

# **The Texas State University System**



## **ANNUAL FINANCIAL REPORT** **Year Ended August 31, 2016**

**System Administration**



November 20, 2016

Honorable Greg Abbott  
Governor of Texas

Honorable Glenn Hegar  
Texas Comptroller of Public Accounts

Ms. Ursula Parks  
Director, Legislative Budget Board

Ms. Lisa R. Collier  
First Assistant State Auditor

To Agency Heads Addressed:

We are pleased to submit the annual financial report of the Texas State University System Administration for the year ended August 31, 2016, in compliance with Texas Government Code Annotated, Section 2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report* (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Roland Smith, Vice Chancellor for Finance at (512) 463-1808.

Sincerely,

Brian McCall  
Chancellor



**Texas State University System**  
**System Administration**  
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TEXAS STATE UNIVERSITY SYSTEM  
SYSTEM ADMINISTRATION  
Organizational Data  
For the Fiscal Year Ended August 31, 2016

**Board of Regents**

Officers

Dr. Jaime R. Garza	Chairman
Rossanna Salazar	Vice Chairman

Members

<u>Name</u>	<u>City (Texas)</u>	<u>Term Expires</u>
Charlie Amato	San Antonio	2/1/2019
Veronica Muzquiz Edwards	San Antonio	2/1/2021
David Montagne	Beaumont	2/1/2021
Vernon Reaser III	Bellaire	2/1/2019
William F. Scott	Nederland	2/1/2019
Alan L. Tinsley	Madisonville	2/1/2021
Donna N. Williams	Arlington	2/1/2017
Dylan J McFarland, Student Regent	Huntsville	5/31/2017

**Administrative Officers**

System Administration

Brian McCall	Chancellor
Fernando C. Gomez	Vice Chancellor and General Counsel
John Hayek	Vice Chancellor for Academic Affairs
Roland K. Smith	Vice Chancellor for Finance
Sean Cunningham	Vice Chancellor for Governmental Relation
Peter E. Graves	Vice Chancellor for Contract Administration
Carole L. Fox	Director of Audits and Analysis



**Texas State University System**  
**System Administration**  
**Statement of Net Position**  
**For the Fiscal Year Ended August 31, 2016**

**ASSETS**

Current Assets:

Cash and Cash Equivalents (Note 3)	
Cash on Hand	\$ -
Cash in Bank	157,536.56
Cash in Transit/Reimburse from Treasury	-
Cash in State Treasury (Schedule 3)	387,885.22
Cash Equivalents	4,317,449.02
Securities Lending Collateral	-
Short Term Investments (Note 3)	-
Restricted:	-
Cash and Cash Equivalents (Note 3)	-
Cash on Hand	-
Cash in Bank	-
Cash in Transit/Reimburse from Treasury	-
Cash in State Treasury (Schedule 3)	1,912.58
Cash Equivalents	3,940,204.59
Short Term Investments (Note 3)	-
Legislative Appropriations	-
Receivables:	-
Federal	-
Other Intergovernmental	-
Interest and Dividends	-
Accounts Receivable	-
Gifts, Pledges and Donations	-
Investment Trades	-
Other	1,005.43
Interfund Receivable (Note 12)	-
Due From Other Agencies (Note 12)	7,406,433.79
Consumable Inventories	6,379.83
Merchandise Inventories	-
Prepaid Items	-
Loans and Contracts	-
Other Current Assets	9,652.93
Total Current Assets	<u>\$ 16,228,459.95</u>



**Texas State University System**  
**System Administration**  
**Statement of Net Position**  
**For the Fiscal Year Ended August 31, 2016**

Non-Current Assets:	
Restricted:	
Cash and Cash Equivalents (Note 3)	
Cash on Hand	\$ -
Cash in Bank	-
Cash in Transit/Reimburse from Treasury	-
Cash in State Treasury	-
Cash Equivalents	-
Short Term Investments (Note 3)	-
Receivables	-
Investments (Note 3)	-
Loans and Contracts	-
Other Assets	-
Loans and Contracts	-
Investments (Note 3)	-
Interfund Receivables (Note 12)	-
Gifts, Pledges and Donations	-
Capital Assets: (Note 2)	-
Non-Depreciable or Non-Amortizable	-
Land and Land Improvements	4,053,568.00
Infrastructure	-
Construction in Progress	-
Other Capital Assets	-
Depreciable or Non-Amortizable	-
Buildings and Building Improvements	4,948,959.00
Less Accumulated Depreciation	(65,298.75)
Infrastructure	-
Less Accumulated Depreciation	-
Facilities and Other Improvements	-
Less Accumulated Depreciation	-
Furniture and Equipment	11,505.52
Less Accumulated Depreciation	(3,259.75)
Vehicles, Boats, and Aircraft	-
Less Accumulated Depreciation	-
Other Capital Assets	6,439.92
Less Accumulated Depreciation	(6,439.92)
Amortizable Assets-Intangible	-
Less Accumulated Amortization	-
Assets Held in Trust	-
Other Non-Current Assets	-
Total Non-Current Assets	<u>8,945,474.02</u>
Total Assets	<u>\$ 25,173,933.97</u>

**Texas State University System**  
**System Administration**  
**Statement of Net Position**  
**For the Fiscal Year Ended August 31, 2016**

**DEFERRED OUTFLOWS OF RESOURCES**

Derivative Hedging Instrument Assets	\$ -
Deferred Outflow of Resources	-
Total Deferred Outflows of Resources	<u>-</u>

**LIABILITIES**

Current Liabilities:

Payables from:

Accounts	123,095.38
Investment Trades	-
Payroll	553,839.44
Other Intergovernmental	-
Federal	-
Interest	15,396,122.40
Other	-

Interfund Payable (Note 12)

-

Due to Other Agencies (Note 12)

-

Unearned Revenues

-

Short Term Debt (Note 4)

162,239.00

Notes and Loans Payable (Note 5)

1,235,000.00

Revenue Bonds Payable (Note 5, 6)

49,140,780.16

General Obligation Bonds Payable (Note 5, 6)

-

Claims and Judgments (Note 5)

-

Employees' Compensable Leave (Note 5)

319,754.46

Capital Lease Obligations (Note 5, 8)

-

Contract Retainage Payable

-

Liabilities Payable from Restricted Assets

-

Obligations/Reverse Repurchase Agreements

-

Obligations Under Securities Lending

-

Funds Held for Others

1,912.58

Other Current Liabilities

-

Total Current Liabilities

\$ 66,932,743.42

**Texas State University System**  
**System Administration**  
**Statement of Net Position**  
**For the Fiscal Year Ended August 31, 2016**

Non-Current Liabilities:	
Interfund Payable (Note 12)	\$ -
Notes and Loans Payable (Note 5)	3,676,761.00
Revenue Bonds Payable (Note 5, 6)	810,163,607.35
General Obligation Bonds Payable (Note 5, 6)	-
Claims and Judgments (Note 5)	-
Liabilities Payable from Restricted Assets	-
Employees' Compensable Leave (Note 5)	238,280.81
Capital Lease Obligations (Note 5, 8)	-
Assets Held for Others	-
Pollution Remediation Obligations	-
Other Non-Current Liabilities	-
Total Non-Current Liabilities	<u>814,078,649.16</u>
Total Liabilities	<u>881,011,392.58</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Derivative Instrument Liabilities	-
Deferred Inflow of Resources	-
Total Deferred Inflows of Resources	<u>\$ -</u>
 <b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	(850,358,913.49)
Restricted For	-
Education	170,967.30
Debt Service	-
Capital Projects	(16,372,553.33)
Funds Held As Permanent Investments:	-
Non-Expendable	7,235,466.49
Expendable	-
Other	-
Unrestricted	<u>3,487,574.42</u>
Total Net Position	<u>\$ (855,837,458.61)</u>

**Texas State University System**  
**System Administration**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended August 31, 2016**

**OPERATING REVENUES**

Sales of Goods and Services	\$	-
Tuition and Fees - Pledged		-
Discounts and Allowances		-
Professional Fees-Non-pledged		-
Professional Fees - Pledged		-
Discounts and Allowances		-
Auxiliary Enterprises-Non-pledged		-
Auxiliary Enterprises - Pledged		-
Discounts and Allowances		-
Other Sales of Goods and Services-Non-Pledged		-
Other Sales of Goods and Services - Pledged		-
Discounts and Allowances		-
Interest and Investment Income Non-pledged		-
Interest and Investment Income Pledged		-
Net Increase (Decrease) Fair Market Value -Non-pledged		-
Net Increase (Decrease) Fair Market Value -Pledged		-
Federal Revenue-Operating		-
Federal Pass-Through Revenue		-
State Grant Revenue		-
State Grant Pass-Through Revenue		-
Other Grants and Contracts -Non-pledged		-
Other Grants and Contracts-Pledged		-
Contributions to Retirement System		-
Other Operating Revenues - Non-pledged		-
Other Operating Revenues - Pledged		-
Total Operating Revenues	\$	-

**Texas State University System**  
**System Administration**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended August 31, 2016**

**OPERATING EXPENSES**

Instruction	\$ -
Research	-
Public Service	-
Academic Support	-
Student Services	-
Institutional Support	7,222,013.99
Operation and Maintenance of Plant	-
Scholarship and Fellowships	-
Auxiliary Enterprise Expenditures	-
Depreciation and Amortization	67,599.75
Total Operating Expenses	<u>7,289,613.74</u>
Operating Income (Loss)	<u>(7,289,613.74)</u>

**NONOPERATING REVENUES (EXPENSES):**

Legislative Revenue	1,425,000.00
Additional Appropriations	133,075.93
Federal Revenue	-
Federal Pass-Through Revenue	-
State Grant Pass-Through Revenue	-
Gifts-Non-Pledged	-
Gifts - Pledged	1,070,815.92
Land Income	-
Interest and Investment Income (Expense) -Non-Pledged	137,467.46
Interest and Investment Income (Expense) - Pledged	32,926.89
Loan Premium/Fees Securities Lending	-
Investing Activities Expenses	-
Interest Expenses and Fiscal Charges	(34,630,786.51)
Borrower Rebates and Agent Fees	-
Gain (Loss) on Sale of Capital Assets	-
Net Increase (Decrease) in Fair Value of Investments-Non-pledged	-
Net Increase (Decrease) in Fair Value of Investments - Pledged	-
Settlement of Claims	-
Other Nonoperating Revenues (Expenses) Non-pledged	(311,318.13)
Other Nonoperating Revenue (Expenses)-Pledged	200.00
Total Nonoperating Revenues (Expenses)	<u>(32,142,618.44)</u>
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	<u>\$ (39,432,232.18)</u>



**Texas State University System**  
**Matrix of Operating Expenses Reported by Function**  
**For the Fiscal Year Ended August 31, 2016**

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization*	Total Expenses
Cost of Goods Sold						\$ -				\$ -	\$ -
Salaries and Wages						4,699,213.33					4,699,213.33
Payroll Related Costs						774,704.60					774,704.60
Professional Fees and Services						840,749.45					840,749.45
Federal Grant Pass-Through Expense											-
State Grant Pass-Through Expense											-
Travel						95,297.88					95,297.88
Materials and Supplies						118,830.82					118,830.82
Communications and Utilities						47,270.94					47,270.94
Repairs and Maintenance						15,962.84					15,962.84
Rentals and Leases						62,092.95					62,092.95
Printing and Reproduction						4,380.53					4,380.53
Depreciation and Amortization*										67,599.75	67,599.75
Bad Debt Expense											-
Interest						2.96					2.96
Scholarships											-
Claims and Judgments											-
Other Operating Expenses						563,507.69					563,507.69
Total Operating Expenses	-	-	-	-	-	\$ 7,222,013.99	-	-	-	\$ 67,599.75	\$ 7,289,613.74

\* Depreciation and Amortization may be allocated to the various functions or shown entirely in the Depreciation and Amortization column

**Texas State University System**  
**System Administration**  
**Statement of Cash Flow**  
**For the Fiscal Year Ended August 31, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers	\$ -
Proceeds from Tuition and Fees	-
Proceeds from Research Grants and Contracts	-
Proceeds from Gifts	-
Proceeds from Loan Programs	-
Proceeds from Auxiliaries	-
Proceeds from Other Operating Revenues	-
Payments to Suppliers for Goods and Services	(1,653,521.26)
Payments to Employees for Salaries	(4,281,642.60)
Payments to Employees for Benefits	(618,499.31)
Payments for Loans Provided	-
Payments for Other Operating Expenses	-
Net Cash Provided by Operating Activities	<u>(6,553,663.17)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Proceeds from Debt Issuance	-
Proceeds from State Appropriations	1,520,711.55
Proceeds from Gifts	51,400.00
Proceeds from Endowments	-
Proceeds of Transfers from Other Funds	8,633,271.00
Proceeds from Grant Receipts	-
Proceeds from Advances from Other Funds	-
Proceeds from Loan Programs	-
Proceeds from Other Noncapital Financing Activities	200.00
Proceeds from Contributed Capital	-
Payments of Principal on Debt Issuance	-
Payments of Interest	-
Payments of Other Costs of Debt Issuance	-
Payments for Transfers to Other Funds	-
Payments for Grant Disbursements	-
Payments for Advances to Other Funds	-
Payments for Other Noncapital Financing Uses	-
Net Cash Provided by Noncapital Financing Activities	<u>\$ 10,205,582.55</u>



**Texas State University System  
System Administration  
Statement of Cash Flow  
For the Fiscal Year Ended August 31, 2016**

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from the Sale of Capital Assets	\$ -
Proceeds from Debt Issuance	115,339.00
Proceeds from State Grants and Contracts	-
Proceeds from Federal Grants and Contracts	-
Proceeds from Gifts	1,000,000.00
Proceeds from Other Capital and Related Financing Activities	3,100,000.00
Proceeds from Capital Contributions	-
Proceeds from Advances from Other Funds	79,929,944.54
Payments for Additions to Capital Assets	(8,260,959.00)
Payments of Principal on Debt	(45,289,000.00)
Payments for Capital Leases	-
Payments of Interest on Debt Issuance	(37,944,698.00)
Payments for interfund receivables	-
Payments of Other Costs of Debt Issuance	(93,231.91)
Net Cash Provided by Capital and Related Financing Activities	<u>(7,442,605.37)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales of Investments	-
Proceeds from Interest Income	32,926.89
Proceeds from Investment Income	-
Proceeds from Principal Payments on Loans	-
Payments to Acquire Investments	-
Payments for Nonprogram Loans Provided	-
Net Cash Provided by Investing Activities	<u>32,926.89</u>

Net Increase (Decrease) in Cash and Cash Equivalents	(3,757,759.10)
Cash and Cash Equivalents, September 1, 2015	12,562,747.07
Changes in Accounting Principle	
Changes in Reporting Entity	
Restatements to Beginning Cash and Cash Equivalents	
Cash and Cash Equivalents, September 1, 2015- Restated	<u>12,562,747.07</u>
Cash and Cash Equivalents, August 31, 2016	<u>\$ 8,804,987.97</u>

**Texas State University System  
Combined  
Statement of Cash Flow  
For the Fiscal Year Ended August 31, 2016**

**RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (7,289,613.74)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Amortization and Depreciation	67,599.75
Bad Debt Expense	-
Operating Income (Loss) and Cash Flow Categories: Classification Differences	-
Changes in Assets and Liabilities:	-
(Increase) Decrease in Receivables	2,055.89
(Increase) Decrease in Due from Other Funds	-
(Increase) Decrease in Inventories	281.53
(Increase) Decrease in Prepaid Expenses	(7,488.57)
(Increase) Decrease in Notes Receivable	-
(Increase) Decrease in Loans & Contracts	-
(Increase) Decrease in Other Assets	-
(Increase) Decrease in State Appropriations	359,204.26
Increase (Decrease) in Payables	227,093.52
Increase (Decrease) in Deposits	-
Increase (Decrease) in Due to Other Funds	-
Increase (Decrease) in Unearned Revenue	-
Increase (Decrease) in Compensated Absence Liability	49,839.81
Increase (Decrease) in Benefits Payable	37,364.38
Increase (Decrease) in Other Liabilities	-
Total Adjustments	<u>735,950.57</u>
Net Cash Provided by Operating Activities	<u><u>\$ (6,553,663.17)</u></u>

**Non Cash Transactions**

Donation of Capital Assets  
Net Change in Fair Value of Investments  
Borrowing Under Capital Lease Purchase  
Other



**TEXAS STATE UNIVERSITY SYSTEM  
SYSTEM ADMINISTRATION**

**NOTES TO THE FINANCIAL STATEMENTS**

August 31, 2016

<b>NOTE 1: Summary of Significant Accounting Policies</b>
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**Entity**

The Texas State University System - System Administration (System Administration) is a Public System of Higher Education of the State of Texas. The financial records comply with state statutes and regulations, including compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Institutions of Higher Education.

The Texas State University System is comprised of System Administration and the following institutions: Lamar University, Sam Houston State University, Sul Ross State University, Texas State University, Lamar Institute of Technology, Lamar State College - Orange, and Lamar State College - Port Arthur. System Administration's primary role is to provide administrative support services for the component entities. Other groups served by System Administration include the Board of Regents, other state agencies, and the citizens of Texas, including the staffs and students of the component institutions.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

**Fund Structure**

The accompanying financial statements are presented on the basis of funds. A fund is considered a separate accounting entity. The fund designation for institutions of higher education is a Business Type Activity within the Proprietary Fund Type.

## **Note 1 Continued**

### **Proprietary Funds – Business Type Activity**

Business type funds are used for activities that are financed through the charging of fees and sales for goods or services to the ultimate user. Institutions of higher education are required to report their financial activities as business type; because, the predominance of their funding comes through charges to students, sales of goods and services, and grant revenues.

### **Component Units**

The fund types of the individual discrete component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 19.

### **Basis of Accounting**

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Business activity type funds (proprietary funds) are accounted for using the full accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

### **Budget and Budgetary Accounting**

The operating budget is prepared annually and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act) and other revenues generated by System Administration. Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

### **Assets, Liabilities, and Fund Balances/Net Position**

#### **ASSETS**

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

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

## **Note 1 Continued**

### Securities Lending Collateral

Investments are stated at fair value in all funds except pension trust funds in accordance with GASB Statement 31-Accounting and Financial Reporting for Certain Investments and for External Investment Pools. For pension trust funds, investments are required to be reported at fair value using the accrual basis of accounting in accordance with GASB Statement 25 – Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.

Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the Operating Statement. These costs are reported at gross.

### Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

### Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the proprietary fund types. The cost of these items is expensed when the items are consumed.

### Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if not purchased, at appraised fair value as of the date of acquisition. Depreciation is reported on all “exhaustible” assets. “Inexhaustible” assets such as works of art and historical treasures are not depreciated. Road and highway infrastructure is reported on the modified basis. Assets are depreciated over the estimated useful life of the asset using the straight -line method.

### Current Receivables - Other

Other receivables include year-end revenue accruals not included in any other receivable category.

## **Note 1 Continued**

### **LIABILITIES**

#### Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

#### Current Payables – Other

Other payables are the accrual at year -end of expenditure transactions not included in any of the other payable descriptions.

#### Employees' Compensable Leave Balances

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 non-current in the statement of net assets.

#### Capital Lease Obligations

Capital Lease Obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or non-current in the statement of net assets.

#### Bonds Payable - General Obligation Bonds and Revenue Bonds

General Obligation and Revenue Bonds are accounted for in the proprietary funds by institutions of higher education. The bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or non-current in the statement of net assets. Bond proceeds and principal payments are reported in the Statement of Cash Flows.

### **NET POSITION**

The difference between assets and liabilities is “Net Position” on the proprietary fund statements.

#### Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bond, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

## **Note 1 Continued**

### Restricted Net Position

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

### Unrestricted Net Position

Unrestricted net assets consist of net assets which do not meet the definition of the two *preceding* categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

## **INTERFUND ACTIVITIES AND BALANCES**

System Administration has the following types of transactions among funds:

### Transfers

Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund.

### Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

### Interfund Receivables and Payables

Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as “Current”, repayment for two (or more) years is classified as “Non-Current”.

### Interfund Sales and Purchases

Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of System Administration’s Interfund activities is presented in Note 12.



## NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2016 is presented as follows:

	Balance 09/01/15	Adjustments	Reclass Dec Int'agy Trans	Additions	Deletions	Balance 08/31/16
<b>BUSINESS-TYPE ACTIVITIES</b>						
<b>Non-depreciable Assets</b>						
Land and Land Improvements	\$ 741,568.00		\$ -	\$ 3,312,000.00	\$ -	\$4,053,568.00
Total Non-depreciable Assets	741,568.00	-	-	3,312,000.00	-	4,053,568.00
<b>Depreciable Assets</b>						
Buildings and Building Improvements	-			4,948,959.00		4,948,959.00
Furniture and Equipment	11,505.52					11,505.52
Other Capital Assets	6,439.92					6,439.92
Total Depreciable Assets	17,945.44	-	-	4,948,959.00	-	4,966,904.44
Less Accumulated Depreciation for:						
Buildings and Building Improvements	-			(65,298.75)		(65,298.75)
Furniture and Equipment	(958.79)	-		(2,301.00)		(3,259.79)
Other Capital Assets	(6,439.92)					(6,439.92)
Total Accumulated Depreciation	(7,398.71)	-	-	(67,599.75)	-	(74,998.46)
<b>Capital Assets, Net</b>	<b>\$ 752,114.73</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,193,359.25</b>	<b>\$ -</b>	<b>\$8,945,473.98</b>

## NOTE 3: Deposits, Investments, & Repurchase Agreements

The Texas State University System - System Administration is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code) and the Public Funds Collateral Act (Texas Government Code 2257). Endowment Funds may be invested in accordance with the Uniform Prudent Management of Institutional Funds Act, Property Code Chapter 163. Such investments include:

- Obligations of the United States or its agencies,
- Direct obligations of the State of Texas or its agencies,
- Obligations of political subdivisions rated not less than A by a national investment rating firm,
- Certificates of deposit, and
- Other instruments and obligations authorized by statute.

### Note 3 Continued

#### Deposits of Cash in Banks

As of August 31, 2016, the actual bank balance was \$251,272.30. The carrying value, identified as a Governmental and Business-Type Activity, was \$157,536.56.

CASH IN BANK - CARRYING AMOUNT	<u>\$ 157,536.56</u>
Current Assets Cash in Banks	157,536.56
Current Assets Restricted Cash in Banks	-
Cash in Banks per AFR	<u>\$ 157,536.56</u>

#### Investments

The carrying and fair values of investments as of the balance sheet date (both short and long term) are shown below.

BUSINESS-TYPE ACTIVITIES	<u>Fair value</u>
U.S. Government	
U.S. Treasury Securities	\$ -
U.S. Government Agency Obligations	-
U.S. Government Agency Obligations (Texas Treasury Safekeeping)	-
Corporatate Obligations	-
Corporate Obligations (Texas Treasury Safekeeping)	-
Corporate Asset and Mortgage Backed Securities	-
Equity	-
International Obligations (Govt and Corp)	-
International Equity	-
Repurchase Agreements	-
Fixed Income Money Market and Bond Mutual Fund	-
Other Commingled Funds	-
Other Commingled Funds - Texpool	8,257,653.61
Commercial Paper	-
Real Estate	-
Miscellaneous	-
Total	<u>\$ 8,257,653.61</u>
Current Cash Equivalents	\$ 4,317,449.02
Current Short Term Investments	-
Current Restricted Cash Equivalents	3,940,204.59
Current Restricted Short Term Investments	-
Non-Current Restricted Cash Equivalents	-
Non-Current Restricted Short Term Investments	-
Non-Current Restricted Investments	-
Non-Current Investments	-
Total as Above	<u>\$ 8,257,653.61</u>

#### NOTE 4: Short-Term Debt

The following short-term debt outstanding as of August 31, 2016:

BUSINESS - TYPE	Beginning Balance			BALANCE	
ACTIVITIES	09/01/15	Increases	Decreases	08/31/16	
Short-Term Debt CP Notes	\$ -	\$ 2,588,000.00	\$ 2,425,761.00	\$	162,239.00

#### Short-Term Debt Commercial Paper Notes:

On May 22, 2014 the Board of Regents, Texas State University System considered and adopted the Eighteenth Supplemental Resolution to the Master Resolution Establishing the Texas State University System Revenue Financing System Commercial Paper Program, Series A. The Eighteenth Supplement authorizes the issuance of Commercial Paper Notes by the Texas State University System in an aggregate principal amount not to exceed \$240,000,000 at any one time outstanding for the purpose of financing project costs of eligible projects and to refinance, renew, or refund commercial paper notes, prior encumbered obligations and parity debt, including interest thereon. Non Taxable commercial paper was issued during the fiscal year to finance various construction projects. All commercial paper outstanding at August 31, 2016 will mature in fiscal year 2017 or will be rolled into a long term bond. Commercial paper has short maturities up to 270 days with interest rates ranging during the fiscal year from .18% to .65%.

#### NOTE 5: Summary of Long Term Liabilities

#### Changes in Long-Term Liabilities

During the year ended August 31, 2016, the following changes occurred in long-term liabilities:

BUSINESS - TYPE	BALANCE			BALANCE		AMOUNTS
ACTIVITIES	09/01/15	ADJUSTMENTS	ADDITIONS	REDUCTIONS	08/31/16	DUE WITHIN ONE YEAR
Revenue Bonds	\$ 906,530,167.68	\$ -	\$ -	\$ 47,225,780.17	\$ 859,304,387.51	\$ 49,140,780.16
Notes and Loans Payable	-	-	5,525,761.00	614,000.00	4,911,761.00	1,235,000.00
Compensable Leave	508,195.46		49,839.81		558,035.27	319,754.46
<b>TOTALS</b>	<b>\$ 907,038,363.14</b>	<b>\$ -</b>	<b>\$ 5,575,600.81</b>	<b>\$ 47,839,780.17</b>	<b>\$ 864,774,183.78</b>	<b>\$50,695,534.62</b>

## **Note 5 Continued**

### **General Obligation and Revenue Bonds Payable**

See Note 6 for a discussion of Bonds Payable.

### **Employees' Compensable Leave**

A state employee is entitled to be paid for any 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 for Business Type Activities are recorded in the accounts as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

### **Notes and Loans Payable**

The notes and loans payable consists of a \$3.1 million loan for the purchase of an office building from the Board of Regents of the University of Texas System at a rate of 1.50%. Also included is commercial paper outstanding that will be rolled into a long term bond.

### **Capital Leases**

As of August 31, 2016 the Texas State University System had no Capital Leases.

### **Claims and Judgments**

As of August 31, 2016 the Texas State University System had no Claims and Judgments.

<b>NOTE 6: Bonded Indebtedness</b>
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The Board of Regents approved the order establishing the Master Resolution for the Texas State University System Revenue Financing System in August 1998. The Master Resolution provides a financing structure under which revenue supported indebtedness of the Revenue Financing System can be incurred. Each component institution and the System Administration of TSUS are members of the Revenue Financing System. The Board pledged all of the funds (revenues) and balances derived or attributable to any member of the Revenue Financing System that is lawfully available to the Board for payments on Parity Debt. Specifically exempted from pledged revenues are:

- (a) Amounts received on behalf of any member under Article 7, Section 17 of the Constitution of the State of Texas, including the income there from and any balances relating thereto, and
- (b) General Revenue Fund appropriations, except to the extent so specifically appropriated for debt service to the Board by the Legislature of the State of Texas.

## **Note 6 Continued**

Members may use the Revenue Financing System as a long-term debt program to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure. An institution's request for the use of the Revenue Financing System is evaluated for an adequate revenue stream and bonding capacity for the specific institution prior to Board approval of issuing additional parity debt.

Each component institution receives its portion of the bond proceeds and accounts for the earnings and disbursements of the bond proceeds. Assets created and/or acquired as a result of the Revenue Financing System bond proceeds expended and subsequently capitalized are reported on the component institutions' Financial Reports. The associated bond liability and debt service activities are reported in total by the TSUS - System Administration.

### **The following outstanding bonds have been issued utilizing the Revenue Financing System:**

#### Revenue Financing Revenue Bonds, Series 2006

- To provide funds to purchase certain student housing and educational facilities located at Texas State University Lamar University, and Angelo State University and financed by a Chapter 53, Texas Education Code non-profit corporation for the benefit of Texas State University System Foundation, Inc. and related entities and to pay cost of issuance related to the bonds.
- \$140,260,000 par value; all authorized bonds have been issued for Bobcat Village Texas State University - \$39,075,000; San Marcos Hall Texas State University – \$39,690,000; Cardinal Village Lamar University - \$44,270,000; Texan Hall Angelo State University - \$17,225,000 and issuance costs.
- Issued June 8, 2006.
- Source of revenue for debt service – Revenue Financing System.

#### Revenue Financing Revenue Bonds, Series 2006A

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- \$23,475,000 par value; all authorized bonds have been issued to Lamar University (\$16,700,000) and to Texas State University (\$6,300,000) and issuance costs.
- Issued September 1, 2006.
- Source of revenue for debt service – Revenue Financing System.

## **Note 6 Continued**

### Revenue and Refunding Bonds, Series 2008

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- \$207,395,000 par value; all authorized bonds have been issued to Sam Houston State University (\$50,000,000) and to Texas State University (\$145,671,999), to partially refund Series 1998A - \$5,270,000 and Series 1998B - \$13,270,000, and issuance costs.
- Issued August 19, 2008.
- Source of revenue for debt service – Revenue Financing System and the Texas Legislature has appropriated General Revenue Funds in the 2016-2017 biennium for the Tuition Revenue financed share, \$11,716,865 of the issued bonds.

### Revenue Financing Revenue Bonds, Series 2009

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- \$86,745,000 par value; all authorized bonds have been to Lamar University (\$45,700,861), Sam Houston State University (\$3,200,000), Texas State University (\$41,342,900) and issuance costs.
- Issued June 30, 2009.
- Source of revenue for debt service – Revenue Financing System and the Texas Legislature has appropriated General Revenue Funds in the 2016-2017 biennium for the Tuition Revenue financed share, \$634,075 of the issued bonds.

### Revenue Financing System Refunding Bonds, Series 2010

- To provide funds to refund a portion of the University System's outstanding obligations for debt service savings and to pay any costs related to the issuance of the bonds.
- \$99,950,000 par value; all authorized bonds have been issued for debt refunded: Series 2001 - \$4,245,000; Series 2002 - \$83,955,000; Series 2003 - \$16,640,000 and issuance costs.
- Issued August 12, 2010.
- Source of revenue for debt service – Revenue Financing System and the Texas Legislature has appropriated General Revenue Funds in the 2016-2017 biennium for the Tuition Revenue financed share, \$17,576,750 of the issued bonds.

### Revenue Financing Revenue Bonds, Series 2010A

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.

## **Note 6 Continued**

- \$65,735,000 value; all authorized bonds have been issued to Lamar State College Port Arthur (\$1,849,500), Sam Houston State University (\$18,000,000), Texas State University (\$46,125,000) and issuance costs.
- Issued August 19, 2010.
- Source of revenue for debt service – Revenue Financing System and the Texas Legislature has appropriated General Revenue Funds in the 2016-2017 biennium for the Tuition Revenue financed share, \$230,200 of the issued bonds.

### Revenue Financing Revenue Bonds, Series 2011

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- \$86,775,000 par value; all authorized bonds have been issued to Sam Houston State University (\$25,500,000), Texas State University (\$66,468,000) and issuance costs.
- Issued June 14, 2011.
- Source of revenue for debt service – Revenue Financing System.

### Revenue and Refunding Bonds, Series 2012

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- \$27,860,000 par value; all authorized bonds have been issued to Sam Houston State University (\$1,000,000), Texas State University (\$12,300,000) and Lamar State College Port Arthur (1,995,000) for debt refunded: Series 2002 - \$3,200,000; Series 2003 - \$12,535,000 and issuance costs.
- Issued February 14, 2012.
- Source of revenue for debt service – Revenue Financing System and the Texas Legislature has appropriated General Revenue Funds in the 2015-2016 biennium for the Tuition Revenue financed share, \$960,600 of the issued bonds.

### Revenue and Refunding Bonds, Series 2013

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- \$87,060,000 par value; all authorized bonds have been issued to Sam Houston State University (\$5,500,000), Texas State University (\$64,368,000), and Lamar University (3,000,000) and to Lamar State College Orange (5,181,119) for debt refunded: Series 2004 - \$16,195,000; and issuance costs.
- Issued February 12, 2013.
- Source of revenue for debt service – Revenue Financing System

## Note 6 Continued

### Revenue and Refunding Bonds, Series 2014

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- \$88,415,000 par value; all authorized bonds have been issued to Sam Houston State University (\$8,000,000), Texas State University (\$57,600,000), and for debt refunded: Series 2004 - \$23,435,000; and issuance costs.
- Issued July 2, 2014.
- Source of revenue for debt service – Revenue Financing System

### Revenue and Refunding Bonds, Series 2015A

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- \$183,560,000 par value; all authorized bonds have been issued to Sam Houston State University (\$74,900,000) and for debt refunded: Series 2005 - \$27,165,000; Series 2006A - \$14,900,000; Series 2008 – \$82,260,000 and issuance costs.
- Issued March 18, 2015.
- Source of revenue for debt service – Revenue Financing System and the Texas Legislature has appropriated General Revenue Funds in the 2016-2017 biennium for the Tuition Revenue financed share, \$10,296,627 of the issued bonds.

### Revenue and Refunding Bonds, Series 2015B

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- \$132,160,000 par value; all authorized bonds have been issued to Sam Houston State University (\$8,000,000), Texas State University (\$26,000,000), and for debt refunded: Series 2006 - \$92,930,000; and issuance costs.
- Issued March 18, 2015.
- Source of revenue for debt service – Revenue Financing

## **DEFEASED BONDS**

There were no bonds defeased in the fiscal year 2016.

<b>NOTE 7: Derivative Instruments</b>
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Texas State University System had no derivative activity to report.



**NOTE 8: Leases**

Texas State University System had no leases to report.

**NOTE 9: Pension Plans (administering agencies only)**

Not Applicable

Texas State University System is not the administering agency for any employee pension plan.

**NOTE 10: Deferred Compensation (administering agencies only)**

Not Applicable

The Employees Retirement System will report the plans, balances, and liabilities for the State.

**NOTE 11: Post Employment Health Care and Life Insurance Benefits**

Not Applicable

The disclosure of information on postemployment benefits other than pension benefits will be provided by Employees Retirement System.

**NOTE 12: Interfund Activity and Transactions**

System Administration experienced routine transfers with other State agencies, which were consistent with the activities of the fund making the transfer. Repayment of interagency balances will occur within one year from the date of the financial statements.

Individual balances and activity at August 31, 2016 consist of the following:

PRESENTATION	LEGISLATIVE TRANSFERS	
	IN	OUT
Appd. Fund 0001, D23 Fund 0001		
Agency 734, D23 Fund 0001	\$ 2,457,631.00	\$ -
Agency 737, D23 Fund 0001	161,750.00	
Agency 753, D23 Fund 0001	2,529,619.16	
Agency 754, D23 Fund 0001	11,389,306.32	
Agency 756, D23 Fund 0001	2,447,063.98	
Agency 768, D23 Fund 0001	956,750.00	
Agency 787, D23 Fund 0001	772,109.28	
Agency 788, D23 Fund 0001	996,112.10	
Agency 789, D23 Fund 0001	523,011.27	
<b>Totals</b>	<b>\$ 22,233,353.11</b>	<b>\$ -</b>

## Note 12 Continued

	DUE FROM OTHER AGENCIES	DUE TO OTHER AGENCIES	SOURCE
Appd. Fund 9999, D23 Fund 0001			
Agency 734, D23 Fund 7999	\$ 7,406,433.79	\$ -	Local
<b>TOTALS</b>	<b>\$ 7,406,433.79</b>	<b>\$ -</b>	

	TRANSFER IN	TRANSFER OUT	PURPOSE
Appd. Fund 9999, D23 Fund 0001			
Agency 734, D23 Fund 7999	\$ 10,346,072.12	\$ -	Reimbursement
Agency 737, D23 Fund 7999	528,000.00		Reimbursement
Agency 753, D23 Fund 7999	19,385,063.43		Reimbursement
Agency 754, D23 Fund 7999	34,456,405.60		Reimbursement
Agency 756, D23 Fund 7999	1,243,133.34	2,472,661.00	Reimbursement
Agency 787, D23 Fund 7999	102,451.80		Reimbursement
Agency 788, D23 Fund 7999	121,595.00		Reimbursement
Agency 789, D23 Fund 7999	147,141.14		Reimbursement
<b>TOTALS</b>	<b>\$ 66,329,862.43</b>	<b>\$ 2,472,661.00</b>	

### NOTE 13: Continuance Subject to Review

Not Applicable.

Texas State University System is not subject to the Texas Sunset Act.

### NOTE 14: Adjustment to Fund Balances and Net Position

Not Applicable.

Texas State University System did not have a restatement.

### NOTE 15: Contingencies and Commitments

At August 31, 2016, various lawsuits and claims involving the Board of Regents, Texas State University System were pending. While the ultimate liability with respect to litigation and other claims asserted against the Board of Regents cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the Board of Regents, Texas State University System. Under Texas law the Texas State University System, as an agency of the State of Texas, enjoys immunity from most causes of action. A solid majority of such claims are dismissed prior to trial.

**NOTE 16: Subsequent Events**

Texas State University System has intent to issue debt in the fiscal year 2017 as shown in the following table:

<b>Bond Issuance Series</b>	<b>Amount</b>	<b>Date of Issuance</b>	<b>Purpose</b>
Revenue Bonds 2017	\$12,500,000	Jan-17	LIT - Technical Arts Buildings (Renovation and New Construction)
Revenue Bonds 2017	\$10,000,000	Jan-17	LSC-O - Multipurpose Educational Building (New Construction)
Revenue Bonds 2017	\$8,080,000	Jan-17	LSC-PA - Facility Expansion for Technical Arts (New Construction)
Revenue Bonds 2017	\$60,000,000	Jan-17	LU - Science and Technology Building (New Construction)
Revenue Bonds 2017	\$48,000,000	Jan-17	SHSU - Biology Laboratory Building (New Construction)
Revenue Bonds 2017	\$6,240,000	Jan-17	SRSU - Renovation of Educational Facility - (New Construction)
Revenue Bonds 2017	\$63,000,000	Jan-17	Texas State University - Engineering & Science Blding (New Construction)
Revenue Bonds 2017	\$48,600,000	Jan-17	Texas State University - R R Health Professions I (New Construction)
Revenue Bonds 2017	\$41,425,366	Jan-17	Texas State University - LBJ Student Center (New Construction)
	<u>\$297,845,366</u>		

**NOTE 17: Risk Management**

As with any state agency, System Administration may be subject to a variety of civil claims or complaints arising from the performance of its duties although no claims or complaints are currently pending against System Administration for actions arising from performance of its duties. It is System Administration's policy periodically to assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. Currently purchase of commercial insurance is not planned, nor is System Administration involved in any risk pool with other government entities for these risks.

**NOTE 18: Management Discussion & Analysis (MD&A)**

Not Applicable.

Management Discussion and Analysis is a required part of the basic financial statements. Management Discussion and Analysis is omitted because Texas State University System is reported in a consolidated format with the combined Texas State University System which is reported as a component of the State of Texas. Management Discussion and Analysis as it relates to Texas State University System can be found in the State of Texas basic financial statements.

**NOTE 19: The Financial Reporting Entity**

Component Units (CUs) are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, CUs can be other Organizations for which the nature and significance of their relationship with the primary government is such that exclusion would create misleading or incomplete financial statements. The System Administration has determined that it does not have legally separate organizations that should be considered Component Units.

The following foundation, while not component unit, is disclosed due to its significant relationship with the System Administration:

**The Texas State University System Foundation, Inc.** was established in 1977 by the Board of Regents to assist the System in gaining private financial support, and to help component institutions pursue additional education-related activities and outreach. It is a nonprofit corporation that exists solely for the benefit of the Texas State University System. It has an independent board of directors that governs Foundation activities and manages Foundation funds. During fiscal year 2016, the Foundation had net assets of \$4,675,306. The Foundation provided \$1,188,253 in scholarships and faculty/staff awards, as well as assistance to constituent schools, the Chancellor and Board of Regents.

**NOTE 20: Stewardship, Compliance, and Accountability**

The Texas State University System is not aware of any non-compliance items or material violation of financial related issues.

**NOTE 21: Not Applicable to the AFR****NOTE 22: Donor Restricted Endowments**

Texas State University System had no Donor-Restricted Endowments.

**NOTE 23: Extraordinary and Special Items**

The Texas State University System had no extraordinary or special items to report for the fiscal year ended August 31, 2016.

**NOTE 24: Disaggregation of Receivable and Payable Balances**

Other Current Liabilities at August 31, 2016 of \$15,396,122.40 represents the accrued interest payable on the outstanding bonds payable.

**NOTE 25: Termination Benefits**

During the fiscal year ended August 31, 2016 Texas State University System did not provide termination benefits.

**NOTE 26: Segment Information**

Texas State University System has no segments to report as of August 31, 2016.

**NOTE 27: Service Concession Arrangements**

Not Applicable.

Texas State University System has not have activities subject to disclosure.

**NOTE 28: Deferred Outflows and Deferred Inflows of Resources**

Not Applicable.

Texas State University System does not have activities subject to disclosure.

**NOTE 29: Troubled Debt Restructuring**

Not Applicable.

Texas State University System does not have activities subject to disclosure.

**NOTE 30: Non-Exchange Financial Guarantees**

Not Applicable.

Texas State University System does not have activities subject to disclosure.

**UNAUDITED**

TEXAS STATE UNIVERSITY SYSTEM  
SYSTEM ADMINISTRATION  
SCHEDULE 2A  
MISCELLANEOUS BOND INFORMATION  
For the Year Ended August 31, 2016

Business Type Activity	Bonds Issued to Date	Range of Interest Rates	Scheduled Maturities		First Call Date
Description			First Year	Last Year	
REVENUE BONDS					
Revenue Financing System Bonds					
Texas State University System					
Series 2006	140,260,000	4.25% to 5.00%	2007	2034	03-15-16
Series 2006A	23,475,000	4.00% to 5.50%	2008	2026	03-15-16
Series 2008	207,395,000	3.00% to 5.25%	2008	2028	03-15-18
Series 2009	86,745,000	3.00% to 5.25%	2009	2029	03-15-19
Series 2010	99,950,000	2.00% to 5.00%	2011	2022	03-15-20
Series 2010A	65,735,000	2.00% to 5.00%	2010	2040	03-15-20
Series 2011	86,775,000	2.00% to 5.00%	2012	2042	03-15-21
Series 2012	27,860,000	2.00% to 5.00%	2013	2032	03-15-21
Series 2013	87,060,000	2.00% to 5.00%	2013	2042	03-15-23
Series 2014	88,415,000	1.00% to 5.00%	2015	2034	03-15-24
Series 2015A	183,560,000	2.50% to 5.00%	2016	2045	03-15-25
Series 2015B	132,160,000	0.400% to 3.781%	2016	2045	03-15-25
TOTAL	\$ 1,229,390,000				

**UNAUDITED**

TEXAS STATE UNIVERSITY SYSTEM  
SYSTEM ADMINISTRATION  
SCHEDULE 2B  
CHANGE IN BONDED INDEBTEDNESS  
For the Year Ended August 31, 2016

<u>Business Type Activity</u>	Bonds Outstanding 09-01-15	Bonds Issued	Bonds Matured	Bonds Refunded or Extinguished	Bonds Outstanding 08-31-16	Amounts Due Within One Year
Description						
REVENUE BONDS						
Revenue Financing System Bonds						
Texas State University System						
Series 2006	4,235,000.00		4,235,000.00		0.00	
Series 2006A	1,135,000.00		1,135,000.00		0.00	
Series 2008	54,985,000.00		8,800,000.00		46,185,000.00	9,245,000.00
Series 2009	67,640,000.00		3,445,000.00		64,195,000.00	3,605,000.00
Series 2010						
Par Value	75,585,000.00		9,865,000.00		65,720,000.00	10,775,000.00
Premium	3,459,784.85		494,254.98		2,965,529.87	494,254.98
Series 2010A						
Par Value	60,635,000.00		1,375,000.00		59,260,000.00	1,430,000.00
Premium	3,590,884.43		143,635.38		3,447,249.05	143,635.38
Series 2011						
Par Value	79,175,000.00		2,215,000.00		76,960,000.00	2,320,000.00
Premium	5,218,093.05		193,262.70		5,024,830.35	193,262.72
Series 2012						
Par Value	23,130,000.00		820,000.00		22,310,000.00	830,000.00
Premium	2,633,787.41		154,928.67		2,478,858.74	154,928.67
Series 2013						
Par Value	82,415,000.00		2,920,000.00		79,495,000.00	2,315,000.00
Premium	10,487,357.62		388,420.65		10,098,936.97	388,420.63
Series 2014						
Par Value	81,455,000.00		1,725,000.00		79,730,000.00	2,005,000.00
Premium	7,484,125.27		258,073.29		7,226,051.98	258,073.28
Series 2015A						
Par Value	183,560,000.00		5,815,000.00		177,745,000.00	7,825,000.00
Premium	27,546,135.05		918,204.50		26,627,930.55	918,204.50
Series 2015B	132,160,000.00		2,325,000.00		129,835,000.00	6,240,000.00
TOTAL	\$ 906,530,167.68	\$ -	\$ 47,225,780.17	\$ -	\$ 859,304,387.51	\$ 49,140,780.16

**UNAUDITED**

TEXAS STATE UNIVERSITY SYSTEM  
SYSTEM ADMINISTRATION  
SCHEDULE 2C  
DEBT SERVICE REQUIREMENTS  
For the Year Ended August 31, 2016

Business Type Activity

Description	Year	Principal	Interest
Revenue Financing System Bonds			
Texas State University System			
Series 2008	2017	9,245,000.00	2,377,325.02
	2018	9,710,000.00	1,915,075.00
	2019	8,605,000.00	1,429,575.00
	2020	9,075,000.00	977,812.50
	2021	9,550,000.00	501,375.00
		<u>\$ 46,185,000.00</u>	<u>\$ 7,201,162.52</u>
Series 2009	2017	3,605,000.00	3,275,712.50
	2018	3,790,000.00	3,095,462.50
	2019	3,975,000.00	2,905,962.50
	2020	4,170,000.00	2,707,212.50
	2021	4,380,000.00	2,498,712.50
	2022-2026	25,550,000.00	8,875,450.00
	2027-2031	18,725,000.00	1,918,337.50
		<u>\$ 64,195,000.00</u>	<u>\$ 25,276,850.00</u>
Series 2010	2017	10,775,000.00	3,286,000.02
	2018	11,310,000.00	2,747,250.00
	2019	11,875,000.00	2,181,750.04
	2020	12,480,000.00	1,588,000.02
	2021	9,885,000.00	963,999.98
	2022-2026	9,395,000.00	469,749.98
		<u>\$ 65,720,000.00</u>	<u>\$ 11,236,750.04</u>
Series 2010A	2017	1,430,000.00	2,802,462.52
	2018	1,490,000.00	2,745,262.52
	2019	1,545,000.00	2,685,662.52
	2020	1,610,000.00	2,623,862.52
	2021	1,690,000.00	2,543,362.52
	2022-2026	9,800,000.00	11,363,062.60
	2027-2031	12,245,000.00	8,805,312.60
	2032-2036	14,840,000.00	5,741,812.60
	2037-2041	14,610,000.00	1,847,968.76
		<u>\$ 59,260,000.00</u>	<u>\$ 41,158,769.16</u>
Series 2011	2017	2,320,000.00	3,763,987.50
	2018	2,435,000.00	3,647,987.50
	2019	2,535,000.00	3,550,587.50
	2020	2,660,000.00	3,423,837.50
	2021	2,780,000.00	3,304,137.50
	2022-2026	16,075,000.00	14,365,937.50
	2027-2031	20,375,000.00	10,065,037.50
	2032-2036	10,805,000.00	5,917,750.00
	2037-2041	13,790,000.00	2,932,000.00
	2042-2046	3,185,000.00	159,250.00
		<u>\$ 76,960,000.00</u>	<u>\$ 51,130,512.50</u>



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TEXAS STATE UNIVERSITY SYSTEM  
SYSTEM ADMINISTRATION  
SCHEDULE 2C  
DEBT SERVICE REQUIREMENTS  
For the Year Ended August 31, 2016

Series 2012	2017	830,000.00	962,837.50
	2018	870,000.00	929,637.50
	2019	900,000.00	894,837.50
	2020	935,000.00	858,837.50
	2021	4,090,000.00	812,087.50
	2022-2026	9,180,000.00	1,713,387.50
	2027-2031	4,515,000.00	629,081.26
	2032-2036	990,000.00	34,650.00
		\$ 22,310,000.00	\$ 6,835,356.26
Series 2013	2017	2,315,000.00	3,570,950.00
	2018	2,360,000.00	3,524,650.00
	2019	2,815,000.00	3,430,250.00
	2020	2,920,000.00	3,317,650.00
	2021	3,045,000.00	3,200,850.00
	2022-2026	17,695,000.00	13,559,500.00
	2027-2031	18,235,000.00	9,320,600.00
	2032-2036	13,815,000.00	5,853,200.00
	2037-2041	13,235,000.00	2,814,750.00
	2042-2046	3,060,000.00	153,000.00
		\$ 79,495,000.00	\$ 48,745,400.00
Series 2014	2017	2,005,000.00	3,672,970.00
	2018	2,115,000.00	3,572,720.00
	2019	2,220,000.00	3,466,970.00
	2020	2,335,000.00	3,355,970.00
	2021	2,450,000.00	3,239,220.00
	2022-2026	14,185,000.00	14,234,350.00
	2027-2031	14,165,000.00	10,689,850.00
	2032-2036	15,245,000.00	7,121,430.00
	2037-2041	14,675,000.00	3,991,812.50
	2042-2046	10,335,000.00	864,187.52
		\$ 79,730,000.00	\$ 54,209,480.02
Series 2015A	2017	7,825,000.00	8,410,362.64
	2018	7,475,000.00	8,019,112.60
	2019	5,165,000.00	7,645,362.52
	2020	5,420,000.00	7,387,112.54
	2021	3,835,000.00	7,116,112.52
	2022-2026	76,215,000.00	27,372,312.60
	2027-2031	32,370,000.00	11,015,662.60
	2032-2036	13,705,000.00	6,874,737.56
	2037-2041	13,170,000.00	4,134,800.00
	2042-2046	12,565,000.00	1,281,200.00
		\$ 177,745,000.00	\$ 89,256,775.58

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TEXAS STATE UNIVERSITY SYSTEM  
SYSTEM ADMINISTRATION  
SCHEDULE 2C  
DEBT SERVICE REQUIREMENTS  
For the Year Ended August 31, 2016

Series 2015B	2017	6,240,000.00	4,039,712.08
	2018	6,315,000.00	3,977,124.86
	2019	6,410,000.00	3,883,536.56
	2020	6,535,000.00	3,752,900.76
	2021	6,685,000.00	3,604,686.96
	2022-2026	36,220,000.00	15,216,928.08
	2027-2031	42,405,000.00	8,936,445.18
	2032-2036	14,755,000.00	2,318,810.94
	2037-2041	2,165,000.00	735,169.68
	2042-2046	2,105,000.00	229,460.12
		<u>\$ 129,835,000.00</u>	<u>\$ 46,694,775.22</u>

**UNAUDITED**

TEXAS STATE UNIVERSITY SYSTEM  
SYSTEM ADMINISTRATION  
SCHEDULE 2D  
SCHEDULE OF ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE  
For the Year Ended August 31, 2016

Business Type Activity - Revenue Bonds	Pledged and Other Sources and Related Expenditures for the Year			
	Net Available for Debt Service			
	Total	Operating Expenses	Debt Service	
	Pledged and	Expenditures and	Principal	Interest
Description of Issues	Other Sources	Capital Outlay		
TSUS Revenue Financing System Revenue Bonds				
Series 2006			4,235,000.00	211,750.00
Series 2006A			1,135,000.00	56,750.00
Series 2008			8,800,000.00	2,817,325.02
Series 2009			3,445,000.00	3,447,962.50
Series 2010			9,865,000.00	3,779,250.00
Series 2010A			1,375,000.00	2,857,462.52
Series 2011			2,215,000.00	3,874,737.50
Series 2012			820,000.00	987,437.50
Series 2013			2,920,000.00	3,629,350.00
Series 2014			1,725,000.00	3,759,220.00
Series 2015A			5,815,000.00	8,484,439.74
Series 2015B			2,325,000.00	4,015,270.30
Total Revenue Financing System Revenue Bonds	\$ 739,361,077.00	\$ 686,782,602.00	\$ 44,675,000.00	\$ 37,920,955.08

**UNAUDITED**

TEXAS STATE UNIVERSITY SYSTEM  
SYSTEM ADMINISTRATION  
SCHEDULE 2E  
SCHEDULE OF DEFEASED BONDS OUTSTANDING  
For the Year Ended August 31, 2016

Business Type Activity - Revenue Bonds

<u>Description of Issues</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Revenue Financing System Revenue Bonds		
Revenue Financing System Revenue Bonds		
Series 2008	2015	82,260,000.00
Total Defeased Bonds		<u>\$ 82,260,000.00</u>

**UNAUDITED**

TEXAS STATE UNIVERSITY SYSTEM  
SYSTEM ADMINISTRATION  
SCHEDULE 2F  
SCHEDULE OF EARLY EXTINGUISHMENT AND REFUNDING  
For the Year Ended August 31, 2016

Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Business-Type Activities					
Revenue Bonds					
Revenue Financing System Bonds					
No Bonds Refunded					
Total		\$ -	\$ -	\$ -	\$ -

**Texas State University System  
System Administration  
Schedule 3  
Reconciliation of Cash in State Treasury  
For the Fiscal Year Ended August 31, 2016**

<b>Cash in State Treasury</b>	<b><u>Unrestricted</u></b>	<b><u>Restricted</u></b>	<b><u>Current Year Total</u></b>
<b>Current Assets</b>			
Local Revenue Fund 1014	\$ 387,885.22	\$ -	\$ 387,885.22
<b>Restricted</b>			
Funds Held for Others Fund 8070		1,912.58	1,912.58
<b>Total Cash in State Treasury</b>	<b><u>\$ 387,885.22</u></b>	<b><u>\$ 1,912.58</u></b>	<b><u>\$ 389,797.80</u></b>