

BOARD OF REGENTS
THE TEXAS STATE UNIVERSITY SYSTEM
601 Colorado Street
Austin, Texas 78701

Annual Report

Updated Financial Information
and
Operating Data

Submitted in Accordance with Provisions of
SEC Rule 15c2-12

For the Fiscal Year Ended
August 31, 2017

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Texas State University System Combined Annual Financial Report - Fiscal Year 2017

TABLE 1
Texas State University System
Revenue Financing System Pledged Revenue

	2013	2014	2015	2016	2017
Available Pledged Revenues Not Including Net Position (1)	\$611,955,569	\$642,094,543	\$700,695,929	\$739,361,077	\$747,065,640
Unrestricted Net Position (2)	\$274,543,684	\$298,276,384	\$192,813,495	\$255,676,641	\$238,044,901
Total Pledged Revenues and Unrestricted Net Position	\$886,499,253	\$940,370,927	\$893,509,424	\$995,037,718	\$985,110,541
Available HEF Fund Balance (3)	\$54,735,271	\$56,825,490	\$57,185,101	\$48,802,357	\$73,559,204
Total Pledged Revenues and Balances Available for Debt Service	\$941,234,524	\$997,196,417	\$950,694,525	\$1,043,840,075	\$1,058,669,744

(1) The Available Pledged Revenues shown above consist of tuition, designated tuition, student center fees, and recovery of indirect costs for federal grants and contracts, federal pass-through grants from other agencies and State grants and contracts. The prior encumbered revenues of the University System are excluded. Also excludes State appropriations for reimbursement of debt service on tuition revenue bonds ("TRBs").

(2) Texas State University System Combined Annual Financial Report. In addition to current year Pledged Revenues, any unappropriated or reserve fund balances remaining at year-end are available for payment of the subsequent year's debt service.

(3) Certain Higher Education Fund (HEF) funds are carried forward from year to year and the amount of available HEF Funds reflected are eligible to be applied to the payment of debt service on Parity Debt issued for qualifying projects as permitted in accordance with Article VII, Section 17(a) of the Texas Constitution, but HEF funds are not Pledged Revenues.

TABLE 2
Texas State University System
Revenue Financing System Debt Service Requirements

Fiscal Year End	Total		
August 31	Principal	Interest	Annual Debt Service ^{(1)(2)*}
2018	\$ 62,380,000	\$ 50,852,420	\$ 113,232,420
2019	61,105,000	48,057,129	109,162,129
2020	63,655,000	45,274,663	108,929,663
2021	63,950,000	42,341,785	106,291,785
2022	66,610,000	39,356,389	105,966,389
2023	58,100,000	36,213,199	94,313,199
2024	58,900,000	33,485,599	92,385,599
2025	61,375,000	30,718,472	92,093,472
2026	64,285,000	27,823,327	92,108,327
2027	63,205,000	24,785,542	87,990,542
2028	60,750,000	21,827,451	82,577,451
2029	54,920,000	19,110,861	74,030,861
2030	51,405,000	16,575,847	67,980,847
2031	53,685,000	14,251,180	67,936,180
2032	46,405,000	11,770,134	58,175,134
2033	27,320,000	9,613,602	36,933,602
2034	28,640,000	8,326,367	36,966,367
2035	25,990,000	6,996,919	32,986,919
2036	24,760,000	5,759,129	30,519,129
2037	13,825,000	4,614,126	18,439,126
2038	14,450,000	3,995,674	18,445,674
2039	15,120,000	3,326,826	18,446,826
2040	15,815,000	2,626,658	18,441,658
2041	12,435,000	1,893,217	14,328,217
2042	13,005,000	1,331,115	14,336,115
2043	7,035,000	742,983	7,777,983
2044	7,320,000	455,871	7,775,871
2045	3,890,000	157,129	4,047,129
TOTAL	\$ 1,100,335,000	\$ 512,283,615	\$ 1,612,618,615

* A portion of such outstanding Parity Debt constitute Tuition Revenue Bonds that qualify the University System to be reimbursed from State appropriations for debt service payments in the amount of \$38.7 million during fiscal year 2018. Future reimbursement by the State for debt service payments is entirely subject to future appropriations by the State Legislature in each subsequent State Biennium. See "Appendix A" - FUNDING FOR THE UNIVERSITY SYSTEM AND ITS COMPONENT INSTITUTIONS - Tuition Revenue Bonds."

⁽¹⁾ Includes outstanding Angelo State University debt issued prior to September 1, 2007 and related refunding bonds.

⁽²⁾ Totals of these columns do not calculate exactly due to rounding of pennies for purposes of this table.

TABLE A-1
Headcount Enrollment

	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017
Lamar University	13,762	14,452	14,494	14,391	13,929
Lamar Institute of Technology	2,947 ⁽¹⁾	2,708	2,846	2,757	2,983
Lamar State College - Orange	2,426	2,259	2,318	2,338	2,293
Lamar State College - Port Arthur	2,295	2,078	1,802	2,051	2,293
Sam Houston State University	19,210	19,573	20,031	20,477	20,938
Texas State University	35,546	36,739	37,979	38,808	38,666
Sul Ross State University	1,889	1,897	1,973	2,071	1,996
Sul Ross State University - Rio Grande College	976	1,009	1,019	1,014	974
Total	79,051	80,715	82,462	83,907	84,072

(1) Restated: Lamar Institute of Technology misreported its enrollment on the census-day reports

Source: Texas Higher Education Coordinating Board Accountability System.

Note: Does not include students enrolled in non-credit formula funded courses.

TABLE A-2
Graduate Enrollment (1)

	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017
Lamar University	4,568	5,255	5,411	5,213	4,800
Sam Houston State University	2,955	2,754	2,630	2,575	2,522
Texas State University	4,541	4,562	4,499	4,564	4,486
Sul Ross State University	577	616	614	617	566
Sul Ross State University - Rio Grande	274	259	219	200	174
Total	12,915	13,446	13,373	13,169	12,548

(1) Lamar State College-Orange, Lamar State College-Port Arthur and Lamar Institute of Technology are lower-level (freshman and sophomore) institutions which do not offer graduate programs.

Source: Texas Higher Education Coordinating Board Accountability System.

TABLE A-3
Full-Time Equivalent Enrollment (1)

	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017
Lamar University	9,404	9,806	9,052	8,791	9,294
Lamar Institute of Technology	1,837	1,833	1,915	1,848	1,981
Lamar State College - Orange	1,481	1,426	1,420	1,416	1,371
Lamar State College - Port Arthur	1,486	1,269	1,107	1,218	1,315
Sam Houston State University	15,426	15,617	16,143	16,496	16,889
Sul Ross State University	1,372	1,412	1,418	1,496	1,442
Sul Ross State University - Rio Grande College	465	478	504	519	509
Texas State University	29,190	29,974	31,039	31,812	31,792
Total	60,661	61,815	62,598	63,596	64,593

(1) Full-time equivalent enrollment is 15 hours per semester for undergraduate students, 12 semester hours for master's/doctoral-professional, and 9 hours per semester for doctoral-research students.

Note: Does not include students enrolled in non-credit formula funded courses.

Source: Texas Higher Education Coordinating Board Accountability System

TABLE A-4
Systemwide Enrollment by Residency

	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017
Texas Residents	75,771	76,938	78,387	80,158	80,706
Non-Texas Residents	1,974	1,950	2,015	1,996	2,016
Non-US Residents	1,306	1,827	2,060	1,753	1,239
Total	79,051	80,715	82,462	83,907	83,961

Source: Texas Higher Education Coordinating Board Accountability System

Note: Table A-4 does not include students enrolled in non-credit formula funded courses.

TABLE A-5
Admissions and Matriculation (1)

	2013	2014	2015	2016	2017
Applications Submitted	33,145	33,498	38,999	42,514	43,986
Applications Accepted	25,079	25,946	28,698	30,687	32,456
Matriculation	9,632	9,840	10,339	10,432	10,691
Percentage Accepted	76%	77%	74%	72%	74%
Percentage Matriculated	38%	38%	36%	34%	33%

(1) This table reflects admissions and matriculation of undergraduates for Lamar University, Sam Houston State University, Texas State University, and Sul Ross State University. This information is inclusive of summer and fall applicant data..

Source: Texas Higher Education Report 'First Time Undergraduate Applicant, Acceptance, and Enrollment Information for Summer/Fall'.

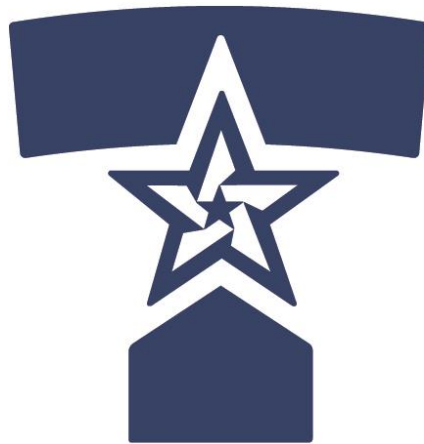
TABLE A-9
Texas State University System
Current Investments
(as of August 31, 2017)

Type of Security	Reported Value
U.S. Government	
U.S. Treasury Securities	\$ 9,239,832.84
U.S. Government Agency Obligations	3,383,053.10
U.S. Government Agency Obligations (Texas Treasury Safekeeping)	10,000.00
Corporate Obligations	46,217,493.08
Corporate Obligations (Texas Treasury Safekeeping)	
Corporate Asset and Mortgage Backed Securities	29,428,931.90
Equity	180,810,314.73
International Obligations (Govt and Corp)	
International Equity	8,252,754.25
Repurchase Agreements	
Fixed Income Money Market and Bond Mutual Fund	143,725,507.90
Other Commingled Funds	20,328,497.67
Other Commingled Funds - Texpool	681,110,589.39
Commerical Paper	
Real Estate	26,000.00
Miscellaneous	9,363,639.62
Total	\$ 1,131,896,614.48
Current Cash Equivalents	\$ 375,768,672.76
Current Short Term Investments	
Current Restricted Cash Equivalents	224,294,694.69
Current Restricted Short Term Investments	26,508,807.84
Non-Current Restricted Cash Equivalents	81,233,304.54
Non-Current Restricted Short Term Investments	
Non-Current Restricted Investments	175,044,945.33
Non-Current Investments	249,046,189.32
Total as above	\$ 1,131,896,614.48

TABLE A-10
Texas State University System
Endowment Funds Summary
(as of fiscal year ending August 31)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Lamar University	15,567,213	15,948,717	17,451,150	18,697,052	20,057,710
Sam Houston State University	67,880,529	92,073,515	69,107,671	64,355,361	66,928,874
Sul Ross State University	15,542,920	18,364,295	14,527,463	15,576,019	15,654,102
Sul Ross State University-Rio Grande	0	0	0	0	0
Texas State University	16,585,386	17,139,438	17,635,359	18,281,587	18,730,287
Lamar State College - Orange	15,524	30,524	30,524	30,524	5,524
Lamar State College - Port Arthur	0	0	0	1,200,302	1,153,494
Lamar Institute of Technology	0	0	0	0	0
System Administration	7,553,882	7,477,582	7,295,969	7,235,466	5,537,815
Total	123,145,454	151,034,072	126,048,135	125,376,311	128,067,806

The Texas State University System



COMBINED ANNUAL FINANCIAL REPORT Year Ended August 31, 2017

**Lamar University
Sam Houston State University
Sul Ross State University
Texas State University
Lamar Institute of Technology
Lamar State College-Orange
Lamar State College-Port Arthur
Texas State University System Administration**

November 15, 2017

Honorable Greg Abbott
Governor of Texas

Honorable Glenn Hegar
Texas Comptroller of Public Accounts

Ms. Ursula Parks
Director, Legislative Budget Board

Ms. Lisa Collier
First Assistant State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Texas State University System for the year ended August 31, 2017, in compliance with Texas Government Code Annotated, Section 2101.011 and in accordance with the requirements established by the Texas 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

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**The Texas State University System
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For the Year Ended August 31, 2017**

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**The Texas State University System
Organizational Data
For the Year Ended August 31, 2017**

Board of Regents

Name	City (Texas)	Term Expires
Rossanna Salazar, Chairman	Austin	February 1, 2017
William F. Scott, Vice Chairman	Nederland	February 1, 2019
Charlie Amato	San Antonio	February 1, 2019
Veronica Muzquiz-Edwards	San Antonio	February 1, 2021
Dr. Jaime R. Garza	San Antonio	February 1, 2017
David Montagne	Beaumont	February 1, 2021
Vernon Reaser III	Bellaire	February 1, 2019
Alan L. Tinsley	Madisonville	February 1, 2021
Donna N. Williams	Arlington	February 1, 2017
Kaitlyn Tyra, Student Regent	Huntsville	May 31, 2018

Administrative Officers

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

University Presidents

Name	Title
Dr. Kenneth Evans	Lamar University
Dr. Dana G. Hoyt	Sam Houston State University
Dr. William L. Kibler	Sul Ross State University
Dr. Denise Trauth	Texas State University
Dr. Lonnie L. Howard	Lamar Institute of Technology
Dr. Michael Shahan	Lamar State College-Orange
Dr. Betty Reynard	Lamar State College-Port Arthur

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**The Texas State University System
Statement of Net Position
For the Year Ended August 31, 2017**

Assets

Current Assets:

Cash and Cash Equivalents: (Note 3)

Cash on Hand (Including Petty Cash)	\$	122,658.14
Cash in Bank		51,610,811.60
Cash in Transit/Reimb Due From Treasury		4,945,313.97
Cash in State Treasury (Schedule 3)		54,656,579.81
Cash Equivalents		375,768,672.76

Restricted:

Cash and Cash Equivalents: (Note 3)

Cash on Hand		200.00
Cash in Bank		9,134,728.54
Cash Equivalents		224,294,694.69
Short Term Investments (Note 3)		26,508,807.84

Legislative Appropriations

89,652,733.35

Receivables:

Federal		19,428,180.63
Other Intergovernmental		650,000.00
Interest		80,696.59
Accounts – Tuition		139,266,915.54
Allowance Accounts		(10,433,474.93)
Accounts – Other Revenue		3,279,204.10
Gifts/Pledges		1,993,905.21
Investment Trade Receivable		212,205.19
Other		8,801,973.77
Due From Other Agencies (Note 12)		4,170,202.22
Consumable Inventories		1,235,970.61
Merchandise Inventories		3,708,189.34
Prepaid Items		43,460,455.35
Loans and Contracts		21,401,958.33
Allowance-Loans & Contracts		(134,793.65)
Other Current Assets		13,066,055.23

Total Current Assets	\$	1,086,882,844.23
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**The Texas State University System
Statement of Net Position
For the Year Ended August 31, 2017**

Noncurrent Assets	
Restricted:	
Cash and Cash Equivalents: (Note 3)	
Cash in Bank	\$ 10,350,412.73
Cash Equivalents	81,233,304.54
Investments (Note 3)	175,044,945.33
Receivables	168,962.37
Loans & Contracts	1,855,950.16
Investments (Note 3)	249,046,189.32
Receivables:	
Gifts/Pledges	7,914,909.72
Capital Assets: (Note 2)	
Non-Depreciable or Non-Amortizable	
Land and Land Improvements	104,169,591.56
Construction in Progress	326,056,990.20
Other Capital Assets	12,737,257.39
Depreciable or Amortizable	
Building and Building Improvements	1,909,159,882.09
Less Accumulated Depreciation	(943,750,770.74)
Infrastructure	121,345,426.24
Less Accumulated Depreciation	(56,406,541.52)
Facilities and Other Improvements	242,799,359.91
Less Accumulated Depreciation	(87,243,233.47)
Furniture and Equipment	164,600,558.97
Less Accumulated Depreciation	(118,764,460.66)
Vehicles, Boats, and Aircraft	18,172,496.24
Less Accumulated Depreciation	(12,104,322.37)
Computer Software – Intangible	35,528,809.07
Less Accumulated Amortization	(34,797,281.88)
Other Capital Assets	151,931,589.29
Less Accumulated Depreciation	(89,683,042.79)
Total Noncurrent Assets	\$ 2,269,366,981.70
 Total Assets	 \$ 3,356,249,825.93

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**The Texas State University System
Statement of Net Position
For the Year Ended August 31, 2017**

Deferred Outflows of Resources

Unamortized Loss on Refunding Debt	\$ 6,317,467.57
NC Deferred Outflow of Resources - Pension	35,950,702.00
Total Deferred Outflows of Resources	\$ 42,268,169.57

Liabilities

Current Liabilities:

Payables from:

Accounts Payable	\$ 79,734,931.00
Investment Trade Payable	52,463.72
Payroll Payable	34,479,428.98
Interest Payable	20,610,943.87
Due to Other Agencies (Note 12)	1,285,605.91
Unearned Revenues	396,851,841.70
Short Term Debt	10,058,000.00
Employees' Compensable Leave (Note 5)	13,196,751.85
Revenue Bonds Payable (Note 5, 6)	68,263,087.86
Funds Held for Others	4,826,713.61
Other Current Liabilities	830,488.60
Total Current Liabilities	\$ 630,190,257.10

Noncurrent Liabilities

Employees' Compensable Leave (Note 5)	\$ 12,812,845.79
Revenue Bonds Payable (Note 5, 6)	1,150,414,933.52
NC Net Pension Liability	146,221,687.00
Other Non-Current Liabilities	2,886,979.66
Total Non-Current Liabilities	\$ 1,312,336,445.97

Total Liabilities	\$ 1,942,526,703.07
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Deferred Inflows of Resources

NC Deferred Inflow of Resources - Pension	\$ 26,773,436.00
Total Deferred Inflows of Resources	\$ 26,773,436.00

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The Texas State University System
Statement of Net Position
For the Year Ended August 31, 2017

Net Position

Net Investment in Capital Assets	\$	514,834,880.39
Restricted for:		
Debt Retirement		5,534,833.15
Capital Projects		301,623,079.69
Other		67,339,257.00
Funds Held as Permanent Investments:		
Nonexpendable:		
Endowment Funds		128,067,806.33
Expendable:		
Endowment Funds		70,666,512.73
Unrestricted		<u>341,151,487.14</u>
Total Net Position	\$	<u><u>1,429,217,856.43</u></u>

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**The Texas State University System
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended August 31, 2017**

Operating Revenues:

Tuition and Fees – Pledged	\$	737,381,078.90
Tuition and Fees – Discounts/Allowances		(187,557,397.96)
Auxiliary Enterprise – Pledged		159,722,712.03
Auxiliary Enterprise – Discounts/Allowances		(6,787,543.44)
Other Sales of Goods and Svcs – Pledged		20,640,043.35
Federal Revenue		41,495,995.17
Federal Pass Through Revenue		12,250,531.05
State Grant Revenue		3,418,428.57
State Grant Pass Through Revenue		54,604,539.79
Other Contract and Grants – Non-Pledged		9,176,092.93
Other Operating Revenues – Pledged		9,760,740.66
Total Operating Revenues	\$	854,105,221.05

Operating Expenses:

Instruction	\$	405,850,231.66
Research		61,640,123.63
Public Service		21,004,549.54
Academic Support		132,534,628.55
Student Services		77,310,973.53
Institutional Support		105,868,311.87
Operation and Maintenance of Plant		89,461,022.64
Scholarships and Fellowships		125,500,283.23
Auxiliary		155,581,475.41
Depreciation & Amortization		95,110,943.83
Total Operating Expenses	\$	1,269,862,543.89

Operating Income (Loss) \$ (415,757,322.84)

Nonoperating (Revenues) Expenses:

Legislative Revenue (GR)	\$	250,035,616.00
Additional Appropriations (GR)		71,929,281.62
Federal Revenue		117,088,436.71
State Pass Through Revenue		2,812,041.39
Gifts – Pledged		4,075,423.70
Gifts – Non-Pledged		26,922,692.02
Investment Income – Non-Pledged		8,388,353.52

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**The Texas State University System
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended August 31, 2017**

Investment Income – Pledged	8,141,099.08
Investing Activities Expenses	(43,919.59)
Gain/Loss Sale Capital Assets	(91,942.01)
Net (Increase) Decrease Fair Value – Pledged	132,197.38
Net (Increase) Decrease Fair Value – Non-Pledged	12,345,230.26
Judgments and Settlements	1,056,176.17
Interest Expenses and Fiscal Charges	(38,677,774.09)
Other Nonoperating Revenues – Non-Pledged	1,019,099.01
Other Nonoperating Revenues – Pledged	1,557,286.25
Other Nonoperating Expenses	(7,700,817.08)
Total Nonoperating Revenues (Expenses)	\$ 458,988,480.34
Income (Loss) before Capital Contributions, Endowments and Transfers	\$ 43,231,157.50
Capital Contributions, Endowments and Transfers	
Capital Appropriations (HEF)	\$ 77,573,404.00
Federal Grant - Capital Grant Contributions	100,236.66
Additions to Permanent and Term Endowments	5,764,306.03
Special Items	(33,951.53)
Extraordinary Items	(3,421,432.68)
Interagency Transfer Cap Assets – Increase (Note 12)	8,545.47
Interagency Transfer Cap Assets – Decrease (Note 12)	(1,943.94)
Transfers-In (Note 12)	1,350,710.72
Transfers-Out (Note 12)	(971,362.33)
Legislative Transfer-In (Note 12)	23,271,955.00
Legislative Appropriations Lapsed	(1,028,177.40)
Total Capital Contributions, Endowments and Transfers	\$ 102,612,290.00
Change in Net Position	\$ 145,843,447.50
Total Net Position, September 1, 2016	\$ 1,289,245,322.27
Restatements	(5,870,913.34)
Total Net Position, September 1, 2016, as Restated	\$ 1,283,374,408.93
Total Net Position, August 31, 2017	\$ 1,429,217,856.43

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**The Texas State University System
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2017**

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ 73,743.77	\$ -	\$ 57,270.01
Salaries and Wages	292,761,723.95	30,263,764.01	10,258,515.89	63,483,134.11	44,665,990.15
Payroll Related Costs	84,925,434.82	6,662,931.34	3,076,085.54	17,043,023.21	13,327,882.28
Professional Fees and Services	3,907,393.72	12,677,359.89	2,556,989.18	17,617,622.45	5,076,578.86
Federal Pass-Through Expense	-	152,867.89	-	-	-
State Pass-Through Expense	-	498,922.54	-	-	-
Travel	6,871,793.09	3,122,255.33	384,726.97	3,116,822.72	1,858,340.44
Materials and Supplies	10,579,227.84	5,606,672.25	2,005,478.95	19,239,866.36	6,450,605.36
Communications and Utilities	233,068.98	121,398.85	228,762.11	1,494,026.30	981,558.05
Repairs and Maintenance	919,653.78	253,739.17	157,874.74	4,403,174.85	415,890.52
Rentals and Leases	629,789.28	461,534.62	466,635.25	455,750.71	509,162.20
Printing and Reproduction	757,711.61	395,403.46	120,387.70	470,354.52	917,477.33
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	392,819.28	8,453.47	19,743.26	143,921.10	92,790.81
Interest	37.47	783.70	49.09	589.11	6.21
Scholarships	-	-	-	-	-
Claims and Judgments	-	-	-	-	-
Other Operating Expenses	3,871,577.84	1,414,037.11	1,655,557.09	5,066,343.11	2,957,421.31
Total Operating Expenses	\$ 405,850,231.66	\$ 61,640,123.63	\$ 21,004,549.54	\$ 132,534,628.55	\$ 77,310,973.53

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**The Texas State University System
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2017**

Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
\$ 995.16	\$ -	\$ -	\$ 6,389,187.09	\$ -	\$ 6,521,196.03
61,592,943.62	26,413,203.89	1,607,954.97	41,598,859.54	-	572,646,090.13
18,120,663.30	10,078,836.41	5,657.10	11,948,148.86	-	165,188,662.86
5,307,001.27	9,223,998.10	-	15,882,528.08	-	72,249,471.55
-	-	-	-	-	152,867.89
-	-	-	-	-	498,922.54
1,370,793.19	87,858.72	-	7,360,791.55	-	24,173,382.01
7,886,042.21	14,391,476.84	179.97	45,349,611.95	-	111,509,161.73
1,686,516.31	19,650,504.97	-	13,900,679.94	-	38,296,515.51
2,817,239.51	6,409,303.46	-	5,042,067.46	-	20,418,943.49
1,080,202.30	1,742,759.80	-	682,944.45	-	6,028,778.61
650,978.86	47,527.14	-	909,871.01	-	4,269,711.63
-	-	-	-	95,110,943.83	95,110,943.83
182,344.51	48,414.06	3,907.72	422,839.09	-	1,315,233.30
11,726.37	2,600.06	-	14.43	-	15,806.44
-	-	123,813,590.10	-	-	123,813,590.10
216,184.62	-	-	-	-	216,184.62
4,944,680.64	1,364,539.19	68,993.37	6,093,931.96	-	27,437,081.62
\$ 105,868,311.87	\$ 89,461,022.64	\$ 125,500,283.23	\$ 155,581,475.41	\$ 95,110,943.83	\$ 1,269,862,543.89

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The Texas State University System
Statement of Cash Flows
For the Year Ended August 31, 2017

Cash Flows from Operating Activities

Receipts from Customers	\$ 16,193,023.93
Proceeds from Tuition and Fees	543,483,787.44
Proceeds from Research Grants and Contracts	115,078,657.96
Proceeds from Loan Programs	21,166,301.42
Proceeds from Auxiliaries	154,567,659.26
Proceeds from Other Operating Revenues	18,817,764.43
Payments to Suppliers for Goods and Services	(322,161,834.20)
Payments to Employees for Salaries	(575,516,118.37)
Payments to Employees for Benefits	(103,871,302.98)
Payments for Loans Provided	(27,558,205.54)
Payments for Other Operating Expenses	(106,002,065.15)
Net Cash Provided by Operating Activities	<u>\$ (265,802,331.80)</u>

Cash Flows from Noncapital Financing Activities

Proceeds from State Appropriations	\$ 347,484,738.25
Proceeds from Gifts	33,266,319.42
Proceeds from Endowments	5,418,645.27
Proceeds of Transfers from Other Funds	523,391.00
Proceeds from Grant Receipts	119,406,302.87
Proceeds from Other Noncapital Financing Activities	1,910,840.74
Payments for Transfers to Other Funds	(970,372.61)
Payments for Other Noncapital Financing Uses	(8,709,909.61)
Net Cash Provided by Noncapital Financing Activities	<u>\$ 498,329,955.33</u>

Cash Flows from Capital and Related Financing Activities

Proceeds from the Sale of Capital Assets	\$ 208,786.25
Proceeds from Debt Issuance	431,839,000.00
Proceeds from Federal Grants and Contracts	100,236.66
Proceeds from Other Capital and Related Financing Activities	10,058,000.00
Payments for Additions to Capital Assets	(280,998,470.27)
Payments of Principal on Debt	(80,158,000.00)
Payments of Interest on Debt Issuance	(36,922,368.60)
Payments of Other Costs of Debt Issuance	(15,069.40)
Net Cash Provided by Capital and Related Financing Activities	<u>\$ 44,112,114.64</u>

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**The Texas State University System
Statement of Cash Flows
For the Year Ended August 31, 2017**

Cash Flow from Investing Activities

Proceeds from Sales of Investments	\$ 104,291,161.28
Proceeds from Interest Income	1,853,602.90
Proceeds from Investment Income	13,622,793.65
Payments to Acquire Investments	(135,668,094.38)
Net Cash Provided by Investing Activities	<u>\$ (15,900,536.55)</u>

Net Increase (Decrease) in Cash and Cash Equivalents \$ 260,739,201.62

Cash and Cash Equivalents, September 1, 2016	\$ 551,378,175.16
Restatements to Beginning Cash and Cash Equivalents	<u>-</u>
Cash and Cash Equivalents, September 1, 2016- Restated	<u>551,378,175.16</u>
Cash and Cash Equivalents, August 31, 2017	<u>\$ 812,117,376.78</u>

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

Operating Income (Loss)	\$ (415,757,322.84)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Amortization and Depreciation	95,110,943.83
Bad Debt Expense	1,258,026.69
Pension Expense	1,346,492.00
On-Behalf Benefit Payments	32,207,086.23
Operating Income (Loss) and Cash Flow Categories: Classification Differences	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(25,371,100.56)
(Increase) Decrease in Due from Other Funds	3,055,597.02
(Increase) Decrease in Inventories	166,691.72
(Increase) Decrease in Prepaid Expenses	(3,668,023.23)
(Increase) Decrease in Notes Receivable	(25,399.16)
(Increase) Decrease in Loans & Contracts	(7,474,125.20)

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The Texas State University System
Statement of Cash Flows
For the Year Ended August 31, 2017

(Increase) Decrease in Other Assets	(67,535.44)
(Increase) Decrease in State Appropriations	18,762,915.35
Increase (Decrease) in Payables	15,149,593.73
Increase (Decrease) in Deposits	(31,890.66)
Increase (Decrease) in Due to Other Funds	(472,738.76)
Increase (Decrease) in Unearned Revenue	16,849,904.60
Increase (Decrease) in Compensated Absence Liability	1,046,571.92
Increase (Decrease) in Benefits Payable	633,981.93
Increase (Decrease) in Other Liabilities	1,477,999.03
Total Adjustments	<u>\$ 149,954,991.04</u>
Net Cash Provided by Operating Activities	<u><u>\$ (265,802,331.80)</u></u>

Non Cash Transactions

Donation of Capital Assets	\$ 1,093,974.12
Net Change in Fair Value of Investments	\$ 12,459,980.58
Gain on Sale of Capital Assets	\$ 50,605.66
Loss on Sale of Capital Assets	\$ (142,547.67)
Interagency Transfer In	\$ 8,545.47
Interagency Transfer Out	\$ (1,943.94)

**The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017**

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

The Texas State University System (TSUS), founded in 1911, is the first higher education system established in Texas. Beginning as an administrative means to consolidate the support and management of state teacher colleges, the System has evolved into a network of higher education institutions stretching from the Texas–Louisiana border to the Big Bend region of west Texas.

Today, eight component institutions offer a broad range of academic and career opportunities. Those eight institutions are located throughout the state and include Lamar University, Sam Houston State University, Sul Ross State University, Texas State University, Lamar Institute of Technology, Lamar State College-Orange, Lamar State College-Port Arthur, and Sul Ross State University Rio Grande College. Throughout the System, faculty and staff are preparing students to work in and contribute to our global society.

The Texas State University System is governed by a nine-member Board of Regents appointed by the governor. In addition, a nonvoting student regent is appointed annually to the board. The Texas State University System Administration (System Administration), which is headed by a board-appointed chancellor, is based in Austin, where it provides support to the System components and state government.

The financial records of TSUS comply with state statutes and regulations, including compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for State Institutions of Higher Education*. However, 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 of the statement. TSUS's annual financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

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.

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The Texas State University System Notes to the Financial Statements For the Year Ended August 31, 2017

Business Type Activity funds account for activities financed through the charging of fees and sales for goods or services to the ultimate user. Institutions of higher education report their financial activities as business type because the institution's funding comes primarily 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 Type Activity funds are accounted for using the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the accounting period when they 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 components. Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Cash and Cash Equivalents

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

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*.

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The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017

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 and Related Debt

Purchases of assets with an estimated useful life in excess of one year exceeding TSUS's capitalization thresholds are recorded as capital assets at their acquisition cost on the date of acquisition. Donated assets with an estimated useful life in excess of one year exceeding the capitalization thresholds are recorded as capital assets at their fair market value on the date of acquisition. Intangible capital assets are defined as assets that lack physical substance, are nonfinancial in nature and have an initial useful life extending beyond a single reporting period. Routine repairs and maintenance that do not increase the value of buildings are charged to operating expense in the year in which the expense was incurred.

TSUS's capitalization thresholds are:

<u>Asset Category</u>	<u>Threshold</u>
Land, land improvements, and land use rights	All acquisitions
Books and materials for academic and research libraries	All acquisitions
Works of art and historical treasures not held for financial gain	All acquisitions
Furniture, equipment, and vehicles	\$5,000
Buildings and building, facilities, and other improvements	\$100,000
Purchased computer software and land use rights (A)	\$100,000
Infrastructure	\$500,000
Internally generated computer software	\$1,000,000

(A) Applies only to land use rights considered to have a limited useful life (TERM.)

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**The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017**

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

<u>Asset Category</u>	<u>Useful Life</u>
Furniture and Equipment	4-15 years
Purchased and Internally Developed Software	5 years
Vehicles	5-10 years
Other Tangible Assets	10 years
TERM Land Use Rights	10 years
Buildings, Infrastructure and Facilities	10-30 years
Other Assets	15 years

All land, land improvements, land use rights, and works of art and historical treasures not held for financial gain are considered to have an indefinite useful life. Because these assets are inexhaustible, they are not depreciated.

Bonded indebtedness is issued by the Texas State University System Revenue Financing System, which is comprised of System Administration and each component institution within the system. Debt service requirements are disclosed in Note 6, Bonded Indebtedness.

Current Receivables - Other

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

Deferred Outflows of Resources

For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Certain changes in the collective net pension liability of the Teacher Retirement System of Texas (TRS) Plan are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions. See Note 9, *Defined Benefit Pension Plan and Defined Contribution Plan*, for a description of the TRS Plan.

The effect on TSUS's proportionate share of the total pension liability of changes of economic and demographic assumptions or of other inputs that decrease the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

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The Texas State University System Notes to the Financial Statements For the Year Ended August 31, 2017

The effect on TSUS's proportionate share of the total pension liability of differences between expected and actual experience that decrease the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

Decreases in TSUS's proportion of the collective net pension liability are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

TSUS's contributions during the measurement period that are less than its proportionate share of total of contributions are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

The effect on TSUS's proportionate share of the collective net pension liability of more actual earnings on pension plan investments than projected is amortized as a component of pension expense using the straight-line method over a period of five years.

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.

Notes and Loans Payable

Amounts reported as Notes and Loans Payable at August 31, 2016, consisted of a loan between two components of TSUS. Accordingly, both the receivable and payable balances were removed from the respective balances at August 31, 2017. The adjustment has no effect on beginning net position; therefore, no restatement is required.

Bonds Payable - General Obligation Bonds and Revenue Bonds

General Obligation and Revenue Bonds 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.

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

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The Texas State University System Notes to the Financial Statements For the Year Ended August 31, 2017

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.

Net Pension Liability

The fiduciary net position of the TRS Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. The measurement of the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the TRS Plan, and additions to/deductions from the fiduciary net position has been determined on the same basis as reported by TRS. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The framework for measuring fair value is based on a hierarchy that gives the highest priority to the use of observable inputs in an active market and lowest priority to the use of unobservable inputs.

Deferred Inflows of Resources

Certain changes in the collective net pension liability of the TRS Plan are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions, depending on the type of change. See the section of this note titled *Deferred Outflows of Resources* for an explanation of the accounting treatment.

Net Position

The difference between assets and liabilities is Net Position.

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.

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.

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**The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017**

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

TSUS 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 TSUS’s interfund activities is presented in Note 12.

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**The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017**

NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2017 is presented as follows:

	Balance 09/01/16	Adjustments	Completed CIP
Non-depreciable Assets			
Land and Land Improvements	\$95,832,749.84	\$1.00	\$8,106.10
Construction in Progress	165,097,667.51	3,798.02	(48,566,913.84)
Other Intangible Capital Assets	10,769,575.10	0.00	0.00
Total Non-depreciable Assets	\$271,699,992.45	\$3,799.02	\$(48,558,807.74)
Depreciable Assets			
Building and Building Improvements	\$1,834,642,964.43	\$0.00	\$33,502,959.05
Infrastructure	113,812,650.04	0.00	7,284,677.91
Facilities and Other Improvements	234,221,046.72	0.00	7,771,170.78
Furniture and Equipment	155,126,174.27	95,268.27	0.00
Vehicles, Boats, and Aircraft	17,404,989.32	0.00	0.00
Other Capital Assets	147,030,078.79	0.00	0.00
Total Depreciable Assets	\$2,502,237,903.57	\$95,268.27	\$48,558,807.74
Accumulated Depreciation			
Building and Building Improvements	\$(886,695,459.85)	\$0.00	\$0.00
Infrastructure	(52,864,903.80)	0.00	0.00
Facilities and Other Improvements	(77,257,991.79)	0.00	0.00
Furniture and Equipment	(111,076,932.87)	(57,173.79)	0.00
Vehicles, Boats, and Aircraft	(11,143,080.62)	0.00	0.00
Other Capital Assets	(87,354,188.00)	(915.00)	0.00
Total Accumulated Depreciation	\$(1,226,392,556.93)	\$(58,088.79)	\$0.00
Amortizable Assets – Intangible			
Computer Software	\$35,252,306.07	\$0.00	\$0.00
Total Amortizable Assets – Intangible	\$35,252,306.07	\$0.00	\$0.00
Accumulated Amortization			
Computer Software	\$(31,948,744.28)	\$0.00	\$0.00
Total Accumulated Amortizable	\$(31,948,744.28)	\$0.00	\$0.00
Capital Assets, Net	\$1,550,848,900.88	\$40,978.50	\$0.00

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The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017

Interagency Transfer-in	Interagency Transfer-out	Additions	Deletions	Balance 08/31/17
\$0.00	\$0.00	\$8,328,734.62	\$0.00	\$104,169,591.56
0.00	0.00	209,586,708.16	(64,269.65)	326,056,990.20
0.00	0.00	1,967,682.29	0.00	12,737,257.39
\$0.00	\$0.00	\$219,883,125.07	\$(64,269.65)	\$442,963,839.15
\$0.00	\$0.00	\$41,702,440.61	\$(688,482.00)	\$1,909,159,882.09
0.00	0.00	248,098.29	0.00	121,345,426.24
0.00	0.00	807,142.41	0.00	242,799,359.91
42,030.00	(51,404.19)	14,923,905.39	(5,535,414.77)	164,600,558.97
28,950.60	0.00	1,160,102.19	(421,545.87)	18,172,496.24
0.00	0.00	9,491,475.72	(4,589,965.22)	151,931,589.29
\$78,104.60	\$(58,528.19)	\$68,333,164.61	\$(11,235,407.86)	\$2,608,009,312.74
\$0.00	\$0.00	\$(57,530,705.96)	\$475,395.07	\$(943,750,770.74)
0.00	0.00	(3,541,637.72)	0.00	(56,406,541.52)
0.00	0.00	(9,985,241.68)	0.00	(87,243,233.47)
(37,275.68)	49,460.25	(12,943,470.38)	5,300,931.81	(118,764,460.66)
(25,159.45)	0.00	(1,338,435.48)	402,353.18	(12,104,322.37)
0.00	0.00	(6,917,905.01)	4,589,965.22	(89,683,042.79)
\$(68,569.41)	\$55,594.53	(92,257,396.23)	\$10,768,645.28	\$(1,307,952,371.55)
\$0.00	\$0.00	\$281,513.00	\$(5,010.00)	\$35,528,809.07
\$0.00	\$0.00	\$281,513.00	\$(5,010.00)	\$35,528,809.07
\$0.00	\$0.00	\$(2,853,547.60)	\$5,010.00	\$(34,797,281.88)
\$0.00	\$0.00	\$(2,853,547.60)	\$5,010.00	\$(34,797,281.88)
\$8,545.47	\$(1,943.94)	\$193,386,858.85	\$(531,032.23)	\$1,743,752,307.53

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The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017

NOTE 3: Deposits, Investments, & Repurchase Agreements

Deposits of Cash in Banks

As of August 31, 2017, the actual bank balance was \$74,658,474.29. The carrying value was \$71,095,952.87 as presented below.

Cash in Bank – Carrying Value	<u>\$ 71,095,952.87</u>
Current Assets – Cash in Bank	\$ 51,610,811.60
Current Restricted Assets – Cash in Bank	9,134,728.54
Noncurrent Restricted Assets – Cash in Bank	<u>10,350,412.73</u>
Cash in Bank per Statement of Net Position	<u>\$ 71,095,952.87</u>

Investments

TSUS is authorized to invest operating funds 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). The Operating Funds Investment Policy of TSUS is designed to provide the maximum safety of invested principal, ensure liquidity for all operating requirements which may be reasonably anticipated, manage interest-rate risk, maximize overall return within the established risk constraints; and provide for diversification of investment assets.

Endowment funds represent private funds including, but not limited to, gifts of property, stock, and real assets, donated to TSUS or its components to provide funding for scholarships, fellowships, professorships, academic chairs, and other uses as specified by the donors. It is the policy of TSUS or its components to invest endowment funds in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Texas Property Code Chapter 163.

Amounts Reported at Net Asset Value (NAV)

The System invests excess working capital in TexPool and TexPool Prime (TexPool). TexPool, the largest and oldest local government investment pool in the State of Texas, is managed by the Texas Comptroller of Public Accounts. TexPool investments consist exclusively of U. S. Government securities, repurchase agreements collateralized by U. S. Government securities, and AAA-rated no-load money market mutual funds. TexPool Prime invests in the above plus, commercial paper and certificates of deposits. TexPool and TexPool Prime are each rated AAAM by Standard & Poor's. No limitations or restrictions on redemptions exist and redemptions can occur at any time. There are no unfunded commitments.

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As of August 31, 2017, investments, at fair market value, consisted of the following:

	Value at 08/31/17	Fair Value Measurements	
		Level 1 Inputs	Level 2 Inputs
U.S. Government:			
U.S. Treasury Securities	\$ 9,239,832.84		\$ 9,239,832.84
U.S. Government Agency Obligations	3,383,053.10		3,383,053.10
U.S. Government Agency Obligations (TTSTC)	10,000.00	\$ 10,000.00	
Corporate Obligations	46,217,493.08	264,512.48	45,952,980.60
Corporate Asset and Mortgage Backed Securities	29,428,931.90	995,366.73	28,433,565.17
Equity	180,810,314.73	180,810,314.73	
International Equity	8,252,754.25	8,252,754.25	
Fixed Income Money Market and Bond Mutual Fund	143,725,507.90	55,848,113.37	87,877,394.53
Other Commingled Funds	20,328,497.67	442,015.01	19,886,482.66
Real Estate	26,000.00		26,000.00
International Other Commingled Funds	9,363,639.62		9,363,639.62
Total Investments	\$ 450,786,025.09	\$246,623,076.57	\$204,162,948.52
Other Commingled Funds – TexPool (Reported at Net Asset Value)	\$ 681,110,589.39		
Total Cash Equivalents	\$ 681,110,589.39		
Total Investments and Cash Equivalents	<u>\$1,131,896,614.48</u>		
Current Unrestricted Assets - Cash Equivalents	\$ 375,768,672.76		
Current Restricted Assets - Cash Equivalents	224,294,694.69		
Current Restricted Assets - Short Term Investments	26,508,807.84		
Noncurrent Restricted Assets - Cash Equivalents	81,233,304.54		
Noncurrent Restricted Assets - Investments	175,044,945.33		
Noncurrent Assets - Investments	249,046,189.32		
Total per Statement of Net Position	<u>\$1,131,896,614.48</u>		

Credit Risk for Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Operating Funds Investment Policy of the Texas State University System allows the investment of State funds in corporate bonds to be 25% to 100% of the total portfolio. The bonds must be rated in one of the four highest rating categories (AAA, AA, A, BBB).

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Notes to the Financial Statements
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As of August 31, 2017, the System's credit quality ratings, as assigned by Standard & Poor's, for securities with credit risk exposure were as follows:

	<u>Rating</u>	<u>Amount</u>
U.S. Government Agency Obligations	AAA	\$ 9,239,832.84
	AA	3,291,053.30
U.S. Government Agency Obligations (TTSTC)	A	10,000.00
Corporate Obligations	AAA	1,262,698.60
	AA	2,408,423.60
	A	14,364,261.30
	BBB	21,621,291.25
	BB	260,538.40
	B	204,006.50
	NR	748,157.95
Corporate Asset and Mortgage Backed Securities	AAA	8,025,882.01
	AA	134,040.52
	A	36,212.49
	NR	21,232,796.88
Municipal Bonds	AA	91,999.80
Preferred Securities	BB	40,513.20
	NR	223,999.28
International Obligations	AAA	1,589,408.60
	AA	999,360.00
	A	1,432,095.90
	NR	1,062,738.50
Fixed Income Money Market and Bond Mutual Funds	NR	143,725,507.90
Total		<u>\$ 232,004,818.82</u>

NOTE 4: Short-Term Debt

On May 22, 2014 the Board of Regents, Texas State University System 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.

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Non-taxable commercial paper was issued during the fiscal year to finance various construction projects. All commercial paper outstanding at August 31, 2017 will mature in fiscal year 2018. Commercial paper has short maturities up to 270 days with interest rates ranging during the fiscal year from 0.65% to 0.99%.

The following changes occurred in short-term debt during the year ended August 31, 2017:

	Balance 09/01/16	Increases	Decreases	Balance 08/31/17
Short Term Debt - Commercial Paper	\$162,239.00	\$12,483,761.00	\$2,588,000.00	\$10,058,000.00

NOTE 5: Summary of Long-Term Liabilities

During the year ended August 31, 2017, the following changes occurred in long-term liabilities:

	Balance 09/01/16	Additions	Reductions	Balance 08/31/17	Amounts Due Within One Year
Revenue Bonds	\$859,304,387.51	\$521,215,567.90	\$161,841,934.03	\$1,218,678,021.38	\$68,263,087.86
Compensable Leave	24,798,401.83	6,236,519.38	5,025,323.57	26,009,597.64	13,196,751.85
Net Pension Liability	146,671,667.00	11,868,773.00	12,318,753.00	146,221,687.00	0.00
Totals	\$1,030,774,456.34	\$539,320,860.28	\$179,186,010.60	\$1,390,909,306.02	\$81,459,839.71

General Obligation and Revenue Bonds Payable

Scheduled principal and interest payments for revenue bonds issued and outstanding as of August 31, 2017 are as follows:

Year(s)	Principal	Interest	Total Debt Service
2018	\$62,380,000.00	\$50,852,419.96	\$113,232,419.96
2019	61,105,000.00	48,057,129.08	109,162,129.08
2020	63,655,000.00	45,274,663.36	108,929,663.36
2021	63,950,000.00	42,341,784.96	106,291,784.96
2022	66,610,000.00	39,356,388.64	105,966,388.64
2023-2027	305,865,000.00	153,026,140.08	458,891,140.08
2028-2032	267,165,000.00	83,535,473.56	350,700,473.56
2033-2037	120,535,000.00	35,310,142.76	155,845,142.76
2038-2042	70,825,000.00	13,173,490.50	83,998,490.50
2043-2045	18,245,000.00	1,355,982.22	19,600,982.22
Total	\$1,100,335,000.00	\$512,283,615.12	\$1,612,618,615.12

See Note 6, *Bonded Indebtedness*, for a further discussion of Revenue Bonds Payable.

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Employees' Compensable Leave

Accrued compensable leave is TSUS's liability for unpaid overtime accrued by classified employees and unused vacation time for all employees. Any obligation to TSUS personnel is paid at the time an employee is dismissed, resigns, or separates from the university, provided the employee has had six months of continuous employment with the State of Texas in their lifetime. An expense and liability are recorded annually as the benefits accrue to employees. Accrued sick leave is only paid when an employee is off due to illness or to the estate of an employee in the event of his/her death. No liability is recorded for these non-vesting rights to sick pay benefits.

Claims and Judgments

See Note 15, *Contingencies and Commitments*, for more information on claims and judgements.

Net Pension Liability

See Note 1, *Summary of Significant Accounting Policies*, and Note 9, *Defined Benefit Pension Plans and Defined Contribution Plan*, for more information on the Net Pension Liability.

Notes and Loans Payable

TSUS had no notes and loans payable for the year ended August 31, 2017. See Note 1, *Summary of Significant Accounting Policies*, regarding an adjustment to the notes and loans payable balance at August 31, 2016.

Capital Leases

TSUS had no capital leases for the year ended August 31, 2017.

NOTE 6: Bonded Indebtedness

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

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- (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.

Members may use the Revenue Financing System 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.

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

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.
- Issued August 19, 2008.
- Source of revenue for debt service – Pledged revenues of the Revenue Financing System and General Revenue Funds to the extent legally available for payment of debt obligations.

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 issued.
- Issued June 30, 2009.
- Source of revenue for debt service – Pledged revenues of the Revenue Financing System and General Revenue Funds to the extent legally available for payment of debt obligations.

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.
- Issued August 12, 2010.
- Source of revenue for debt service – Pledged revenues of the Revenue Financing System and General Revenue Funds to the extent legally available for payment of debt obligations.

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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.
- \$65,735,000 value; all authorized bonds have been issued.
- Issued August 19, 2010.
- Source of revenue for debt service – Pledged revenues of the Revenue Financing System and General Revenue Funds to the extent legally available for payment of debt obligations.

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.
- Issued June 14, 2011.
- Source of revenue for debt service – Pledged revenues of the 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.
- Issued February 14, 2012.
- Source of revenue for debt service – Pledged revenues of the Revenue Financing System and General Revenue Funds to the extent legally available for payment of debt obligations.

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.
- Issued February 12, 2013.
- Source of revenue for debt service – Pledged revenues of the Revenue Financing System.

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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.
- Issued July 2, 2014.
- Source of revenue for debt service – Pledged revenues of the 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.
- Issued March 18, 2015.
- Source of revenue for debt service – Pledged revenues of the Revenue Financing System and General Revenue Funds to the extent legally available for payment of debt obligations.

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.
- Issued March 18, 2015.
- Source of revenue for debt service – Pledged revenues of the Revenue Financing System.

Revenue and Refunding Bonds, Series 2017A

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure; to refund a portion of outstanding obligations, and to pay certain costs related to the issuance of the bonds.
- \$425,545,000 par value; all authorized bonds have been issued.
- Issued January 31, 2017.
- Source of revenue for debt service – Pledged revenues of the Revenue Financing System and General Revenue Funds to the extent legally available for payment of debt obligations.

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Revenue Bonds, Series 2017B (Taxable)

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay certain costs related to the issuance of the bonds.
- \$30,980,000 par value; all authorized bonds have been issued.
- Issued January 31, 2017.
- Source of revenue for debt service – Pledged revenues of the Revenue Financing System.

Defeased Bonds

A portion of the proceeds from Revenue and Refunding Bonds, Series 2017A issued on January 31, 2017, were used to refund a portion of Revenue and Refunding Bonds, Series 2008 and a portion of Revenue Financing Revenue Bonds, Series 2009. Revenue and Refunding Bonds, Series 2017A bonds were issued at a premium of \$64,690,567.90 with a par value of \$425,545,000. \$87,133,081.09 of the proceeds were placed into an irrevocable trust with an escrow agent to provide for all future debt service on \$27,230,000.00 in principal of Revenue and Refunding Bonds, Series 2008 and \$52,825,000.00 in principal of Revenue Financing Revenue Bonds, Series 2009. The combined liability of \$80,055,000.00 has been removed from the Statement of Net Position.

The refunding resulted in an economic gain of \$6,894,767.44 representing the net present value of the decrease in cash flows required to service the new debt. An accounting loss of \$7,078,081.09 was incurred as the reacquisition price of \$87,133,081.09 exceeded the net carrying amount of \$80,055,000.00.

Funds Available for Debt Service

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, as amended, makes a basic distinction between sales of receivables and future revenues, on the one hand, and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing) on the other.

TSUS's pledged revenues consist of unrestricted gifts, investment income, and other nonoperating revenues. The following table provides the pledged revenue information for the System's revenue bonds:

Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$1,612,618,614.72
Term of Commitment Year Ending 8/31	2045
Percentage of Pledged Revenue	100%
Current Year Pledged Revenue	\$747,065,639.95
Current Year Principal and Interest Paid	\$114,411,614.45

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NOTE 7: Derivative Instruments

TSUS had no activity to report related to derivative instruments for the year ended August 31, 2017.

NOTE 8: Leases

Expenditures related to rent paid or due under operating lease obligations are included in the financial statements. Rental expenses for operating leases for the fiscal year ended August 31, 2017 was \$2,354,312.88.

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year, as of August 31, 2017 are as follows:

<u>Fiscal Year Ending August 31,</u>	<u>Amount</u>
2018	\$ 2,306,525.51
2019	2,251,758.81
2020	445,744.05
2021	241,587.77
2022	134,782.02
2023-2027	433,131.47
2028-2032	133,205.57
Total Minimum Future Lease Rental Payments	<u>\$ 5,946,735.20</u>

NOTE 9: Defined Benefit Pension Plan and Defined Contribution Plan

Teacher Retirement System of Texas (TRS) Plan

TSUS participates in a cost-sharing, multi-employer, defined benefit pension plan with a special funding situation, administered by TRS. 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. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS plan. 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.

The TRS Plan provides retirement, disability annuities and death and survivor benefits.

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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 Comprehensive Annual Financial Report (CAFR) for Teacher Retirement System may be obtained from:

Teacher Retirement System of Texas
1000 Red River Street
Austin, Texas 78701-2698

During the measurement period of 2016 for fiscal 2017 reporting, the amount of TSUS's contributions recognized by the plan was \$12,318,753. 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 following table:

Contributor	Contribution Rates
Employer	6.8%
Employees	7.2%

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, 2016 measurement date.

Actuarial Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Actuarial Assumptions:	
Discount Rate	8.0%
Investment Rate of Return	8.0%
Inflation	2.50%
Salary Increase	3.50% to 9.50% including inflation
Mortality:	

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Active	90% of the RP 2014 Employee Mortality Tables for males and females.
Post-Retirement	2015 TRS Healthy Pensioner Mortality Tables
Ad Hoc Post-Employment Benefit Changes	None

The actuarial assumptions used in the valuation were primarily based on the result of an actuarial experience study for the four-year period ending Aug. 31, 2014 and adopted in September 2015. The mortality rates were based on 90% of the RP 2014 employee Mortality Tables for the active members. The Post-retirement mortality rates were based on 2015 TRS Healthy Pensioner Mortality Tables.

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

The discount rate of 8% was applied to measure the total pension liability. There has been no change in the discount rate since the prior measurement period. The projected cash flows into and out of the pension plan assumed that members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. Under this assumption, the pension plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments of current plan members. Therefore, the 8% long-term expected rate of return on pension plan investments was used as the discount rate without incorporating the municipal bond rate. The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of 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:

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Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity		
U.S.	18%	4.6%
Non-U.S. Developed	13%	5.1%
Emerging Markets	9%	5.9%
Directional Hedge Funds	4%	3.2%
Private Equity	13%	7.0%
Stable Value		
U.S. Treasury	11%	0.7%
Absolute Return	0%	1.8%
Stable Value Hedge Funds	4%	3.0%
Cash	1%	-0.2%
Real Return		
Global Inflation Linked Bonds	3%	0.9%
Real Assets	16%	5.1%
Energy and Natural Resources	3%	6.6%
Commodities	0%	1.2%
Risk Parity		
Risk Parity	5%	6.7%
Total	100%	

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

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

<u>1% Decrease (7%)</u>	<u>Current Rate (8%)</u>	<u>1% Increase (9%)</u>
\$226,301,913	\$146,221,686	\$78,297,465

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 2016 CAFR.

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At August 31, 2017, TSUS reported a liability of \$146,221,687 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TSUS's proportion at August 31, 2017 was 0.3869% which was a decrease of 0.0280% from the 0.4149% measured at the prior measurement date. TSUS'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, 2015 through August 31, 2016.

For the year ending August 31, 2017, TSUS recognized pension expense of \$14,982,679. At August 31, 2017, TSUS 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
Difference between expected and actual experience	\$2,292,727	\$4,366,094
Changes of assumptions	4,456,575	4,053,071
Difference between projected and actual investment return	12,381,752	-
Change in proportion and contribution difference	3,544,405	18,354,271
Contributions subsequent to the measurement date	13,275,243	-
Total	<u>\$35,950,702</u>	<u>\$26,773,436</u>

The \$13,275,243 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2018.

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

<u>Year ended August 31,</u>	<u>Expense</u>
2018	\$(1,595,366)
2019	(1,595,366)
2020	6,302,319
2021	(2,202,043)
2022	(3,961,679)
Thereafter	(1,045,843)
Total	<u>\$ (4,097,978)</u>

Optional Retirement Program (ORP)

The State has also established the Optional Retirement Program (ORP) for institutions of higher education, which is available to certain eligible employees in lieu of participation

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in the TRS Plan. Employees eligible for participation in ORP are defined in Texas Administrative Code § 25.4.

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. Depending upon the source of funding for the employee's compensation, TSUS may be required to make the employer contributions in lieu of the State.

Employee and employer contribution rates are established by the State Legislature. Fiscal year 2017 contributions were made by participants at a rate of 6.65 percent of annual compensation. The State provides an option for a local supplement on top of the state base rate. Each component of TSUS may elect to adopt and fund this local supplement at their discretion. Employer contributions are therefore comprised of the state base rate of 6.60 percent plus up to a 1.90 percent local supplement as elected by each component.

Contributions made by participants and TSUS for the fiscal year ended August 31, 2017, were as follows:

Participant contributions	\$11,995,433.72
Employer contributions	\$13,057,103.36
Total	<u>\$25,052,537.08</u>

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

NOTE 10: Deferred Compensation

The state of Texas offers a deferred compensation plan to all state employees. This plan is in accordance with Internal Revenue Code Section 457 and permits employees to defer a portion of their salary until future years. The deferred compensation funds are not available to employees until distribution due to termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are held in trust by the Employees Retirement System (ERS) Board of Trustees for the exclusive benefit of participants and their beneficiaries and may not be used for, or diverted to, any other expense, except to defray the reasonable expenses of administering the plan.

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**The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017**

The Board of Trustees is not liable to participating employees for the diminution in value or loss of all or part of the participating employees' deferred amounts or investment income because of market conditions or the failure, insolvency or bankruptcy of a qualified vendor.

The state also administers the TexaSaver 401(k) plan. The assets of this plan do not belong to the state and the state has no liability related to this plan.

As the administrating agency, the Employees Retirement System reports the plans, balances, and liabilities.

NOTE 11: Post Employment Health Care and Life Insurance Benefits

In addition to providing pension benefits, the state of Texas contributes to a plan that provides health care and life insurance benefits for retired System employees. These other postemployment benefits (OPEB) are authorized by statute.

As the administrating agency, the Employees Retirement System reports the plan, balances, and liabilities.

NOTE 12: Interfund Activity and Transactions

TSUS 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.

NOTE 13: Continuance Subject to Review

TSUS is not subject to the Texas Sunset Act.

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The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017

NOTE 14: Adjustments to Fund Balances and Net Position

During fiscal year 2017, components of TSUS had adjustments to beginning net position as follows:

Description of Restatement	Amount of Restatement
Prior year sales tax liability not recorded	\$(3,195,542.71)
Prior year payroll related costs understated	(2,438,434.16)
Allocation of bad debt expense to agency funds overstated	(277,914.97)
Adjustment to prior year capital asset balances	40,978.50
Total Restatement	<u>\$(5,870,913.34)</u>

The restatement of beginning net position on the Statement of Revenues, Expenses and Changes in Net Position is as follows:

Net Position at August 31, 2016 as Previously Reported	\$1,289,245,322.27
Total Restatement	(5,870,913.34)
Net Position at August 31, 2016 as Restated	<u>\$1,283,374,408.93</u>

NOTE 15: Contingencies and Commitments

At August 31, 2017, various lawsuits and claims involving TSUS were pending. While the ultimate liability with respect to litigation and other claims asserted cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is unlikely to have a material effect on TSUS. Under Texas law, TSUS, as an agency of the State of Texas, enjoys immunity from most causes of action. Most claims are dismissed prior to trial.

NOTE 16: Subsequent Events

TSUS has no subsequent events to report for the year ended August 31, 2017.

NOTE 17: Risk Management

TSUS may be subject to a variety of civil claims or complaints arising from the performance of its duties; however, no claims or complaints are currently pending against TSUS for actions arising from performance of its duties. It is TSUS's policy periodically

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**The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017**

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 TSUS involved in any risk pool with other government entities for these risks.

Changes in the claims liabilities during the current and prior fiscal years were:

Fiscal Year	Beginning Balance	Additions	Reductions	Ending Balance
2017	\$0.00	\$216,184.62	\$216,184.62	\$0.00
2016	0.00	179,953.78	179,953.78	0.00

NOTE 18: Management’s Discussion and Analysis (MD&A)

Although MD&A is a required part of the basic financial statements, MD&A is omitted because TSUS is reported as a component of the State of Texas in the Comprehensive Annual Financial Report (CAFR) for the State of Texas. MD&A, as it relates to TSUS, can be found in the State of Texas CAFR.

NOTE 19: The Financial Reporting Entity

The combined Texas State University System has the following component units and related parties.

Component Units

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.

Texas State University has the following blended component units:

The **Texas State University Research Foundation** (Research Foundation) was formed as an independent 501(c)(3) organization on July 22, 2010. The Research Foundation was formed to support Texas State University’s (Texas State) mission and objectives of promoting higher education, conducting research, providing public service, and assisting in economic development in Texas. The Research Foundation is exclusively associated with the university and its fiscal year end concludes on the final day of February.

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The Texas State University System Notes to the Financial Statements For the Year Ended August 31, 2017

The Research Foundation is included in the financial statements as a blended component unit in accordance with GASB Statement 14 as amended by GASB Statement 39. Texas State's key business officers comprise the entirety of the Research Foundation's officers and directors, thereby enabling Texas State to impose its will on the Research Foundation.

During the fiscal year ended February 28, 2017 the Research Foundation incurred expenses in the amount of \$10,098.00. Separate financial statements may be obtained by contacting Texas State University, Director of Accounting, General Accounting Office, 601 University Drive, JCK 589, San Marcos, TX 78666-4684.

The **Harold M. Freeman Education Foundation** (Freeman Foundation) is a legally separate entity formed through a trust to make the use of Freeman Ranch available exclusively to Texas State University (Texas State). The Freeman Center is used and operated solely for farm, ranch and game management, education, and research purposes in connection with the educational activities of Texas State. There is no formal governing board for the Freeman Foundation. Texas State acts as an active co-trustee to operate the Center. Frost Bank operates as an inactive trustee to ensure the provisions of the trust are followed. Based on the Freeman Foundation's close relation to Texas State, it is included as a blended component unit. Separate financial statements are not issued by the Freeman Foundation. Information about the Freeman Foundation may be obtained by contacting Texas State University, Director of Accounting, General Accounting Office, 601 University Drive, JCK 589, San Marcos, TX 78666-4684.

Related Organization

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

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 (TSUS). It has an independent board of directors that governs Foundation activities and manages Foundation funds. For the fiscal year 2017 ended August 31, 2017, the Foundation had net assets of \$4,801,914 and the Foundation provided \$1,173,947 in scholarships and faculty/staff awards, as well as assistance to TSUS components, the Chancellor and Board of Regents.

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The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017

NOTE 20: Stewardship, Compliance and Accountability

TSUS is not aware of any non-compliance items or material violations of finance related legal and contract provisions.

NOTE 21: Not Applicable

NOTE 22: Donor Restricted Endowments

Net appreciation of \$60,314,762.11 related to true and term endowments were classified as restricted, expendable on the Statement of Net Position. The net appreciation included a positive fair value adjustment totaling \$12,086,512.38 for fiscal 2017.

The amount reported as net appreciation represents net appreciation on investments of donor restricted endowments that are available for authorization for expenditure. Pursuant to the Uniform Prudent Management of Institutional Funds Act (Property Code Chapter 163.001), net appreciation, realized and unrealized, in the fair market value of the endowment assets in excess of historical dollar value of the gifts may be distributed to the extent prudent.

Each component determines a prudent amount to distribute that aligns spending needs, investment objectives, and protecting the value of the endowment corpus. Generally, the targeted distribution rate ranges from 3% to 5%.

Changes from prior year balances for expendable and non-expendable balance of true endowments for the year ended August 31, 2017 were:

<u>Net Position Category</u>	<u>Increase/(Decrease)</u>	<u>Reason for Change</u>
True Endowments		
Restricted, expendable	\$14,483,834.62	Earnings, fair value changes, fees, and distributions
Restricted, non-expendable	\$1,901,516.46	Additions to corpus
Term Endowments		
Restricted, expendable	\$(4,123,702.85)	Earnings, fair value changes, fees, and distributions
Restricted, non-expendable	\$2,573,513.14	Additions to corpus

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**The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017**

NOTE 23: Extraordinary and Special Items

For the year ended August 31, 2017, TSUS had one extraordinary item and one special item to report.

Texas State University was the victim of a sophisticated fraud attack, which resulted in the modification of a single vendor's banking information and subsequent payment of \$3,421,432.68 to a fraudulent account. The incident is under local, state, and federal investigation and efforts to recover the funds through the criminal justice system and insurance claims are underway. Management has conducted a full-scale review of all associated processes and best practices. To mitigate future risk, implementation of policies and procedures revisions are ongoing.

At the request of the original donors, Lamar State College - Orange turned over \$33,951.53 in endowments and earning from the endowments, to the Lamar State College - Orange Foundation.

NOTE 24: Disaggregation of Receivable and Payable Balances

Balances of receivables and payables reported on the Statements of Net Position are not obscured by aggregation. There are no significant receivable balances expected to be collected beyond one year of the date of the financial statements.

NOTE 25: Termination Benefits

TSUS provided no termination benefits during the fiscal year ended August 31, 2017.

NOTE 26: Segment Information

TSUS has no segments to report for the year ended August 31, 2017.

NOTE 27: Service Concession Arrangements

TSUS had no service concession arrangements to report for the year ended August 31, 2017.

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The Texas State University System
Notes to the Financial Statements
For the Year Ended August 31, 2017

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

System Administration recorded deferred outflows of resources related to unamortized losses from bond refunding transactions and deferred outflows and deferred inflows related to pension obligations during the year ended August 31, 2017. As of August 31, 2017, the deferred outflows and deferred inflows of resources were:

Deferred Outflows	
Unamortized Losses on Refunding of Debt	\$ 6,317,467.57
Related to Pension Obligations	<u>35,950,702.00</u>
Total Deferred Outflows	<u>\$ 42,268,169.57</u>
Deferred Inflows	
Related to Pension Obligations	<u>\$ 26,773,436.00</u>
Total Deferred Inflows	<u>\$ 26,773,436.00</u>

See Note 1, *Summary of Significant Accounting Policies* and Note 6, *Bonded Indebtedness* for additional details.

NOTE 29: Troubled Debt Restructuring

TSUS had no troubled debt restructuring to report for the year ended August 31, 2017.

NOTE 30: Non-Exchange Financial Guarantees

TSUS had no non-exchange financial guarantees to report for the year ended August 31, 2017.

NOTE 31: Tax Abatements

TSUS had no tax abatements to report for the year ended August 31, 2017.

NOTE 32: Fund Balances

TSUS had no governmental funds for the year ended August 31, 2017.

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**The Texas State University System
Schedule 2A
Miscellaneous Bond Information
For the Year Ended August 31, 2017**

Description	Bonds Issued to Date	Range of Interest Rates	Scheduled Maturities		First Call Date
			First Year	Last Year	
Revenue Financing System Bonds					
The Texas State University System					
Series 2008	\$ 207,395,000	3.00% to 5.25%	2008	2028	03/15/2018
Series 2009	86,745,000	3.00% to 5.25%	2009	2029	03/15/2019
Series 2010	99,950,000	2.00% to 5.00%	2011	2022	03/15/2020
Series 2010A	65,735,000	2.00% to 5.00%	2010	2040	03/15/2020
Series 2011	86,775,000	2.00% to 5.00%	2012	2042	03/15/2021
Series 2012	27,860,000	2.00% to 5.00%	2013	2032	03/15/2021
Series 2013	87,060,000	2.00% to 5.00%	2013	2042	03/15/2023
Series 2014	88,415,000	1.00% to 5.00%	2015	2034	03/15/2024
Series 2015A	183,560,000	2.50% to 5.00%	2016	2045	03/15/2025
Series 2015B	132,160,000	0.400% to 3.781%	2016	2045	03/15/2025
Series 2017A	425,545,000	4.00% to 5.00%	2017	2036	03/15/2027
Series 2017B	<u>30,980,000</u>	0.890% to 3.907%	2017	2032	03/15/2027
TOTAL	<u><u>\$ 1,522,180,000</u></u>				

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**The Texas State University System
Schedule 2B
Changes in Bonded Indebtedness
For the Year Ended August 31, 2017**

Description	Bonds Outstanding 09-01-16	Bonds Issued	Bonds Matured
Revenue Financing System Bonds			
The Texas State University System			
Series 2008	\$ 46,185,000.00		\$ 9,245,000.00
Series 2009	64,195,000.00		3,605,000.00
Series 2010			
Par Value	65,720,000.00		10,775,000.00
Premium	2,965,529.87		494,254.98
Series 2010A			
Par Value	59,260,000.00		1,430,000.00
Premium	3,447,249.05		143,635.38
Series 2011			
Par Value	76,960,000.00		2,320,000.00
Premium	5,024,830.35		193,262.70
Series 2012			
Par Value	22,310,000.00		830,000.00
Premium	2,478,858.74		154,928.68
Series 2013			
Par Value	79,495,000.00		2,315,000.00
Premium	10,098,936.97		388,420.66
Series 2014			
Par Value	79,730,000.00		2,005,000.00
Premium	7,226,051.98		258,073.28
Series 2015A			
Par Value	177,745,000.00		7,825,000.00
Premium	26,627,930.55		918,204.50
Series 2015B	129,835,000.00		6,240,000.00
Series 2017A			
Par Value		\$ 425,545,000.00	28,645,000.00
Premium		64,690,567.90	1,666,153.85
Series 2017B		30,980,000.00	2,335,000.00
Total	\$ 859,304,387.51	\$ 521,215,567.90	\$ 81,786,934.03

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**The Texas State University System
Schedule 2B
Changes in Bonded Indebtedness
For the Year Ended August 31, 2017**

Bonds Refunded or Extinguished	Bonds Outstanding 08-31-17	Amounts Due Within One Year
\$ 27,230,000.00	\$ 9,710,000.00	\$ 9,710,000.00
52,825,000.00	7,765,000.00	3,790,000.00
	54,945,000.00	11,310,000.00
	2,471,274.89	494,254.98
	57,830,000.00	1,490,000.00
	3,303,613.67	143,635.38
	74,640,000.00	2,435,000.00
	4,831,567.65	193,262.72
	21,480,000.00	870,000.00
	2,323,930.06	154,928.67
	77,180,000.00	2,360,000.00
	9,710,516.31	388,420.63
	77,725,000.00	2,115,000.00
	6,967,978.70	258,073.28
	169,920,000.00	7,475,000.00
	25,709,726.05	918,204.50
	123,595,000.00	6,315,000.00
	396,900,000.00	13,665,000.00
	63,024,414.05	3,332,307.70
	28,645,000.00	845,000.00
\$ 80,055,000.00	\$ 1,218,678,021.38	\$ 68,263,087.86

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**The Texas State University System
Schedule 2C
Debt Service Requirements
For the Year Ended August 31, 2017**

Description	Year	Principal	Interest
Revenue Financing System Bonds			
The Texas State University System			
Series 2008	2018	9,710,000.00	485,500.00
		<u>9,710,000.00</u>	<u>485,500.00</u>
Series 2009	2018	3,790,000.00	388,250.00
	2019	3,975,000.00	198,750.00
		<u>7,765,000.00</u>	<u>587,000.00</u>
Series 2010	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	9,395,000.00	469,749.98
		<u>54,945,000.00</u>	<u>7,950,750.02</u>
Series 2010A	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	1,770,000.00	2,458,862.52
	2023-2027	10,295,000.00	10,873,062.60
	2028-2032	12,670,000.00	8,267,262.60
	2033-2037	15,555,000.00	5,020,218.84
	2038-2040	11,205,000.00	1,138,750.00
	<u>57,830,000.00</u>	<u>38,356,306.64</u>	

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**The Texas State University System
Schedule 2C
Debt Service Requirements
For the Year Ended August 31, 2017**

Description	Year	Principal	Interest
Series 2011	2018	2,435,000.00	3,647,987.54
	2019	2,535,000.00	3,550,587.54
	2020	2,660,000.00	3,423,837.54
	2021	2,780,000.00	3,304,137.54
	2022	2,910,000.00	3,179,037.54
	2023-2027	16,875,000.00	13,562,187.70
	2028-2032	18,620,000.00	9,078,750.00
	2033-2037	11,345,000.00	5,377,500.00
	2038-2042	14,480,000.00	2,242,500.00
			<u>74,640,000.00</u>
Series 2012	2018	870,000.00	929,637.60
	2019	900,000.00	894,837.56
	2020	935,000.00	858,837.62
	2021	4,090,000.00	812,087.68
	2022	4,220,000.00	607,587.56
	2023-2027	5,810,000.00	1,286,337.52
	2028-2032	4,655,000.00	483,193.86
			<u>21,480,000.00</u>
Series 2013	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	3,205,000.00	3,048,600.00
	2023-2027	17,845,000.00	12,674,750.00
	2028-2032	18,955,000.00	8,595,600.00
	2033-2037	12,135,000.00	5,229,100.00
	2038-2042	13,900,000.00	2,153,000.00
			<u>77,180,000.00</u>

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**The Texas State University System
Schedule 2C
Debt Service Requirements
For the Year Ended August 31, 2017**

Description	Year	Principal	Interest
Series 2014	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	2,560,000.00	3,116,720.00
	2023-2027	14,190,000.00	13,525,100.00
	2028-2032	14,820,000.00	10,028,325.00
	2033-2037	14,730,000.00	6,405,035.00
	2038-2042	15,275,000.00	3,388,581.26
	2043-2044	7,030,000.00	437,868.76
		<u>77,725,000.00</u>	<u>50,536,510.02</u>
Series 2015A	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	13,785,000.00	6,924,362.52
	2023-2027	77,310,000.00	23,561,562.60
	2028-2032	20,170,000.00	9,499,112.60
	2033-2037	13,455,000.00	6,307,075.04
	2038-2042	13,700,000.00	3,608,000.00
	2043-2045	9,605,000.00	778,600.00
		<u>169,920,000.00</u>	<u>80,846,412.94</u>
Series 2015B	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	6,835,000.00	3,440,770.76
	2023-2027	37,300,000.00	14,141,431.02
	2028-2032	39,065,000.00	7,362,547.24
	2033-2037	10,575,000.00	1,709,892.28
	2038-2042	2,265,000.00	642,659.24
	2043-2045	1,610,000.00	139,513.46
		<u>123,595,000.00</u>	<u>42,655,063.14</u>

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The Texas State University System
Schedule 2C
Debt Service Requirements
For the Year Ended August 31, 2017

<u>Description</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
Series 2017A	2018	13,665,000.00	19,845,000.08
	2019	22,780,000.00	19,161,750.08
	2020	27,825,000.00	18,022,750.00
	2021	28,490,000.00	16,631,500.00
	2022	20,850,000.00	15,207,000.00
	2023-2027	119,920,000.00	59,363,500.00
	2028-2032	129,635,000.00	27,381,250.00
	2033-2036	33,735,000.00	4,319,750.00
			<u>396,900,000.00</u>
Series 2017B	2018	845,000.00	969,924.76
	2019	885,000.00	957,672.26
	2020	935,000.00	943,742.36
	2021	1,000,000.00	925,827.76
	2022	1,080,000.00	903,697.76
	2023-2027	6,320,000.00	4,038,208.64
	2028-2032	8,575,000.00	2,839,432.26
	2033-2036	9,005,000.00	941,571.60
			<u>28,645,000.00</u>

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**The Texas State University System
Schedule 2D
Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2017**

Description of Issues	Pledged and Other Sources and Related Expenditures for the Year			
	Net Available for Debt Service			
	Total Pledged and Other Sources	Operating Expenses Expenditures and Capital Outlay	Debt Service	
			Principal	Interest
Revenue Financing System Bonds				
The Texas State University System				
Series 2008			\$ 9,245,000.00	\$ 1,662,537.52
Series 2009			3,605,000.00	1,922,106.25
Series 2010			10,775,000.00	3,286,000.02
Series 2010A			1,430,000.00	2,802,462.52
Series 2011			2,320,000.00	3,763,987.54
Series 2012			830,000.00	962,837.60
Series 2013			2,315,000.00	3,570,950.00
Series 2014			2,005,000.00	3,672,970.00
Series 2015A			7,825,000.00	8,410,362.64
Series 2015B			6,240,000.00	4,039,712.08
Series 2017A			28,645,000.00	2,623,850.00
Series 2017B			2,335,000.00	123,838.28
Total	\$ 747,065,639.95	(A)	\$ 77,570,000.00	\$ 36,841,614.45

(A) Expenditures associated with pledged sources were approximately \$614,646,809.

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The Texas State University System
Schedule 2E
Defeased Bonds Outstanding
For the Year Ended August 31, 2017

Description of Issues	Year Refunded	Par Value Outstanding
Revenue Financing System Revenue Bonds The Texas State University System		
Series 2008	2015	\$ 82,260,000.00
Series 2008	2017	27,230,000.00
Series 2009	2017	<u>52,825,000.00</u>
Total Defeased Bonds		<u>\$ 162,315,000.00</u>

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The Texas State University System
Schedule 2F
Early Extinguishment and Refunding
For the Year Ended August 31, 2017

Description of	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Revenue Financing System Revenue Bonds					
The Texas State University System					
2008	Advance Refunding	\$27,230,000.00	\$26,480,000.00	\$ 1,723,118.75	\$(1,628,123.58)
2009	Advance Refunding	52,825,000.00	49,735,000.00	6,259,068.75	(5,266,643.86)
Total		<u>\$80,055,000.00</u>	<u>\$76,215,000.00</u>	<u>\$ 7,982,187.50</u>	<u>\$(6,894,767.44)</u>

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**The Texas State University System
Schedule 3
Reconciliation of Cash in the State Treasury
For the Year Ended August 31, 2017**

Fund No.	Fund Name	Unrestricted	Total
0001	General Revenue	\$ 68,921.41	\$ 68,921.41
0256	Local Revenue Fund; General Revenue - Dedicated	3,087,635.70	3,087,635.70
0259	Local Revenue Fund; General Revenue - Dedicated	12,301,250.11	12,301,250.11
0260	Local Revenue Fund; General Revenue - Dedicated	29,476,196.03	29,476,196.03
0262	Local Revenue Fund; General Revenue - Dedicated	1,611,813.67	1,611,813.67
0285	Local Revenue Fund; General Revenue - Dedicated	1,165,669.99	1,165,669.99
0286	Local Revenue Fund; General Revenue - Dedicated	3,432,988.70	3,432,988.70
0287	Local Revenue Fund; General Revenue - Dedicated	744,894.16	744,894.16
0581	Law Enforcement Management Institute	1,805,318.10	1,805,318.10
1014	Local Operating Fund	449,128.12	449,128.12
5083	CJ Correctional Management Institute	510,851.24	510,851.24
8070	Funds Held for Others	1,912.58	1,912.58
Total Cash in State Treasury		\$ 54,656,579.81	\$ 54,656,579.81