering various learning modalities, the i5 instruction has been able to continue providing online instructions, and innovative resources during times of economic uncertainty.

CONTACTING TSU'S FINANCIAL MANAGEMENT

This financial report is designed to provide our students, alumni, citizens, taxpayers, donors, and creditors with a general overview of TSU's finances and to show TSU's accountability for the money it has received. If you have questions about this report or need additional financial information, contact the Texas Southern University Business Affairs Department, 3100 Cleburne Street, Houston, Texas 77004.

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BASIC FINANCIAL STATEMENTS

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF NET POSITION

August 31, 2022

ASSETS		**Total**
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	$	2,100.00
Cash in Bank		61,405,846.66
Cash in Transit/Reimburse from Treasury		20,436.00
Cash in State Treasury		9,845,811.05
Restricted:		
Cash Equivalent		7,678,462.61
Short-Term Investments		4,084,621.52
Legislative Appropriations		40,771,049.94
Receivables:		
Federal		15,911,295.75
Accounts, Net		19,576,217.49
Other		940,240.05
Due From Other Agencies		140,024.26
Consumable Inventories		699,468.08
Prepaid Costs		9,579,051.65
Total Current Assets		**170,654,625.06**
Non-Current Assets		
Restricted:		
Investments		75,064,853.75
Loans and Contracts		515,183.47
Prepaid Cost		1,705,672.82
Total Non-Current Restricted Assets		**77,285,710.04**
Capital Assets:		
Land		17,837,631.54
Construction in Progress		6,389,815.19
Historical Treasures and Works of Art		2,829,312.50
Total Non-Depreciable or Non-Amortizable		**27,056,759.23**
Capital and Leased Assets Depreciable:		
Buildings and Building Improvements		570,607,340.20
Infrastructure		7,096,483.95
Equipment		44,377,987.62
Leased Land		731,811.65
Library Books		38,481,318.14
Less: Accumulated Depreciation and Amortization		(396,724,350.74)
Total Depreciable or Amortizable, Net		**264,570,590.82**
Total Non-Current Assets		**368,913,060.09**
TOTAL ASSETS		**539,567,685.15**
Deferred Outflows of Resources		
Deferred Outflows of Resources-Pension		13,601,129.00
Deferred Outflows of Resources-OPEB		39,182,384.00
Deferred Outflows of Resources-ARO		133,462.62
Deferred Outflow of Resources - Deferred loss on Refunding		105,768.72
Total Deferred Outflows	$	**53,022,744.34**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF NET POSITION

August 31, 2022

		Total
LIABILITIES		
Current Liabilities		
Accounts Payable	$	20,899,100.04
Payroll Payable		4,448,933.60
Due to Other Agencies		418,181.60
Interest Payable		1,050,536.13
Escheat Payable		327,481.23
Unearned Revenues		62,286,800.55
Student Refunds Payable		3,764,911.45
Other Payables		3,132,984.09
Net OPEB Liability Current		2,444,005.00
Lease Liability		63,428.28
Revenue Bonds Current Payable, Net		7,434,584.02
Employees' Compensable Leave		2,925,041.89
Total Current Liabilities		**109,195,987.88**
Non-Current Liabilities		
Net Pension Liability		18,681,181.00
Net OPEB Liability		88,370,946.00
Lease Liability		604,482.33
Revenue Bonds Payable, Net		58,889,609.22
Employees' Compensable Leave		2,692,613.57
Total Non-Current Liabilities		**169,238,832.12**
TOTAL LIABILITIES		**278,434,820.00**
Deferred Inflows of Resources		
Deferred Inflows of Resources-Pension		22,909,332.00
Deferred Inflows of Resources-OPEB		15,949,573.00
Total Deferred Inflows		**38,858,905.00**
NET POSITION		
Net Investment in Capital Assets		213,579,583.37
Restricted For:		
Debt Retirement		104,563.67
Capital Projects		1,584,978.25
Loans		287,986.22
Other Restricted		5,290,354.34
Funds Held as Permanent Investments:		
Nonexpendable		31,465,277.68
Expendable		43,644,743.76
Unrestricted deficit		(20,660,782.80)
TOTAL NET POSITION	$	**275,296,704.49**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended August 31, 2022

		2022
OPERATING REVENUES		
Tuition and Fees-Pledged	$	81,997,583.40
Discount on Tuition and Fees		(29,606,509.91)
Auxiliary Enterprises-Pledged		15,647,562.88
Other Sales of Goods and Services-Pledged		93,778.01
Federal Revenue		19,677,446.78
Federal Pass-Through Revenue		1,208,494.58
State Revenue		1,006,556.62
State Pass-Through Revenue		7,479,011.26
Other Contracts and Grants-Pledged		1,238,278.63
Other Operating Revenue		7,798,898.75
Total Operating Revenues		**106,541,101.00**
OPERATING EXPENSES		
Salaries and Wages		97,222,758.09
Payroll Related Costs		39,724,217.47
Professional Fees and Services		14,632,514.33
Travel		2,315,668.47
Materials and Supplies		12,885,104.32
Communication and Utilities		7,392,008.05
Repairs and Maintenance		10,365,155.37
Rental and Leases		1,863,856.25
Printing and Reproduction		523,660.48
Federal Pass-Through Expense		366,670.91
Bad Debt Expense		2,272,495.00
Scholarships		42,927,227.05
Other Operating Expenses		10,659,652.23
Depreciation and Amortization		23,014,851.69
Total Operating Expenses		**266,165,839.71**
Operating (Loss)	**$**	**(159,624,738.71)**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended August 31, 2022

		2022
NON-OPERATING REVENUES (EXPENSES)		
Legislative Revenue	$	52,716,085.00
Additional Appropriation		17,574,423.88
Gifts		342,145.79
Federal Revenue Nonoperating		83,068,552.45
Interest Income		2,293,123.71
Investing Activities Expenses		(113,721.30)
Interest Expense and Fiscal Charges		(2,707,649.88)
Net Decrease in Fair Value		(12,116,321.01)
Other Nonoperating Revenue/(Expense)		1,070,648.54
Total Non-Operating Revenues(Expenses)		**142,127,287.18**
Loss Before other Revenues, Expenses, Gains/Losses and Transfers		**(17,497,451.53)**
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS		
Capital Appropriations (HEAF)		11,719,335.00
Additions to Permanent and Term Endowments		804,813.88
Lapses		(1,263,508.78)
Transfer-In		144,914.00
Transfer-Out		(63,977.94)
Total Other Revenues, Expenses, Gain/Losses and Transfers		**11,341,576.16**
Change in Net Position		**(6,155,875.37)**
Beginning Net Position		**281,452,579.86**
Ending Net Position	**$**	**275,296,704.49**

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF CASH FLOWS

For the Year Ended August 31, 2022

	2022
Cash Flows from Operating Activities	
Proceeds from tuition and fees	$ 59,569,262.36
Proceeds from research grants and contracts	9,648,822.63
Proceeds from state grants and contracts	8,741,517.13
Proceeds from auxiliary enterprises	15,647,562.88
Proceeds from other revenues	12,536,758.15
Payments to suppliers for goods and services	(90,351,722.67)
Payments to employees for salaries and wages	(98,629,182.04)
Payments for employee related costs	(24,363,548.58)
Payments for other expenses	(12,891,687.90)
Net Cash Provided (Used) by Operating Activities	(120,092,218.04)
Cash Flows from Noncapital Financing Activities	
Proceeds from state appropriations	52,878,408.84
Proceeds from gifts	1,146,959.67
Proceeds from grants receipts	81,025,009.20
Net Cash Provided (Used) by Noncapital Financing Activities	135,050,377.71
Cash Flows from Capital and Related Financing Activities	
Proceeds from debt issuance	-
Proceeds from capital appropriations	11,719,335.00
Payments for additions to capital assets	(27,454,589.94)
Payments of principal on debt issuance	(10,132,947.95)
Payments of interest on debt issuance	(2,753,201.95)
Net Cash Provided (Used) by Capital and Related Financing Activities	(28,621,404.84)
Cash Flows from Investing Activities	
Proceeds from sale of investments	28,282,588.23
Proceeds from interest and investment income	2,179,402.41
Payments to Acquire Investment	(29,970,119.32)
Net Cash Provided (Used) by Investing Activities	491,871.32
Net Increase (Decrease) in Cash and Cash Equivalents	(13,171,373.85)
Beginning cash and cash equivalents	92,124,030.17
Ending Cash and Cash Equivalents	$ 78,952,656.32
Unrestricted cash and cash equivalents	71,274,193.71
Restricted cash and cash equivalents	7,678,462.61
Ending Cash and Cash Equivalents	$ 78,952,656.32

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

STATEMENT OF CASH FLOWS

For the Year Ended August 31, 2022

		2022
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities		
Operating (loss)	$	(159,624,738.71)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation and amortization		23,014,851.69
Capital Outlay		318,924.47
Bad Debt Expense		2,272,495.00
Pension Expense		1,161,517.00
OPEB Expense		16,670,940.00
Operating (Loss) and Cash Flow Categories		
Changes in Operating Assets and Liabilities:		
Accounts receivable, net		(5,791,109.20)
Due from other funds		(11,237,118.73)
Inventories		69,973.28
Prepaid expenses		(345,278.47)
Other assets		3,405,802.78
Deferred outflows of resources-Pension		6,164,817.00
Deferred outflows of resources-OPEB		17,307,977.00
Accounts payable		2,132,332.48
Salaries payable		(225,683.56)
Unearned revenue		10,611,161.44
Compensated absences liability		(1,180,740.39)
Defined benefit pensions		(25,598,102.00)
Defined benefit OPEB		(11,467,498.00)
Deferred inflows of resources-Pension		16,682,513.00
Deferred inflows of resources-OPEB		(5,844,488.00)
Due to state		(580,410.11)
Escheat payable		32,241.42
Student refunds payable		2,614,085.86
Other current liabilities		(656,683.29)
Net Cash (Used) by Operating Activities	$	(120,092,218.04)

See Notes to Financial Statements.

Non-Cash Transactions Net Change in Fair Value of Investments	$ (12,116,321.01)

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4. Lease Receivable

Lease receivables are recorded by TSU 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, defined as having a maximum period of twelve (12) months, are recognized as collected. See Note 8 – Lease Liabilities for additional details.

5. Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements, including those related to sponsored programs, donors, bond covenants, and loan agreements.

6. Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, TSU reports all investments at fair value. Changes in unrealized gain (loss) on the carrying value of the investments are reported as Net Increase in Fair Value in the statement of revenues, expenses, and changes in net position.

7. Inventories and Prepaid Costs

Inventories are valued at cost, utilizing the first-in and first-out method. The consumption method of accounting is used, meaning these items are expensed when the items are consumed. Certain payments to vendors made in advance of the scheduled due date have been recorded as prepaid costs.

8. Capital Assets

Capital assets are defined by the State as follows:

Class of Asset	Threshold
Land and Land Improvements	Capitalize all
Buildings and Building Improvements	$100,000
Facilities and Other Improvements	$100,000
Infrastructure-Depreciable	$500,000
Infrastructure-Non-Depreciable	Capitalize all
Furniture and Equipment/Vehicles	$5,000
Leased Land	$100,000
Library Books (collections)	Capitalize all
Works of Art/Historical Treasures	Capitalize all
Leasehold Improvements	$100,000
Internally Generated Computer Software	$1,000,000
Other Computer Software	$100,000
Land Use Rights – Permanent	Capitalize all
Land Use Right – Term	$100,000
Other Intangible Capital Assets	$100,000
Construction in Progress	Capitalize all

These assets are capitalized at cost. Donated capital assets, donated works of art, historical treasures and similar items acquired subsequent to fiscal year 2015, are recorded at acquisition value at the date of donation (marketplace value). Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is reported on all exhaustible assets. Inexhaustible assets such as land, works of art and historical treasures are not depreciated.

Assets are depreciated or amortized over the estimated useful life of the asset using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Buildings and improvements	15 to 50 years
Facilities and Other Improvements	22 years
Furniture and equipment	3 to 10 years
Infrastructure	30 to 50 years
Computer software	5 to 6 years
Leased Land	Lease term
Library Books	15 years
Land use rights	10 years
Capital leases	5 years

9. Accounts Payable

Accounts payable represent the liability for the value of assets or services received at the statement of net position date for which payment is pending.

10. Lease Liability

Lease liabilities represent TSU'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 TSU. Short term leases, those with a maximum period of 12 months, are expensed as incurred. Additional details are provided in Note 8 Leases Liabilities.

10. Compensated Absences

Employees' compensable leave balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

12. Bonds Payable – Revenue Bonds

Revenue bonds are reported as short-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter in the statement of net position). The bonds are reported at par, net of unamortized premiums, discounts, if applicable.

13. Net Position, Deferred Outflows/Inflows of Resources

Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

Deferred outflows of resources is a consumption of an entity's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the entity that is applicable to a future reporting period.

The University has four items that qualify for reporting in this category:

- Deferred outflows of resources for pension – Reported in the statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- Deferred outflows of resources for post-employment benefits – Reported in the statement of net position, this deferred outflow results from OPEB plan contribution made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments; 2) changes in the University's proportional share of OPEB liabilities and 3) change in actuarial assumptions. The deferred outflows of resources related to post-employment benefits resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of the employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

- Deferred outflows of resources for asset retirement obligations – Reported in the statement of net position, this deferred outflow results from laws and regulations requiring specific action to retire certain tangible capital assets, such as decommissioning radioactive equipment at end of the useful life.

- Deferred outflows of resources for deferred loss on refunding – Reported in the statement of net position, this deferred outflow results from the loss on series 2011 bond refunding.

A deferred inflow of resources is an acquisition of an entity's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the entity that is applicable to a future reporting period. The University has two items that qualify for reporting in this category:

- Deferred inflows of resources for pension – Reported in the statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- Deferred inflows of resources for post-employment benefits – Reported in the statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post- employment benefits through the post-employment benefit plan.

14. Other Post-Employment Benefits (OPEB)

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

15. Pensions

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

G. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Operating versus Non-operating Revenues

TSU categorizes revenues as operating versus non-operating following the Comptroller's guidelines. Generally, all revenues are considered operating revenue unless they are non-exchange transactions, such as State appropriations, gifts, or investment related earnings. Other non-operating revenue includes some federal funds received from the federal government and Title IV funds.

I. Restricted versus Unrestricted Resources

Expenses incurred by TSU for items that could be applied to restricted or unrestricted sources are first applied to restricted sources.

J. Economic Dependency

TSU relies extensively on State appropriations as well as resources from grantor agencies to support its operations.

NOTE 2: CAPITAL AND LEASED ASSETS

During fiscal year 2022, TSU collected $5,874,582.44 in insurance recoveries that are reported in the financial statements as other nonoperating revenue/expenses. A summary of changes in capital assets for the year ended August 31, 2022 is as follows:

	Balance 9/1/2021 (as restated)	Reclassify Completed CIP	Additions	Deletions	Balance 8/31/2022
Non-depreciable or Non-amortizable Assets					
Land and Land Improvements	$ 17,669,462.57	$ -	$ 168,168.97	$ -	$ 17,837,631.54
Construction in Progress	3,636,762.85	(3,636,762.85)	6,389,815.19	-	6,389,815.19
Other Tangible Capital Assets	2,829,312.50	-	-	-	2,829,312.50
Total Non-depreciable/amortizable	24,135,537.92	(3,636,762.85)	6,557,984.16	-	27,056,759.23
Depreciable Assets					
Buildings and Building Improvements	536,905,088.36	3,636,762.85	13,094,629.12	-	553,636,480.33
Infrastructure	7,096,483.95	-	-	-	7,096,483.95
Facilities and Other Improvements	16,970,859.87	-	-	-	16,970,859.87
Furniture and Equipment	35,925,518.52	-	3,428,767.94	-	39,354,286.46
Leased Land	232,952.11	-	498,859.54	-	731,811.65
Vehicle, Boats and Aircraft	3,398,178.82	-	323,000.00	-	3,721,178.82
Other Capital Assets	36,069,820.80	-	2,411,497.34	-	38,481,318.14
Total Depreciable/Amortizable Assets	636,598,902.43	3,636,762.85	19,756,753.94	-	659,992,419.22
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(304,992,163.97)	-	(18,328,987.56)	-	(323,321,151.53)
Infrastructure	(4,755,073.20)	-	(408,125.78)	-	(5,163,198.98)
Facilities and Other Improvements	(13,476,733.68)	-	(346,713.84)	-	(13,823,447.52)
Furniture and Equipment	(29,697,570.90)	-	(1,298,021.31)	-	(30,995,592.21)
Vehicle, Boats, and Aircraft	(2,107,593.18)	-	(230,076.93)	-	(2,337,670.11)
Other Capital Assets	(18,006,590.74)	-	(2,319,760.65)	-	(20,326,351.39)
Total Accumulated Depreciation	(373,035,725.67)	-	(22,931,686.07)	-	(395,967,411.74)
Depreciable Assets, Net	263,563,176.76	3,636,762.85	(3,174,932.13)	-	264,025,007.48
Intangible Capital Assets- Amortizable					
Computer Software - Intangible	714,547.08	-	587,975.26	-	1,302,522.34
Total Intangible Capital Assets	714,547.08	-	587,975.26	-	1,302,522.34
Less Accumulated Amortization for:					
Computer Software - Intangible	(673,773.38)	-	(40,773.70)	-	(714,547.08)
Leased Land	-	-	(42,391.92)	-	(42,391.92)
Total Accumulated Amortization	(673,773.38)	-	(83,165.62)	-	(756,939.00)
Intangible Capital Assets	40,773.70	-	504,809.64	-	545,583.34
Business Activities Capital and Leased Assets, Net	$ 287,739,488.38	$ -	$ 3,887,861.67	$ -	$ 291,627,350.05

Construction commitments outstanding at year end were as follows:

Project Description/ Project Manager	Overall Project Budget	Total Spent To Date	Remaining Balance
Network & WiFi Upgrade	6,908,475.15	6,202,432.18	706,042.97
TSU Dorm @ Wheeler Survey	95,323.00	10,485.53	84,837.47
Demo & Concrete Durley Field (Athletic Major Project)	95,380.00	29,515.00	65,865.00
Sideline & Turf Install (Athletic Major Project)	519,608.57	90,567.22	429,041.35
	$ 7,618,786.72	$ 6,332,999.93	$ 1,285,786.79

NOTE 3: DEPOSITS AND INVESTMENTS

A. Cash in Bank-Carrying Amount

As of August 31, 2022, the carrying amount of cash is:

Carrying Amount-Cash in Bank	Amount FY
Cash in Bank- Carrying Amount	$ 68,753,979.15
Less: Nonnegotiable CD's included in Carrying Amount	-
Less: Uninvested Collateral Included in Carrying Amount	500,000.00
Less: Nonnegotiable CD's Collateral Included in Carrying Amount	-
Total Cash In Bank	$ 69,253,979.15
Current Assets Restricted Cash in Bank	
Cash in Bank Per AFR	$ 69,253,979.15

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, TSU 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 bank balances that were exposed to custodial credit risks are as follows:

Fund Type	Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution's trust department but not in the state's name
5	$ -	$ 68,253,979.15	$ -

B. Investments

TSU has adopted written investment policies regarding the investment of its endowment and non-endowed funds. All investments shall be made in accordance with applicable laws, the investment policies, and resolutions of the Board of Regents. In summary, TSU is authorized to invest in the following:

Direct obligations of the U.S. Government or its agencies and instrumentalities
Obligations of this State, or its agencies or its instrumentalities
Fully collateralized certificates of deposit
Fully collateralized repurchase agreements or reverse repurchase agreements

Bankers' acceptance notes
Commercial paper
Mutual funds
Investment pools
Cash management and fixed income funds exempt from federal income taxation
Negotiable certificates of deposit
Corporate bonds rated in one of the two highest categories
Common or convertible preferred stock
Foreign government bonds
Foreign corporate bonds

As of August 31, 2022, TSU had the following investments:

Investment Type	Fair Value
U.S. Government Agency Obligations	$ 108,751.95
U.S. Treasury Securities	9,324,415.41
Equity	32,879,719.76
Taxable Municipal Issues	170,550.58
International Government Obligations	390,655.98
Corporate Obligations	6,257,578.45
Bond Mutual Funds	7,373,734.81
International Equity	11,480,043.68
TexStar Investment Pool	1,377,378.59
Fixed Income Money Market Funds	10,342,829.26
Private Credit	1,116,162.38
Hedge Fund	3,329,755.10
U.S. Treasury Bills	2,676,361.92
	$ 86,827,937.88

Credit risk. Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. TSU's investment policy limits investments in obligations of states, agencies, counties, cities, and other political subdivisions of any investments rated greater than A or its equivalent. Corporate bonds, debentures, or similar debt instruments must be rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradation within those categories.

The following table presents each applicable investment type grouped by rating as of August 31, 2022:

Investment Ratings

Investment Type		AAA	AA	AA+	AA-	A
U.S. Government Agency Obligations	$			108,751.95		
U.S. Treasury Securities	$			9,324,415.41		
Taxable Municipal Issues	$	170,550.58				
International Government Obligations	$				182,977.41	
Corporate Obligations	$	59,669.56	144,976.08		203,335.92	778,296.69
Bond Mutual Funds	$	1,777,817.28	528,868.54			19,086.46

Investment Ratings

Investment Type		A+	A-	BBB	BBB+	BBB-
U.S. Government Agency Obligations	$					
U.S. Treasury Securities	$					
Taxable Municipal Issues	$					
International Government Obligations	$	207,678.57				
Corporate Obligations	$	265,628.62	1,164,671.39	656,795.23	1,013,874.13	1,232,604.05
Bond Mutual Funds	$			813,142.11		

Investment Ratings

Investment Type		BB	B	CC	CCC
U.S. Government Agency Obligations	$				
U.S. Treasury Securities	$				
Taxable Muuicipal Issues	$				
International Government Obligations	$				
Corporate Obligations	$				
Bond Mutual Funds	$	2,188,387.37	1,391,283.85	18,346.30	281,440.10

Unrated		
Equity	$	32,879,719.76
International Equity	$	11,480,043.68
Corportate Obligations	$	737,726.75
Bond Mutual Funds	$	355,362.80
Private Credit	$	116,162.38
Hedge Fund	$	3,329,755.10
Cash /Money Markets	$	10,342,829.26
U.S. Treasury Bills	$	2,676,361.92
TextStar Investment Pool	$	1,377,378.59

Concentration of credit risk – investments. TSU's investment policy contains diversification as an investment risk but does not contain any limitation on a dollar amount that may be invested in a specific maturity, issuer, or class of investment for its non-endowment funds and endowment funds.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, TSU will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. TSU's investment policy requires safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in TSU's safekeeping account prior to the release of funds. The investments of $86,873,105.57 are exposed to Uninsured and Unregistered Fair Value, Securities Held by Counterparty Custodial Credit Risk.

Investment Pool: The University is a voluntary participant in the external investment pool with fair value measured as follows:

Investment Pool	Measurement	Credit Risk
TexSTAR	Net Asset Value	AAAm

Interest rate risk-investments. For an investment, this is the risk that changes in interest rates will adversely affect the fair value of an investment.

The following table demonstrates TSU's interest rate risk.

Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10	
U.S. Government Agency Obligations	$ 108,751.95	$ -	$ 93,615.00	$ 15,193.52	$ -	(56.5725)
Treasuries	9,324,415.41	3,443,241.10	4,550,577.70	1,335,447.15	-	(4,850.5)
Taxable Municipal Issues	170,550.58	-	170,639.30	-	-	(88.7)
Corporate Obligations	6,257,578.45	114,539.51	2,394,182.79	3,001,525.60	750,585.73	(3,255.2)
Bond Mutual Funds	7,373,734.81	-	3,905,499.37	3,472,071.24		(3,835.8)
International Government Obligations	390,655.98	-	390,859.20	-	-	(203.2)
Fixed Income Money Market Funds	10,342,829.26	10,342,829.26	-	-	-	-
U.S. Treasury Bills	2,676,361.92	2,676,361.92				-
Total	$ 36,644,878.37	$ 16,576,971.79	$ 11,505,373.36	$ 7,824,237.51	$ 750,585.73	(12,290.02)

Fair value measurement – investments. GASB 72 addresses accounting and reporting issues related to fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at measurement date. GASB 72 establishes a Fair Value Hierarchy that includes three levels of input based on reliability and objectivity of the information:

Level 1 — inputs are quoted prices (unadjusted) in active markets for assets or liabilities identical to the ones being measured. Level 1 inputs receive the highest priority.

Level 2 — inputs are observable for similar assets or liabilities, either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information).

Level 3 — inputs are unobservable (for example: management's assumption of the default rate among underlying mortgages of a mortgage-backed security). Level 3 inputs receive the lowest priority.

Fair Value Hierarchy for TSU's investments as of August 31, 2022 is as follows:

Investments	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value	Fair Value
	Fair Value Hierarchy				
U.S. Government					
US Government Agency Obligations	-	108,751.95	$ -	$ -	$ 108,751.95
US Treasury Securities	9,324,415.41	-	-	-	9,324,415.41
Equity	32,879,719.76	-	-	-	32,879,719.76
Corporate Obligations	-	170,550.58	-	-	170,550.58
Bond Mutual Funds	390,655.98	-	-	-	390,655.98
Taxable Municipal Issues	-	6,257,578.45	-	-	6,257,578.45
International Equity	-	7,373,734.81	-	-	7,373,734.81
International Government Obligations	-	11,480,043.68	-	-	11,480,043.68
TexStar Investment Pool	-	-	-	$1,377,378.59	1,377,378.59
Fixed Income Money Market Funds	10,342,829.26	-	-	-	10,342,829.26
Private Credit	-	-	-	1,116,162.38	1,116,162.38
Hedge Fund	-	-	-	3,329,755.10	3,329,755.10
U.S. Treasury Bills	2,676,361.92	-	-	-	2,676,361.92
Total Investments	$ 55,613,982.34	$ 25,390,659.48	$ -	$ 5,823,296.07	$ 86,827,937.88

NOTE 5: SUMMARY OF LONG-TERM LIABILITIES

During the year ended August 31, 2022, the following changes occurred in the long-term liabilities:

Long-Term Liabilities	Balance 9/1/2021 (as restated)	Additions	Reductions	Balance 8/31/2022	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable:						
Series 2013	10,040,000.00	-	6,275,000.00	3,765,000.00	2,905,000.00	860,000.00
Series 2016	45,175,000.00	-	2,145,000.00	43,030,000.00	2,255,000.00	40,775,000.00
Series 2021	14,275,000.00	-	1,380,000.00	12,895,000.00	1,350,000.00	11,545,000.00
Premiums & discounts	7,633,762.34	-	998,969.10	6,634,793.24	924,584.02	5,709,609.22
Total revenue bonds	77,123,762.34	-	10,798,969.10	66,324,793.24 *	7,434,584.02	58,889,609.22
Lease Payable:						
Lease Liabiltiy	232,952.11	498,859.54	65,190.50	666,621.15	62,138.82	604,482.33
Capital Lease Obligations	1,289.46	-	-	1,289.46	1,289.46	-
Total Lease payable	234,241.57	498,859.54	65,190.50	667,910.61 *	63,428.28	604,482.33
Other Liabilities:						
Asset Retirement Obligations	133,462.62	-	-	133,462.62	-	133,462.62
Employees' Compensated Leave	6,798,445.85	-	1,180,740.39	5,617,705.46	2,925,041.89	2,692,613.57
Total other liabilities	6,931,908.47	-	1,180,740.39	5,751,168.08	2,925,041.89	2,826,076.19
Total	$ 84,289,912.38	$ 498,859.54	$ 12,044,899.99	$ 72,743,871.93	$ 10,423,054.19	$ 62,320,167.74
Long-term Debt Due in More Than One Year				$ 62,320,167.74		
*Debt associated with capital assets				$ 66,992,703.85		

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending Aug. 31	Revenue Bonds	
	Principal	Interest
2023	6,510,000.00	2,498,150.00
2024	4,645,000.00	2,242,600.00
2025	3,975,000.00	2,036,150.00
2026	4,165,000.00	1,837,400.00
2027	4,380,000.00	1,629,150.00
2028-2032	21,130,000.00	4,925,050.00
2033-2036	14,885,000.00	1,169,750.00
Total	$ 59,690,000.00	$ 16,338,250.00

Interest expense incurred on revenue bonds for the year ended August 31, 2022 totaled $2,691,015.04

A. Compensated Absences

A State employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. An expense and liability are recorded as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source from which the employee's salary or wage compensation was paid.

B. Asset Retirement Obligations

TSU purchased radiation equipment which resulted in an asset retirement obligation. TSU must estimate the new obligation amount using probability weighting and record the initial measurement as a deferred outflow of resources ARO and a noncurrent ARO. TSU must assess any relevant factors annually to determine if a significant change in current value has occurred, if so, record the change in ARO deferred outflow of resources and noncurrent ARO. When the radiation equipment reaches the end of their useful life, the value of the ARO is moved to current ARO. Current ARO is then reduced by the amount of actual expenditures to retire the asset, with an offset to deferred outflows of resources.

NOTE 6: BONDED INDEBTEDNESS

Revenue Bonds, Series 2013

Purpose	On August 28, 2013 TSU defeased $64,485,000 of outstanding revenue bonds. The transaction refunded bonds 1998A-1, 1998A-2, 1998B, 2002 and 2003 series.
Amount of Issue	$62,355,000; all authorized have been issued
Issue Date	August 28, 2013
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None

Revenue Bonds, Series 2016

Purpose	On June 23, 2016, TSU Board of Regents authorized the issuance of revenue financing system bonds for the purpose of constructing a library/learning center
Amount of Issue	$55,490,000; all authorized have been issued
Issue Date	September 15, 2016
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None

Revenue Bonds, Series 2021

Purpose	On April 15, 2021, TSU Board of Regents authorized the issuance of revenue financing system bonds for the purpose of refinancing Series 2021 Bond for the construction of Leonard Spearman Technology Building.
Amount of Issue	$14,275,000; all authorized have been issued
Issue Date	June 24, 2021
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None

NOTE 8: LEASE LIABILITIES

GASB Statement No. 87, Leases, effective 2022, establishes a single model for lease accounting based on the principle that 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 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 purchases, leases of assets that are investments and certain regulated leases. TSU's leases are recognized and measured using the facts and circumstances that exist at the beginning of the earliest period presented. The State of Texas Comptroller's Office has established a materiality threshold for leases of $100,000 per asset to be applied to the present value of the right-to-use (RTU) assets and/or lease receivable. TSU has adopted this materiality threshold for all GASB 87 leases. TSU signed three (3) lease contracts for land/grounds. These leasing arrangements have been examined according to the GASB 87 standard, implementation guidelines, and the State Comptroller Office's requirements, the details for the identified leases are discussed below.

Included in the expenses reported in the financial statements are the following amounts of rent paid or due.

Fund Type	Amount
Business Fund	$ 65,190.50

Future lease payments having an initial term more than one year are as follows:

Year	Principal	Interest	Total
2023	62,138.82	15,551.69	77,690.51
2024	67,050.60	10,639.90	77,690.50
2025	68,033.22	9,657.27	77,690.49
2026	69,012.35	8,678.16	77,690.51
2027	22,312.94	7,687.06	30,000.00
2028-2032	118,360.64	31,639.36	150,000.00
2033-2037	130,629.11	19,370.89	150,000.00
2038-2042	129,083.47	5,916.52	134,999.99
Total	$ 666,621.15	109,140.85	775,762.00

TSU entered into long term leases for financing the purchase of vehicles, the terms of which expire in 2023.

Assets Under Financed Purchases
August 31, 2022

	Business-Type Activities		
Type	**Financed Purchases**	**Accumulated Depreciation**	**Total**
Vehicles	$ 378,794.51	$ (220,786.47)	$ 158,008.04
Total	$ 378,794.51	$ (220,786.47)	$ 158,008.04

Future minimum lease payments under the financed purchases, together with the present value of the net minimum lease payments at fiscal year-end are:

August 31, 2022

	Business-Type Activities		
Year	**Principal**	**Interest**	**Payments**
2023	1,289.46	2.73	1,292.19
Total	$ 1,289.46	$ 2.73	$ 1,292.19

NOTE 9: EMPLOYEE RETIREMENT PLANS

A. Teacher Retirement System (TRS)

The State of Texas has joint contributory retirement plans for substantially all its employees. One of the primary plans in which TSU participates is a cost-sharing, multi-employer, public employee retirement system administered by the Teacher Retirement System of Texas ("TRS"). TRS is primarily funded through State and employee contributions. Depending upon the source of funding for a participant's salary, TSU may be required to make contributions in lieu of the State.

All TSU personnel employed in a position on a half time or greater basis for at four and a half months or more are eligible for membership in TRS. Members with at least five years of service at age 65 or any combination of age plus years of service which equals 80, have a vested right to retirement benefits. Additionally, reduced benefits are available at age 55 with at least five years of service or at any age below 50 with 30 years of service. Members are fully vested after five years of service and are entitled to any benefits for which the eligibility requirements have been met.

TRS contribution rates for both employers and employees are not actuarially determined but are legally established by the State Legislature. Contributions by employees are 7.7 percent of gross earnings. Depending upon the source of funding for the employee's compensation, the State or TSU contributes a percentage of participant salaries totaling 7.5 percent of annual compensation. TSU's contributions to TRS for the year ended August 31, 2022 were $2,183,235 which equaled the amount of the required contributions for the year.

Each of TRS's component government agencies accounts for its share of the pension fund based on its proportionate share of the State of Texas TRS Pension Fund. Disclosures regarding TSU's proportionate share as well as the underlying actuarial assumptions and conclusions are discussed in a separate note.

Optional Retirement Program (ORP)

The State of Texas has also established an Optional Retirement Program ("ORP") for institutions of higher education. Participation in the ORP is in lieu of participation in TRS. The ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. The contributory percentages of participant salaries currently provided by the State of Texas and each participant are 6.60 percent and 6.65 percent, respectively. Depending upon the source of funding for the employee's compensation, TSU may be required to make the employer contributions in lieu of the State. Additionally, the State or TSU must make additional contributions above six percent depending upon the employee's date of hire. Since these are individual annuity contracts, the State and TSU have no additional or unfunded liability for this program.

Employee Retirement Plans	Aug. 31, 2022
Employee Contribution	$ 2,167,627.42
Employer Contribution	2,386,078.65
	$ 4,553,706.07

NOTE 9A: TRS PENSION FUND – TSU's PROPORTIONATE SHARE

The state of Texas has three retirement systems in its financial reporting entity – Employees Retirement System (ERS), Teacher Retirement System (TRS), and Texas Emergency Services Retirement System (TESRS). These three retirement systems administer the following six defined benefit pension plans:

- ERS – the Employees Retirement System of Texas Plan (ERS), the Law Enforcement and Custodial Officer Supplemental Retirement Plan (LECOS), the Judicial Retirement System of Texas Plan One (JRS 1) and Judicial Retirement System of Texas Plan Two (JRS2).
- TRS – the Teacher Retirement System of Texas (TRS) plan
- TESRS – the Texas Emergency Services Retirement System (TESRS) plan.

ERS, LECOS, JRS2, TRS, and TESRS plans are administered through several trusts; JRS1 plan is on a pay-as-you-go basis.

TRS plan

Teacher Retirement System is the administrator of the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. The employers of the TRS plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, and community and junior colleges. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard workload and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS 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 percent of the average of the five highest annual salaries multiplied by years of service credit.. For grandfathered members 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 and searching for financial reports.

During the measurement period of 2021 for fiscal 2022 reporting, the amount of TSU's contributions recognized by the plan was $3,130,450. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the members in the measurement period are presented in the table below:

Required Contribution Rates

	TRS Plan
Contribution Rates	
Employer	7.5%
Employees	7.7%

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2021 measurement date.

Actuarial Methods and Assumptions

	TRS Plan
Actuarial Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	7.25%
Investment Rate of Return	7.25%
Long-term Expected Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95% *
Inflation	2.30%
Salary Increase	3.05% to 9.05% including inflation

Mortality	
Active	90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality.
Post-Retirement	2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP.
Ad Hoc Post-Employment Benefit Changes	None

Notes:

* 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 assumptions used in the valuation were primarily based on the result of an actuarial experience study for the three-year period ending August 31, 2017 and adopted in July 2018. The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020 with no changes since the prior measurement date.

There have been no changes to the benefit provisions of the plan since the prior measurement date.
The discount rate of 7.25% was applied to measure the total pension liability.

The discount rate was based on the expected rate of return on pension plan investments of 7.25%. 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 increasing 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 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 on the following page:

Asset Class[1]	Target Allocation[2]	Long-Term Expected Geometric Real Rate of Return[3]
Global Equity		
USA	18.00%	3.60%
Non-US Developed	13.00%	4.40%
Emerging Markets	9.00%	4.60%
Private Equity	14.00%	6.30%
Stable Value		
Government Bonds	16.00%	(0.20)%
Absolute Return		1.10%
Stable Value Hedge Funds	5.00%	2.20%
Real Return		
Real Estate	15.00%	4.50%
Energy, Natural Resources and Infrastructure	6.00%	4.70%
Commodities		1.70%
Risk Parity		
Risk Parity	8.00%	2.80%
Asset Allocation Leverage		
Cash	2.00%	(0.70)%
Asset Allocation Leverage	(6.00)%	(0.50)%
Total	100.00%	

Notes:
[1]Absolute Return includes Credit Sensitive Investments.
[2]Target allocations are based on fiscal year 2021 policy model.
[3]Aon Hewitt Capital Market Assumptions Report as of August 31, 2021

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

Sensitivity of TSU's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
$ 40,821,346	$ 18,681,181	$ 718,787

The pension plan's fiduciary net position is determined using economic resources measurement focus and 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 2021 ACFR.

At August 31, 2022, TSU reported a liability of $18,681,181 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TSU's proportion at August 31, 2022 was 0.0733560159 percent which was a decrease from the 0.0805067380 percent measured at the prior measurement date. TSU'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 entity to the plan for the period September 1, 2020 through August 31, 2021.

For the year ending August 31, 2022, TSU recognized pension expense of $1,161,517. At August 31, 2022, TSU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 31,262.00	$ 1,315,170.00
Changes of assumptions	6,603,433.00	2,878,530.00
Net difference between projected and actual investment return	-	15,663,928.00
Change in proportion and contribution difference	4,783,199.00	3,051,704.00
Contributions subsequent to the measurement date	2,183,235.00	-
Total	$ 13,601,129.00	$ 22,909,332.00

There were $2,183,235 in contributions subsequent to the measurement date that will be recognized as a reduction in the net pension liability for the year ending August 31, 2023.

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

Year Ending August 31:	Amortization of Deferred Outflows/Inflows
2023	$ 1,495,315.00
2024	1,522,560.00
2025	3,184,389.00
2026	4,621,778.00
2027	468,251.00
Thereafter	199,145.00
Total	$ 11,491,438.00

NOTE 9B: ERS OPEB Plan – TSU's PROPORTIONATE SHARE

ERS plan

Employees Retirement System (ERS) is the administrator of the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer defined benefit OPEB plan with a special funding situation.

The 61 employers of SRHP include state of Texas agencies and universities, community and junior colleges, and other entities specified by the Legislature. Benefits are provided to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551.

The SRHP provides postemployment health care, life and dental insurance benefits to retirees. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments.

ERS issued a stand-alone audited Annual Comprehensive Financial Report (ACFR). The ERS ACFR may be obtained from their website at www.ers.texas.gov and searching for reports and studies.

During the measurement period of 2021 for fiscal 2022 reporting, the amount of TSU's contributions recognized by the plan was $2,039,043.22. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. The contribution requirements for the state and the members in the measurement period are presented in the table below:

Employer Contribution Rates
Retiree Health and Basic Life Premium

Retiree Only	$624.82
Retiree & Spouse	1,339.90
Retiree & Children	1,103.58
Retiree & Family	1,818.66

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2021 measurement date.

Actuarial Methods and Assumptions

	SRHP
Actuarial Valuation Date	August 31, 2021
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open

Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	2.14% *
Inflation	2.30%
Salary Increase	2.30% to 9.05%, including inflation
Healthcare Cost and Trend Rate	
HealthSelect	5.25% for FY 2023, 5.15% for FY 2024, 5.00% for FY 2025, 4.75% for FY 2026, 4.60% for FY 2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2030 and later years
HealthSelect Medicare Advantage	0.00% for FY 2023, 66.67% for FY 2024, 24.00% for FY 2025, 4.75% for FY 2026, 4.60% for FY 2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2030 and later years
Pharmacy	10.00% for FY 2023 and FY 2024, decreasing 100 basis points per year to 5.00% for FY 2029, and 4.30% for FY 2030 and later years
Aggregate Payroll Growth	2.70%
Retirement Age	Experience-based tables of rates that are specific to the class of employee
Mortality	
State Agency Members	
Service Retirees, Survivors and Other Inactive Members	2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020
Disabled Retirees	2020 State Retirees of Texas Mortality table with a 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, respectively, and Ultimate MP Projection Scale projected from the year 2020
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP Projection Scale from the year 2010
Higher Education Members	

Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disabled Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014
Ad Hoc Post-Employment Benefit Changes	None

** The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.*

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2014 to August 31, 2019 for state agency members and for the period September 1, 2010 to August 31, 2017 for higher education members. The mortality rates were based on the tables identified in the table above titled *Actuarial Methods and Assumptions*. The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

a. The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
b. The proportion of future retirees assumed to be married and electing coverage for their spouse
c. The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement
d. The percentage of Higher Education vested terminated members assumed to have terminate less than one year before the valuation date
e. Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent health plan experience and its effects on our short term expectations. The annual rate of increase in the Patient-Centered Outcomes Research Institute Fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations. Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions; and
f. The discount rate was changed from 2.20% as of August 31, 2020 to 2.14% as of August 31, 2021 as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 2.14% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 2.20%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay as you go basis and is not intended to accumulate assets, there is no long-term expected rate of return. ERS' board of trustees adopted an amendment to the investment policy in August 2017 to require that all funds in this plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments be at least 2.4%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 2.20%.

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of TSU's net OPEB liability. The result of the analysis is presented in the table below:

Sensitivity of TSU's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

1% Decrease (1.14%)	Current Discount Rate (2.14%)	1% Increase (3.14%)
$ 108,164,053	$ 90,814,951	$ 77,241,871

Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the proportionate share of TSU's net OPEB liability. The result of the analysis is presented in the table below:

Sensitivity of TSU's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate
HealthSelect (HS) or HealthSelect Medicare Advantage (HSMA)

1% Decrease HS/HSMA/Pharmacy: 4.25/-1.00/9.00 % decreasing to 3.30%	Current Healthcare Cost Trend Rates HS/HSMA/Pharmacy: 5.25/0.00/10.00 % decreasing to 4.30%	1% Increase HS/HSMA/Pharmacy: 6.25/1.00/11.00 % decreasing to 5.30%
$ 76,046,831	$ 90,814,951	$ 110,163,815

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2021 ACFR.

At August 31, 2022, TSU reported a liability of $90,814,951 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of August 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. TSU's proportion at August 31, 2021 was 0.25313914 percent. TSU's proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2020 through August 31, 2021.

For the year ending August 31, 2022, TSU recognized OPEB expense of $16,670,940. At August 31, 2022, TSU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,227,589
Changes of assumptions	6,217,547	10,114,752
Net difference between projected and actual investment return	16,084	-
Effect of change in proportion and contribution difference	32,948,753	3,607,232
Total	$ 39,182,384	$ 15,949,573

There were no deferred outflows of resources resulting from contributions subsequent to the measurement date that will be recognized as a reduction in the net OPEB liability for the year ending August 31, 2023.

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the following years:

Year Ending August 31:	Amortization of Deferred Outflows/Inflows
2023	$ 13,181,517.00
2024	9,834,202.00
2025	702,950.00
2026	(367,548.00)
2027	(118,310.00)
Total	$ 23,232,811.00

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

TSU reports their financial statements in accordance with GASB Statement No. 35. The statement requires TSU to report as one fund. Accordingly, no interfund balances and activities are reported.

NOTE 15: CONTINGENCIES AND COMMITMENTS

A. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although TSU expects such amounts, if any, to be immaterial.

B. Lawsuits

TSU is a defendant in numerous lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of TSU's management that resolution of these matters will not have a materially adverse effect on the financial condition of TSU.

NOTE 16: SUBSEQUENT EVENT

TSU evaluated subsequent events through Month XX, 2023, the date the financial statements were available to be issued and is not aware of any subsequent events that would require recognition or disclosure.

NOTE 17: RISK FINANCING AND RELATED INSURANCE

Texas Southern University endeavors to manage its financial exposures and third-party claims that are inherent with business transactions. The University conducts periodic assessments of operations in accord with risk profiles to determine risk transfer, retention and management strategies. There have been no significant reductions in insurance coverage in the past year and losses have not exceeded policy limits in the life of the insurance program.

The following outlines relevant insurance coverage and other applicable provisions.

Property Insurance, Equipment Breakdown and Terrorism
Pursuant to Chapter 412 of the Texas Labor Code, Texas Southern University participates in the Statewide Property Insurance Program to transfer financial burden resulting from property damage and loss of University assets. The program, administered by the State Office of Risk Management, affords a shared limit that includes coverage for both building contents and business interruptions.

Workers' Compensation
Pursuant to Chapters 412 and 501 of the Texas Labor Code, the State of Texas self-insures with respect to workers' compensation. The statutory Government Employees Workers' Compensation Insurance Program is administered by the State Office of Risk Management and provides mandatory workers' compensation coverage and risk management services to all state agencies. Texas Southern University employees are provided continuous coverage pursuant to Chapter 501.

The coverage extends domestically and in foreign countries. The current General Appropriations Act provides that TSU must reimburse the general revenue fund, consolidated from TSU appropriations, one-half of the unemployment benefits and 25 percent of the workers' compensation benefits paid for former and current employees. The Comptroller determines the proportionate amount to be reimbursed from each appropriated fund type. TSU must reimburse the general revenue fund 100 percent of the cost for workers' compensation and unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the State treasury. Workers' compensation and unemployment plans are on a pay- as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2022.

General Liability
As an agency of the State of Texas, the University has limited liability pursuant to Chapter 101 of the Texas Civil Practice and Remedies Code. The limits of liability under Chapter 101 are $250,000 for each person, $500,000 for each single occurrence for bodily injury or death and $100,000 for each single occurrence for injury or destruction of property. The University maintains insurance policies including Commercial General, Umbrella, Directors and Officers, Employment Practices and Internships Professional Liability to satisfy any contractual obligations.

Automobile Liability
Texas Southern University maintains a Commercial Auto Liability Policy for owned, hired and leased, and loaned vehicles with limits of $250,000 per person, $500,000 per accident for bodily injury and $100,000 per accident for property damage the extent of the waivers of State sovereign immunity specified in the Texas Tort Claims Act. In addition, coverage includes $1,000,000 Combined Single Limit Bodily Injury & Property Damage per Accident for claims that are not subject to the Texas Tort Claims Act.

NOTE 18: MANAGEMENT'S DISCUSSION AND ANALYSIS

Although normally included as Note 18 following the Comptroller's requirements, Management's Discussion and Analysis is included as a separate section in the front of this report to comply with GASB.

NOTE 19: THE FINANCIAL REPORTING ENTITY

A. Related Parties

TSU is affiliated with the Texas Southern University Foundation. The stated purpose of the foundation is "to solicit and receive gifts, grants, devices, or bequests and to maintain, use, and apply the income there from and the principal thereof exclusively for charitable, scientific, literary or educational activities in order to aid and benefit Texas Southern University." According to foundation bylaws, the President of TSU and a representative of TSU's Board of Regents shall be ex officio members of the foundation's Board of Directors with full voting rights.

TSU is also affiliated with the Texas Southern University Alumni Association. The alumni association is a non- profit organization created for the purpose of promoting, fostering, and advancing the educational goals of TSU and the interests and welfare of its students; to provide the means for continuing relationships between TSU, former students, and the community; and to enable them to contribute to and share in the progress of TSU. All former students are eligible for membership in the alumni association. The Board of Directors of the alumni association is elected by the membership. TSU administration has no controlling interest in the alumni association.

The financial statements of TSU encompass the financial activity only of TSU. TSU does not have any component entities that should be included in these financial statements.

NOTE 20: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

TSU has no material violations of finance related legal and contract provisions. Per the laws of the State of Texas, TSU cannot spend amounts in excess of appropriations granted by the Texas Legislature and there are no deficits reported in net position.

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

Donor-Restricted Endowments	Amount of Net Appreciation (Depreciation)	Reported in Net Position
True Endowments	$ 40,855,921.14	Restricted for expendable
Term Endowments	2,788,822.62	Restricted for expendable
Total	$ 43,644,743.76	

In the table above, amounts reported as "Net Appreciation" represent net appreciation (cumulative and unexpended) on investments of donor or constitutionally restricted endowments that are available for authorization and expenditure by the TSU Board of Regents. For donor restricted endowments, pursuant to the Uniform Prudent Management of Institutional Funds Act, as adopted by Texas, the TSU Board of Regents may distribute net appreciation, realized and unrealized, in the fair market value of the assets of endowment holdings over the historic dollar value of the gifts, to the extent prudent.

TSU's spending policy for endowments reflects an objective to distribute as much of the total return as is consistent with overall investment objectives while protecting the real value of the endowment corpus. The primary long-term investment objective of the endowment is to earn a total rate of return that exceeds the spending rate plus the cost of managing the investment fund. The university all-inclusive spending rate of 7%, which includes 5% spending rate and 0.5% costs of managing the investment fund. In order to preserve purchasing power parity, the Endowment's spending policy shall not exceed 5%. The calculation of the 5% spending rate will be based upon a three year moving average of Endowment Fund earnings with the most recent year removed. The 5% annual spending rate is required to be applied to each individual endowment. The University will calculate the average market value based upon the time period that these endowments are in existence.

Endowments	Increase/Decrease	Reason For Change
True Endowments	$11,229,368.25	Fair value increase in portfolio
Term Endowments	886,952.76	Fair value increase in portfolio
Total	$12,116,321.01	

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Aggregate receivables and other payables as reported on the statement of net position as of August 31, 2022, are detailed as follows:

Receivables	Balance
Student Accounts	$ 23,905,138.31
Suspense Clearing	506,510.24
Other Receivables	74,637.33
Non-Federal Grants	1,179,490.57
Third Party Accounts	709,112.37
Less Allowance	(6,798,671.33)
Total	$ 19,576,217.49

Other Payables	Balance
Sales Tax	$ 88,458.60
Advanced Payments-Peldged Aux Dorm	(663,793.08)
ARO Capital Liability	(295,566.99)
Student Deposits	(75,438.04)
Bookstore Clearing	(15,400.00)
Cashier Overage-Shortage	751.87
Declining Balance Debit Card	(1,850.78)
Housing and Housing Reserve	(15,150.85)
Installment Payments Clearing	(1,956.00)
International Student Health Insurance	(361,015.83)
Student Health Insurance Fee - Reg	4,108.00
License Prof Insurance	(40,503.50)
Suspense Clearing	459,934.54
Texas B on Time Loan	(15,480.24)
Retainage Payable	(2,198,161.79)
Wiley College	(1,920.00)
Total	$ (3,132,984.09)

NOTE 28: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In fiscal year 2022, TSU reported deferred outflows of resources in connection with GASB 68 pension plan, GASB 75 OPEB plan, Asset Retirement Obligation, and a loss on refunding series 2011 bond as well as deferred inflows of resources for GASB 68 pension plan and GASB 75 OPEB.

As of August 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
TRS Pension Plan (GASB 68)	$ 13,601,129.00	$ 22,909,332.00
ERS OPEB Plan (GASB 75)	39,182,384.00	15,949,573.00
Asset Retirement Obligation (GASB 83)	133,462.62	-
Deferred Loss on Refunding	105,768.72	-
Total	$ 53,022,744.34	$ 38,858,905.00

Deferred outflows of resources of $13,601,129.00 and Deferred inflows of resources of $22,909,332 were related to changes in employee TRS pension plan. Deferred outflows of resources of $39,182,384 and Deferred inflows of resources of $15,949,573.00 were related to changes in employee OPEB plan. See Note 9 for additional information. Deferred outflows of resources of $133,462.62 were related to Asset Retirement Obligation. Deferred loss on refunding was related to the loss on Series 2021 Bond that refunded Series 2011 Bond.

SUPPLEMENTARY INFORMATION

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TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE OF OPERATING EXPENSES

For the Year Ended August 31, 2022

Expenses by Natural Classification		**2022**
Salaries and Wages	$	97,222,758.09
Payroll Related Costs		39,724,217.47
Professional Fees and Services		14,632,514.33
Travel		2,315,668.47
Materials and Supplies		12,885,104.32
Communication and Utilities		7,392,008.05
Repairs and Maintenance		10,365,155.37
Rentals and Leases		1,863,856.25
Printing and Reproductions		523,660.48
Federal Pass-Through Expense		366,670.91
Bad Debt Expense		2272495.00
Scholarships		42,927,227.05
Other Operating Expenses		10,659,652.23
Depreciation		23,014,851.69
Total Operating Expenses by Natural Class	$	266,165,839.71

Expenses by NACUBO Classification		**2022**
Instruction	$	76,911,091.39
Research		6,847,753.20
Public Service		2,315,949.05
Academic Support		12,074,433.76
Student Services		14,543,131.47
Institutional Support		59,025,760.03
Operation and Maintenance of Plant		17,721,445.54
Scholarships and Fellowships		35,118,277.76
Auxiliary		18,433,657.44
Depreciation		23,174,340.07
Total Operating Expenses by NACUBO	$	266,165,839.71

TEXAS SOUTHERN U

(An Agency of the State

SCHEDULE 1A - SCHEDULE OF EXPENDIT

For the Year Ended Augus

Federal Grantor/ Pass-through Grantor/ Program Title	ALN Number	NSE Name/ *Id. No.*
U.S. Department of Education		
Minority Science and Engineering Improvement	84.120A	Howard University/ *P120A190033*
Direct Programs:		
Higher Education Institutional Aid	84.031	
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F	
COVID-19 - HEERF Historically Black Colleges and Universities (HBCUs)	84.425J	
Pass-Through From:		
Governors Emergency Education Relief (GEER) Fund	84.425C	
Pass-Through From:		
Texas Higher Education Coordinating Board		
Totals - U.S. Department of Education		
U.S. Department of Health and Human Services		
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	Deep South Center for Environmental Justice, Inc./ *2U45ES010664-22*
Direct Programs:		
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	
Totals - U.S. Department of Health and Human Services		
U.S. Department of Justice		
Direct Programs:		
Public Safety Partnership and Community Policing Grants	16.710	
Totals - U.S. Department of Justice		
U.S. Department of Transportation		
Direct Programs:		
Highway Training and Education	20.215	
Totals - U.S. Department of Transportation		
Research & Development Cluster		
National Aeronautics and Space Administration		
Direct Programs:		
Space Operations	43.007	
Totals - National Aeronautics and Space Administration		
National Science Foundation		
Computer and Information Science and Engineering	47.070	Platforms for Advanced Wireless Research (PAWR)/ *CNS-1719547*
Education and Human Resources	47.076	Howard University/ *1901420*
Education and Human Resources		Platforms for Advanced Wireless Research (PAWR)/ *R76522*
Education and Human Resources		University of California - San Diego/ *KR 705026/DUE-1821521*

NIVERSITY

of Texas)

URES OF FEDERAL AWARDS

t 31, 2022

Agy/ Univ No	Pass-through From: Pass-Through From Agencies or Universities Amount	Pass-Through From Non-State Entities Amount	Direct Program Amount	Total Amount PT From and Direct Prog.	Agy/ Univ No.
		58,853.47		58,853.47	
			11,201,059.43	11,201,059.43	
			13,579,125.00	13,579,125.00	
			3,251,165.26	3,251,165.26	
			41,058,582.81	41,058,582.81	
				928,436.68	
781	928,436.68				
	928,436.68	58,853.47	69,089,932.50	70,077,222.65	
		241,736.57		241,736.57	
			695,645.56	695,645.56	
	0	241,736.57	695,645.56	937,382.13	
			66,578.07	66,578.07	
	0	0	66,578.07	66,578.07	
			19,776.50	19,776.50	
	0	0	19,776.50	19,776.50	
			494.3	494.3	
	0	0	494.3	494.3	
		18,942.45		18,942.45	
		20,828.11		20,828.11	
		18,740.31		18,740.31	
		8,906.72		8,906.72	

Pass-through To Pass-Through To Agencies or Universities Amount	Pass-Through To Non-State Entities Amount	Expenditures Amount	Total Amount PT To and Expenditures
		58,853.47	58,853.47
		11,201,059.43	11,201,059.43
		13,579,125.00	13,579,125.00
		3,251,165.26	3,251,165.26
		41,058,582.81	41,058,582.81
		928,436.68	928,436.68
0	0	70,077,222.65	70,077,222.65
		241,736.57	241,736.57
		695,645.56	695,645.56
0	0	937,382.13	937,382.13
		66,578.07	66,578.07
0	0	66,578.07	66,578.07
		19,776.50	19,776.50
0	0	19,776.50	19,776.50
		494.3	494.3
0	0	494.3	494.3
		18,942.45	18,942.45
		20,828.11	20,828.11
		18,740.31	18,740.31
		8,906.72	8,906.72

Federal Grantor/ Pass-through Grantor/ Program Title	ALN Number	NSE Name/ *Id. No.*
Direct Programs:		
Engineering	47.041	
Mathematical and Physical Sciences	47.049	
Computer and Information Science and Engineering	47.070	
Education and Human Resources	47.076	
Education and Human Resources	47.076	
Pass-Through To:		
University of Houston		
Education and Human Resources	47.076	
Pass-Through To:		
Texas State University		
Education and Human Resources	47.076	
Pass-Through To:		
University of Houston - Clear Lake		
Totals - National Science Foundation		
U.S. Department of Defense		
Basic, Applied, and Advanced Research In Science and Engineering	12.630	Academy of Applied Science/ *W911NF1020076;601608 FY21*
Air Force Defense Research Sciences Program	12.800	Clarkson Aerospace Corporation/ *FA9550-21-1-0460;TSU-21-1-0460*
Pass-Through From:		
Basic and Applied Scientific Research	12.300	
Pass-Through From:		
University of Houston		
Totals - U.S. Department of Defense		
U.S. Department of Health and Human Services		
Maternal and Child Health Federal Consolidated Programs	93.110	Baylor University/ *5T16MC29831-04-00*
Trans-NIH Research Support	93.310	Duke University/ *IU24MD16258-01/303000432*
Direct Programs:		
Minority Health and Health Disparities Research	93.307	
Minority Health and Health Disparities Research	93.307	
Pass-Through To:		
University of Texas at El Paso		
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	
Biomedical Research and Research Training	93.859	
Biomedical Research and Research Training	93.859	
Pass-Through To:		
University of Houston		

NIVERSITY

of Texas)

URES OF FEDERAL AWARDS

t 31, 2022

Agy/ Univ No	Pass-through From: Pass-Through From Agencies or Universities Amount	Pass-through From: Pass-Through From Non-State Entities Amount	Direct Program Amount	Total Amount PT From and Direct Prog.	Agy/ Univ No.
			19,923.96	19,923.96	
			11,812.97	11,812.97	
			56,675.57	56,675.57	
			790,261.43	790,261.43	
			156,895.87	156,895.87	
					730
			82,372.83	82,372.83	
					754
			60,834.05	60,834.05	
					759
	0	67,417.59	1,178,776.68	1,246,194.27	
		6,629.83		6,629.83	
		73,978.98		73,978.98	
				8,630.19	
730	8,630.19				
	8,630.19	80,608.81	0	89,239.00	
		4,500.02		4,500.02	
		59,244.23		59,244.23	
			1,857,812.45	1,857,812.45	
			19,866.81	19,866.81	
					724
			123,378.79	123,378.79	
			158,149.43	158,149.43	
			26,777.05	26,777.05	
					730

Pass-through To Pass-Through To Agencies or Universities Amount	Pass-Through To Non-State Entities Amount	Expenditures Amount	Total Amount PT To and Expenditures
		19,923.96	19,923.96
		11,812.97	11,812.97
		56,675.57	56,675.57
		790,261.43	790,261.43
			156,895.87
156,895.87			
			82,372.83
82,372.83			
			60,834.05
60,834.05			
300,102.75	0	946,091.52	1,246,194.27
		6,629.83	6,629.83
		73,978.98	73,978.98
		8,630.19	8,630.19
0	0	89,239.00	89,239.00
		4,500.02	4,500.02
		59,244.23	59,244.23
		1,857,812.45	1,857,812.45
			19,866.81
19,866.81			
		123,378.79	123,378.79
		158,149.43	158,149.43
			26,777.05
26,777.05			

Federal Grantor/ Pass-through Grantor/ Program Title	ALN Number	NSE Name/ *Id. No.*
Vision Research	93.867	
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	
Pass-Through From:		
Cancer Treatment Research	93.395	
Pass-Through From:		
University of Houston		
Totals - U.S. Department of Health and Human Services		
U.S. Department of Housing and Urban Development		
Direct Programs:		
General Research and Technology Activity	14.506	
Totals - U.S. Department of Housing and Urban Development		
U.S. Department of Justice		
Direct Programs:		
Postconviction Testing of DNA Evidence	16.820	
Totals - U.S. Department of Justice		
U.S. Department of Transportation		
University Transportation Centers Program	20.701	University of North Carolina - Chapel Hill/ *69A3551747133/20160688-01-TSU*
Direct Programs:		
Highway Planning and Construction	20.205	
University Transportation Centers Program	20.701	
Pass-Through To:		
University of Texas at Arlington		
Pass-Through From:		
Highway Planning and Construction	20.205	
Pass-Through From:		
Texas Department of Transportation		
University Transportation Centers Program	20.701	
Pass-Through From:		
University of Texas at Austin		
Totals - U.S. Department of Transportation		
Student Financial Assistance Programs Cluster		
U.S. Department of Education		
Direct Programs:		
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Work-Study Program	84.033	
Federal Pell Grant Program	84.063	
Federal Direct Student Loans	84.268	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	
Totals - U.S. Department of Education		
U.S. Department of Health and Human Services		
Direct Programs:		

NIVERSITY

of Texas)

URES OF FEDERAL AWARDS

t 31, 2022

Agy/ Univ No	Pass-through From: Pass-Through From Agencies or Universities Amount	Pass-through From: Pass-Through From Non-State Entities Amount	Direct Program Amount	Total Amount PT From and Direct Prog.	Agy/ Univ No.
			81,491.17	81,491.17	
			571,939.97	571,939.97	
				42,125.22	
730	42,125.22				
	42,125.22	63,744.25	2,839,415.67	2,945,285.14	
			33,160.09	33,160.09	
	0	0	33,160.09	33,160.09	
			9,870.40	9,870.40	
	0	0	9,870.40	9,870.40	
		140,116.60		140,116.60	
			78,539.59	78,539.59	
			19,924.30	19,924.30	
					714
				89,591.70	
601	89,591.70				
				123,904.36	
721	123,904.36				
	213,496.06	140,116.60	98,463.89	452,076.55	
			370,446.80	370,446.80	
			533,151.48	533,151.48	
			24,543,459.69	24,543,459.69	
			72,972,110.00	72,972,110.00	
			87,489.50	87,489.50	
	0	0	98,506,657.47	98,506,657.47	

Pass-through To			
Pass-Through To Agencies or Universities Amount	Pass-Through To Non-State Entities Amount	Expenditures Amount	Total Amount PT To and Expenditures
		81,491.17	81,491.17
		571,939.97	571,939.97
		42,125.22	42,125.22
46,643.86	0	2,898,641.28	2,945,285.14
		33,160.09	33,160.09
0	0	33,160.09	33,160.09
		9,870.40	9,870.40
0	0	9,870.40	9,870.40
		140,116.60	140,116.60
		78,539.59	78,539.59
			19,924.30
19,924.30			
		89,591.70	89,591.70
		123,904.36	123,904.36
19,924.30	0	432,152.25	452,076.55
		370,446.80	370,446.80
		533,151.48	533,151.48
		24,543,459.69	24,543,459.69
		72,972,110.00	72,972,110.00
		87,489.50	87,489.50
0	0	98,506,657.47	98,506,657.47

Federal Grantor/ Pass-through Grantor/ Program Title	ALN Number	NSE Name/ *Id. No.*
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	
Totals - U.S. Department of Health and Human Services		
TRIO Cluster		
U.S. Department of Education		
Direct Programs:		
TRIO Student Support Services	84.042A	
TRIO Talent Search	84.044A	
TRIO Upward Bound	84.047A	
Upward Bound Math-Science	84.047M	
TRIO Educational Opportunity Centers	84.066	
Totals - U.S. Department of Education		
Total Expenditures of Federal Awards		

SEFA NOTE 2

Federal Revenue-Operating

Federal Revenue-Non-Operationg Title IV

Federal Revenue Non-Operationg Cares Funding

FederalRevenue Non-Operating HEERF HBCU

Federal Pass Through Reveune

Federal Direct Student Loan

NIVERSITY

of Texas)

URES OF FEDERAL AWARDS

t 31, 2022

Agy/ Univ No	Pass-through From: Pass-Through From Agencies or Universities Amount	Pass-through From: Pass-Through From Non-State Entities Amount	Direct Program Amount	Total Amount PT From and Direct Prog.	Agy/ Univ No.
			627,828.35	627,828.35	
	0	0	627,828.35	627,828.35	
			504,181.93	504,181.93	
			415,997.36	415,997.36	
			436,308.03	436,308.03	
			223,743.07	223,743.07	
			317,898.07	317,898.07	
	0	0	1,898,128.46	1,898,128.46	
	1,192,688.15	652,477.29	175,064,727.94	176,909,893.38	
				19,676,985.28	
				25,001,395.99	
				13,579,125.00	
				44,487,588.96	
				1,192,688.15	
				72,972,110.00	

Pass-through To Pass-Through To Agencies or Universities Amount	Pass-Through To Non-State Entities Amount	Expenditures Amount	Total Amount PT To and Expenditures
		627,828.35	627,828.35
0	0	627,828.35	627,828.35
		504,181.93	504,181.93
		415,997.36	415,997.36
		436,308.03	436,308.03
		223,743.07	223,743.07
		317,898.07	317,898.07
0	0	1,898,128.46	1,898,128.46
366,670.91	**0**	**176,543,222.47**	**176,909,893.38**

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 1B - STATE GRANT PASS THROUGH FROM/TO STATE AGENCIES

For the Year Ended August 31, 2022

Pass Through From:

Texas State Board of Public Accountancy (Agenncy# 457.0001)	$	7,816.00
Cancer Prevention & Research Inst of Tx (Agency# 542.0185		581,273.49
Texas Commission on Environmental Quality(Agency#582.0097)		129,979.18
University of Houston(Agency#730.0001		95,819.72
Texas A&M University System Health Sci Ctr (Agency# 709.0026)		14,759.00
Texas Higher Education Coordinating Board (Agency# 781.0008)		6,333,339.45
Texas Higher Education Coordinating Board (Agency# 781.0023)		71,353.00
Texas Higher Education Coordinating Board (Agency# 781.0029)		42,907.00
Texas Higher Education Coordinating Board (Agency# 781.0075)		9,631.00
Texas Higher Education Coordinating Board (Agency# 781.0082)		15,000.00
Total Pass Through From Other Agencies	$	7,301,877.84

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 2A - MISCELLANEOUS BOND INFORMATION

For the Year Ended August 31, 2022

Business-Type Activities

Description	Interest Rate	Maturity Dates: First Year	Maturity Dates: Last Year	First Call Date		Original Issue
Revenue Bonds- Self Supporting						
Series 2013	2.00-5.00%	2013	2023	n/a		62,355,000.00
Series 2016	2.00-3.00%	2016	2036	5/1/2026		55,490,000.00
Series 2021	2.00-5.00%	2021	2030	n/a		14,275,000.00
Total Revenue Bonded Debt					$	117,845,000.00

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 2B - CHANGES IN BOND INDEBTEDNESS

For the Year Ended August 31, 2022

Description	Bonds Outstanding 09/01/2021	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Par Value Adjustments	Bonds Outstanding 8/31/2022	Unamortized Premium	Unamortized Discount	Adjustments	Net Bonds Outstanding 8/31/2022	Amounts Due Within One Year	Bonds Outstanding 8/31/2022
Revenue Bonds- Self Supporting												
Series 2013	10,040,000.00	-	6,275,000.00	-	-	3,765,000.00		-	-	3,765,000.00	2,905,000.00	3,765,000.00
Series 2016	45,175,000.00	-	2,145,000.00	-	-	43,030,000.00	4,242,297.50	-	-	47,272,297.50	2,255,000.00	43,030,000.00
Series 2021	14,275,000.00	-	1,380,000.00	-	-	12,895,000.00	2,391,895.75			15,286,895.75	1,350,000.00	12,895,000.00
Total General Bonded Debt	$ 69,490,000.00	$ -	$ 9,800,000.00	$ -	$ -	$ 59,690,000.00	$6,634,193.25	$ -	$ -	$ 66,324,193.25	$ 6,510,000.00	$ 59,690,000.00

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 2C - DEBT SERVICE REQUIREMENTS

For the Year Ended August 31, 2022

Year Ending	Series 2021 Revenue Bonds Refunding			Series 2013 Revenue Bonds Refunding		
Aug. 31	Principal	Interest	Total	Principal	Interest	Total
2023	1,350,000.00	644,750.00	1,994,750.00	2,905,000.00	92,500.00	2,997,500.00
2024	1,420,000.00	577,250.00	1,997,250.00	860,000.00	17,200.00	877,200.00
2025	1,490,000.00	506,250.00	1,996,250.00			
2026	1,560,000.00	431,750.00	1,991,750.00			
2027	1,640,000.00	353,750.00	1,993,750.00			
2028-2030	5,435,000.00	552,250.00	5,987,250.00	-	-	-
Total	$ 12,895,000.00	$ 3,066,000.00	$ 15,961,000.00	$ 3,765,000.00	$ 109,700.00	$ 3,874,700.00

Year Ending	Series 2016 Revenue Bonds		
Aug. 31	Principal	Interest	Total
2023	2,255,000.00	1,760,900.00	4,015,900.00
2024	2,365,000.00	1,648,150.00	4,013,150.00
2025	2,485,000.00	1,529,900.00	4,014,900.00
2026	2,605,000.00	1,405,650.00	4,010,650.00
2027	2,740,000.00	1,275,400.00	4,015,400.00
2028-2032	15,695,000.00	4,372,800.00	20,067,800.00
2033-2036	14,885,000.00	1,169,750.00	16,054,750.00
Total	$ 43,030,000.00	$13,162,550.00	$ 56,192,550.00

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)

SCHEDULE 2D - ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE

For the Year Ended August 31, 2022

	Pledged and Other Sources and Related Expenditures for FY 2022			
Business-Type Activities	**Net Available for Debt Service**		**Debt Service**	
Revenue Bonds	**Total Pledged and Other Sources**	**Operating Expenses/ Expenditures and Capital Outlay**	**Principal**	**Interest**
BOND SERIES				
TRB 2013, 2016, 2021	$79,329,322.43	$ 72,707,317.29	$ 9,800,000.00	$ 2,691,015.04
Total	$79,329,322.43	$ 72,707,317.29	$ 9,800,000.00	$ 2,691,015.04

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
Required Supplementary Information
For the Last Eight Years Ended August 31 *

Schedule of Proportionate Share of Net Pension Liability*
Teacher Retirement System of Texas

	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
TSU's proportion of the net pension liability	0.0734%	0.0805%	0.0714%	0.0722%	0.0591%	0.0562%	0.0572%	0.0677%
TSU's proportionate share of the net pension liability	$18,681,181	$43,117,766	$37,133,090	$39,735,872	$18,886,127	$21,231,694	$20,380,538	$18,085,720
TSU's covered payroll	$55,338,037	$56,860,767	$53,462,578	$48,780,116	$21,229,587	$21,992,327	$22,004,400	$24,812,792
TSU's proportionate share of the net pension liability as a percentage of its covered payroll	33.76%	75.83%	69.46%	81.46%	88.96%	100.01%	91.94%	72.89%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

* This schedule is intended to present 10 years of information. Currently only eight years of information is available. Information for future years will be added when it becomes available.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
Required Supplementary Information
For the Last Nine Years Ended August 31 *

Schedule of Employer Contributions*
Teacher Retirement System of Texas

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions	$2,723,694	$2,595,707	$2,492,675	$2,050,711	$2,089,619	$1,251,453	$1,174,302	$1,694,645	$2,151,269
Contributions in relation to the statutorily required contributions	$2,723,694	$2,595,707	2,492,675	2,050,711	2,089,619	1,251,453	1,174,302	1,694,645	1,702,626
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	448,643
Covered payroll	$55,338,037	$58,479,781	$56,860,767	$53,462,578	$48,780,116	$21,229,587	$21,992,327	$22,004,400	$24,812,792
Contributions as a percentage of covered payroll	4.92%	4.44%	4.38%	3.84%	4.28%	5.89%	5.34%	7.70%	6.86%

* 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.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
Required Supplementary Information
For the Last Five Years Ended August 31 *

Schedule of Proportionate Share of Net OPEB Liability*
Employee Retirement System of Texas Plan

	2021	2020	2019	2018	2017
TSU's proportion of the net OPEB liability	0.2531391%	0.2590784%	0.23850393%	0.21979663%	0.02648200%
TSU's proportionate share of the net OPEB liability	$90,814,951	$85,611,509	$82,433,337	$65,142,759	$90,232
TSU's covered payroll	$0.00	$0.00	$0.00	$0.00	$6,040,027
TSU's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	1.49%
Plan fiduciary net position as a percentage of the total OPEB liability	0.38%	0.32%	1.27%	1.27%	2.04%

* This schedule is intended to present 10 years of information. Currently only five years of information is available. Information for future years will be added when it becomes available.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
Required Supplementary Information
For the Last Five Years Ended August 31 *

Schedule of Employer Contributions*
Employees Retirement System of Texas

	2,022	2021	2020	2019	2018
Statutorily required contributions	$ -	$ -	$ -	$ -	$ 6,040,027.00
Contributions in relation to the statutorily required contributions	-	-	-	-	$ 6,040,027.00
Contribution deficiency (excess)	-	-	-	-	-
Covered-employee payroll	$ -	$ -	$ -	$ -	$ 6,040,027.00
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	100.00%

* This schedule is intended to present 10 years of information. Currently only five years of information is available. Information for future years will be added when it becomes available.

TEXAS SOUTHERN UNIVERSITY

(An Agency of the State of Texas)
Required Supplementary Information
For the Last Five Years Ended August 31 *

APPENDIX E

FORM OF BOND COUNSEL OPINION

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July 25, 2023

We have represented the Texas Public Finance Authority (the "Authority") as its bond counsel in connection with an issue of bonds issued by the Authority on behalf of Texas Southern University (the "University") described as follows:

> TEXAS PUBLIC FINANCE AUTHORITY TEXAS SOUTHERN UNIVERSITY REVENUE FINANCING SYSTEM BONDS, SERIES 2023, in the aggregate principal amount of $80,680,000 (the "Bonds").

The Bonds are issued as obligations under the consolidated Revenue Financing System pursuant to a resolution adopted by the Board of Regents of the University (the "Board") on October 19, 1998, and the Board of Directors of the Authority (the "Authority Board") on October 21, 1998 (the "Master Resolution"), a twelfth supplemental resolution adopted and approved by the Board on April 20, 2023, and adopted and approved by the Authority Board on May 4, 2023 (the "Twelfth Supplement"), and a pricing certificate authorized and executed in conformity with the Twelfth Supplement (the "Pricing Certificate," and collectively with the Master Resolution and Twelfth Supplement, the "Resolution"). The Bonds mature, bear interest, are subject to redemption prior to maturity, and may be transferred and exchanged as set out in the Bonds and in the Resolution.

We have represented the Authority as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Authority or the Board or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Resolution.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the authorization and issuance of the Bonds on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Authority and the University; customary certificates of officers, agents and representatives of the Authority and the University, and other public officials; and other certified showings relating to the authorization and issuance of the Bonds. We have also analyzed such laws, regulations, guidance,

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711 Louisiana Street, Suite 2300, Houston, Texas 77002-2770
bracewell.com

documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. I-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Authority, the University, and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Authority, the University, and such parties, respectively, which we have not independently verified. In addition, we have assumed for purposes of these opinions continuing compliance with the covenants in the Resolution, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

Based on such examination and in reliance on such representations, certifications and assumptions, it is our opinion that:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and therefore the Bonds constitute valid and legally binding special obligations of the Authority;

(B) The Bonds together with any Additional Parity Obligations hereafter issued are payable from and are equally and ratably secured by a lien on and pledge of the Pledged Revenues;

(C) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations for tax years beginning after December 31, 2022.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

The Authority has reserved the right to issue Additional Parity Obligations under the Revenue Financing System, subject to the restrictions contained in the Resolution and such supplemental resolutions authorizing such Additional Parity Obligations, secured by liens on the Pledged Revenues that are on a parity with, or junior and inferior to the lien on Pledged Revenues securing the Bonds.

Except as stated above, we express no opinion as to the amount or timing of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership, or disposition of the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations or certifications of the Authority, the University or other parties upon which we have relied are determined to be inaccurate or incomplete or the Authority or the University fails to comply with the covenants of the Resolution, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

The opinions set forth above are based on existing law, and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Very truly yours,

APPENDIX F

SPECIMEN BOND INSURANCE POLICY

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APPENDIX G

SPECIMEN DEBT SERVICE RESERVE INSURANCE POLICY

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