

The Texas State University System



ANNUAL FINANCIAL REPORT **Year Ended August 31, 2017**

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

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**Texas State University System Administration
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

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

Assets

Current Assets:

Cash and Cash Equivalents: (Note 3)

Cash in Bank	\$	540,699.33
Cash in State Treasury (Schedule 3)		451,040.70
Cash Equivalents		9,501,252.12

Receivables:

Accounts – Other Revenue		11,990.77
Due From Other Agencies (Note 12)		7,561,336.90
Consumable Inventories		5,304.87
Prepaid Items		60,686.55

Total Current Assets	\$	18,132,311.24
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Noncurrent Assets

Capital Assets: (Note 2)

Non-Depreciable or Non-Amortizable

Land and Land Improvements	\$	4,053,568.00
Construction in Progress		907,887.02

Depreciable or Amortizable

Building and Building Improvements		4,948,959.00
Less Accumulated Depreciation		(222,015.75)
Furniture and Equipment		53,535.52
Less Accumulated Depreciation		(43,232.62)
Other Capital Assets		6,439.92
Less Accumulated Depreciation		(6,439.92)

Total Noncurrent Assets	\$	9,698,701.17
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Total Assets	\$	27,831,012.41
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Deferred Outflows of Resources

Unamortized Loss on Refunding Debt	\$	6,317,467.57
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Total Deferred Outflows of Resources	\$	6,317,467.57
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**Texas State University System Administration
Statement of Net Position
For the Year Ended August 31, 2017**

Liabilities

Current Liabilities:

Payables from:

Accounts Payable	\$ 472,224.90
Payroll Payable	1,132,501.97
Interest Payable	20,610,943.87
Short Term Debt	10,058,000.00
Employees' Compensable Leave (Note 5)	327,922.79
Notes and Loans Payable (Note 5)	1,251,000.00
Revenue Bonds Payable (Note 5, 6)	68,263,087.86
Funds Held for Others	1,912.58
Total Current Liabilities	\$ 102,117,593.97

Noncurrent Liabilities

Employees' Compensable Leave (Note 5)	\$ 273,336.11
Revenue Bonds Payable (Note 5, 6)	1,150,414,933.52
Total Non-Current Liabilities	\$ 1,150,688,269.63

Total Liabilities	\$ 1,252,805,863.60
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Net Position

Net Investment in Capital Assets	\$ (1,219,218,725.97)
Restricted for:	
Debt Retirement	(11,573,187.33)
Funds Held as Permanent Investments:	
Nonexpendable:	
Endowment Funds	5,537,815.35
Expendable:	
Endowment Funds	2,023,521.55
Unrestricted	4,573,192.78
Total Net Position	\$ (1,218,657,383.62)

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

Operating Expenses:

Institutional Support	\$ 7,981,606.42
Depreciation & Amortization	159,414.19
Total Operating Expenses	\$ 8,141,020.61

Operating Income (Loss) \$ (8,141,020.61)

Nonoperating (Revenues) Expenses:

Legislative Revenue (GR)	\$ 1,425,000.00
Additional Appropriations (GR)	101,862.59
Gifts – Pledged	51,400.00
Investment Income – Non-Pledged	603,212.47
Investment Income – Pledged	36,405.54
Interest Expenses and Fiscal Charges	(38,677,774.09)
Other Nonoperating Revenues – Non-Pledged	21,773.34
Other Nonoperating Revenues – Pledged	82,197.92
Other Nonoperating Expenses	(2,684,682.72)
Total Nonoperating Revenues (Expenses)	\$ (39,040,604.95)

**Income (Loss) before Capital Contributions,
Endowments and Transfers** \$ (47,181,625.56)

Capital Contributions, Endowments and Transfers

Interagency Transfer Cap Assets – Increase (Note 12)	\$ 4,754.32
Transfers-In (Note 12)	77,386,074.50
Transfers-Out (Note 12)	(439,861,100.00)
Legislative Transfer-In (Note 12)	46,831,971.73
	\$ (315,638,299.45)

Total Capital Contributions, Endowments and Transfers \$ (315,638,299.45)

Change in Net Position \$ (362,819,925.01)

Net Position, September 1, 2016 (855,837,458.61)

Net Position, August 31, 2017 **\$ (1,218,657,383.62)**

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

Operating Expenses	Institutional Support	Depreciation and Amortization	Total Expenses
Cost of Goods Sold	\$ -	\$ -	\$ -
Salaries and Wages	5,207,194.99	-	5,207,194.99
Payroll Related Costs	924,171.90	-	924,171.90
Professional Fees and Services	1,120,665.42	-	1,120,665.42
Travel	86,430.36	-	86,430.36
Materials and Supplies	76,920.00	-	76,920.00
Communications and Utilities	54,826.16	-	54,826.16
Repairs and Maintenance	15,468.62	-	15,468.62
Rentals and Leases	51,651.13	-	51,651.13
Printing and Reproduction	1,037.22	-	1,037.22
Depreciation and Amortization	-	159,414.19	159,414.19
Interest	65.68	-	65.68
Other Operating Expenses	443,174.94	-	443,174.94
Total Operating Expenses	\$ 7,981,606.42	\$ 159,414.19	\$ 8,141,020.61

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

Cash Flows from Operating Activities

Payments to Suppliers for Goods and Services	\$ (1,433,478.90)
Payments to Employees for Salaries	(4,853,610.28)
Payments to Employees for Benefits	(651,664.33)
Payments for Other Operating Expenses	(494,891.75)
Net Cash Provided by Operating Activities	\$ (7,433,645.26)

Cash Flows from Noncapital Financing Activities

Proceeds from State Appropriations	\$ 2,644,706.46
Proceeds from Gifts	51,400.00
Proceeds of Transfers from Other Funds	123,087,067.74
Proceeds from Other Noncapital Financing Activities	103,866.26
Payments for Transfers to Other Funds	(439,849,250.00)
Net Cash Provided by Noncapital Financing Activities	\$ (313,962,209.54)

Cash Flows from Capital and Related Financing Activities

Proceeds from Debt Issuance	\$ 431,839,000.00
Proceeds from Other Capital and Related Financing Activities	10,058,000.00
Payments for Additions to Capital Assets	(541,396.41)
Payments of Principal on Debt	(81,393,000.00)
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	\$ 323,025,165.59

Cash Flow from Investing Activities

Proceeds from Investment Income	\$ 58,693.39
Net Cash Provided by Investing Activities	\$ 58,693.39

Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,688,004.18
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Cash and Cash Equivalents, September 1, 2016	8,804,987.97
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Cash and Cash Equivalents, August 31, 2017	\$ 10,492,992.15
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Texas State University System Administration
Statement of Cash Flows
For the Year Ended August 31, 2017

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

Operating Income (Loss)	\$	(8,141,020.61)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Amortization and Depreciation	\$	159,414.19
On-behalf Benefit Payments	\$	5,906.13
Operating Income (Loss) and Cash Flow Categories: Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	\$	(3,756.85)
(Increase) Decrease in Inventories	\$	1,074.96
(Increase) Decrease in Other Assets	\$	(42,491.95)
Increase (Decrease) in Payables	\$	275,703.79
Increase (Decrease) in Compensated Absences	\$	43,223.63
Increase (Decrease) in Benefits Payable	\$	268,301.45
Total Adjustments	\$	<u>707,375.35</u>
Net Cash Provided by Operating Activities	\$	<u>(7,433,645.26)</u>

Non Cash Transactions

Interagency Transfer of Capital Assets	\$	4,754.32
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Texas State University System Administration
Notes to the Financial Statements
For the Year Ended August 31, 2017

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Fund Structure

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

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.

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

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 Administration. 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*.

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.

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

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 System Administration'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.

System Administration'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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Texas State University System Administration
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. The System Administration Office and each component institution within the system comprise the Revenue Financing 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 inflows. The gain or loss is amortized as a component of interest expense using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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.

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

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

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 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 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.

Beginning balances for the restricted net assets were adjusted for fiscal year 2017. Restricted net assets, expendable of \$13,810.22 were reported in the 2016 AFR as restricted net assets, nonexpendable. No restatement is required to overall net assets.

Unrestricted Net Position

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

Interfund Activities and Balances

System Administration has the following types of transactions among funds:

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

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 are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of interfund activities is presented in Note 12.

NOTE 2: Capital Assets

Changes in capital assets for the year ended August 31, 2017 are as follows:

	Balance 09/01/16	Interagency Transfers	Additions	Deletions	Balance 08/31/17
Non-depreciable Assets					
Land and Land Improvements	\$4,053,568.00				\$4,053,568.00
Construction in Progress	0.00		\$907,887.02		907,887.02
Total Non-depreciable Assets	\$4,053,568.00				\$4,961,455.02
Depreciable Assets					
Building and Building Improvements	\$4,948,959.00				\$4,948,959.00
Furniture and Equipment	11,505.52	\$42,030.00			\$53,535.52
Other Capital Assets	6,439.92				6,439.92
Total Depreciable Assets	\$4,966,904.44	\$42,030.00			\$5,008,934.44
Accumulated Depreciation					
Building and Building Improvements	\$(65,298.75)		\$(156,717.00)		\$(222,015.75)
Furniture and Equipment	(3,259.75)	\$(37,275.68)	(2,697.19)		(43,232.62)
Other Capital Assets	(6,439.92)				(6,439.92)
Total Accumulated Depreciation	\$(74,998.42)	\$(37,275.68)	\$(159,414.19)		\$(271,688.29)
Capital Assets, Net	\$8,945,474.02	\$4,754.32	\$748,472.83		\$9,698,701.17

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

NOTE 3: Deposits, Investments, & Repurchase Agreements

System Administration is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code) and the Public Funds Collateral Act (Texas Government Code 2257). Endowment Funds may be invested in accordance with the Uniform Prudent Management of Institutional Funds Act, Property Code Chapter 163. Such investments include obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies, obligations of political subdivisions rated not less than A by a national investment rating firm, certificates of deposit, and other instruments and obligations authorized by statute.

Deposits of Cash in Banks

As of August 31, 2017, the actual bank balance was \$569,609.38. The carrying value was \$540,699.33.

Cash in Bank – Carrying Value	<u>\$ 540,699.33</u>
Current Assets – Cash in Bank	\$ 540,699.33
Cash in Bank per AFR	<u>\$ 540,699.33</u>

Investments

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

Other Commingled Funds – TexPool	<u>\$ 9,501,252.12</u>
Total Investments	<u>\$ 9,501,252.12</u>
Current Assets – Cash Equivalents	\$ 9,501,252.12
Non-current Assets – Cash Equivalents	0.00
Total per AFR	<u>\$ 9,501,252.12</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

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

eligible projects and to refinance, renew, or refund commercial paper notes, prior encumbered obligations and parity debt, including interest thereon. Non-taxable commercial paper was issued during the fiscal year to finance various construction projects. All commercial paper outstanding at August 31, 2017 will mature in fiscal year 2018 or will be rolled into a long-term bond. Commercial paper has short maturities up to 270 days with interest rates ranging during the fiscal year from 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 Payable	\$859,304,387.51	\$521,215,567.90	\$161,841,934.03	\$1,218,678,021.38	\$68,263,087.86
Notes and Loans Payable	4,911,761.00		3,660,761.00	1,251,000.00	1,251,000.00
Compensable Leave	558,035.27	119,964.24	76,740.61	601,258.90	327,922.79
Totals	\$864,774,183.78	\$521,335,532.14	\$165,579,435.64	1,220,530,280.28	\$69,842,010.65

General Obligation and Revenue Bonds Payable

See Note 6 for a discussion of Bonds Payable.

Notes and Loans Payable

The notes and loans payable consists of loan for the purchase of an office building from the Board of Regents of the University of Texas System at a rate of 1.50%.

Employees' Compensable Leave

Accrued compensable leave is System Administration's liability for unpaid overtime accrued by classified employees and unused vacation time for all employees. Any obligation to System Administration 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

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

in the event of his/her death. No liability is recorded for these non-vesting rights to sick pay benefits.

Capital Leases

As of August 31, 2017, System Administration had no capital leases.

Claims and Judgments

As of August 31, 2017, System Administration had no claims and judgments.

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
- (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.

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

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

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

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.

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.

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

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.

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.

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

- 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.

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

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

\$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 for System Administration.

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.

System Administration'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	\$8,777,775.46
Current Year Principal and Interest Paid	\$114,411,614.45

NOTE 7: Derivative Instruments

During the year ended August 31, 2017, System Administration had no activity to report.

NOTE 8: Leases

During the year ended August 31, 2017, System Administration had no activity to report.

NOTE 9: Defined Benefit Pension Plan and Defined Contribution Plan

Teacher Retirement System of Texas (TRS)

System Administration participates in a cost-sharing, multi-employer, defined benefit pension plan administered by TRS. The plan provides retirement, disability annuities and

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

death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature.

All System Administration personnel employed in a TRS-eligible position on a one-half time or greater basis that is projected to last for 4½ months or more are eligible for membership in the TRS retirement plan. Students employed in positions that require student status as a condition of employment do not participate.

The pension benefits formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3% of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered employees who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic post-employment benefit changes; including automatic cost of living adjustments.

Normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule.

TRS is primarily funded through State and employee contributions. TRS contribution rates are established by the State Legislature. Contributions by employees were 7.7 percent of gross earnings for 2017, while employer contribution were 6.8 percent of the participants' gross earnings for 2017. Depending upon the source of funding for a participant's salary, System Administration may be required to make contributions in lieu of the State.

TRS currently does not separately account for each of its component government agencies because TRS itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Further information regarding actuarial assumptions and conclusions, together with audited financial statements are included in TRS's annual financial report, which may be found on the TRS website at www.trs.texas.gov.

In accordance with the *Reporting Requirements for Annual Financial Reports of State Agencies and Universities* promulgated by the Texas Comptroller of Public Accounts, The Texas State University System annual financial report (combined) includes the net pension expense, net pension liability, and related deferred inflows and outflows of all components of the System. Therefore, System Administration's financial statements do

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

not record or disclose the net pension expense, net pension liability, or related deferred inflows and outflows attributable to System Administration.

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 in the TRS. 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, System Administration may be required to make the employer contributions in lieu of the State.

Employee and employer contribution rates are established by the State Legislature. The State provides an option for a local supplement on top of the state base rate. Fiscal year 2017 contributions were made by participants at a rate of 6.65 percent of annual compensation. Employer contributions were 8.50 per cent of annual compensation, comprised of the state base rate of 6.60 percent plus 1.90 percent as a local supplement.

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

Participant contributions	\$ 61,809
Employer contributions	\$ 79,003
Total	<u>\$ 140,812</u>

Since contributions are invested in individual annuity contracts, neither the State nor System Administration have any 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

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

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.

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.

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.

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 12: Interfund Activity and Transactions

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

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

Individual balances and activity at August 31, 2017 consist of the following:

	<u>Legislative Transfers In</u>	<u>Legislative Transfers Out</u>
Appd Fund 0001, D23 Fund 0001		
Agency 734, D23 Fund 0001	\$ 7,098,905.39	\$ -
Agency 753, D23 Fund 0001	6,240,412.73	
Agency 754, D23 Fund 0001	24,780,777.19	
Agency 756, D23 Fund 0001	2,931,135.29	
Agency 768, D23 Fund 0001	1,123,750.00	
Agency 787, D23 Fund 0001	1,540,262.45	
Agency 788, D23 Fund 0001	1,623,109.08	
Agency 789, D23 Fund 0001	1,493,619.60	
Totals	\$ 46,831,971.73	\$ -

	<u>Due from Other Agencies</u>	<u>Due to Other Agencies</u>	<u>Source</u>
Appd Fund 9999, D23 Fund 7999			
Agency 734, D23 Fund 7999	\$ 7,561,336.90	\$ -	Local
Totals	\$ 7,561,336.90	\$ -	

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
Appd Fund 9999, D23 Fund 7999			
Agency 720, D23 Fund 7999	\$ 4,754.32	\$ -	Transfer of Asset
Agency 734, D23 Fund 7999	12,173,525.18		Reimbursement
Agency 737, D23 Fund 0001	13,000.00		Reimbursement
Agency 753, D23 Fund 0001	20,589,246.52		Reimbursement
Agency 754, D23 Fund 0001	40,157,743.26		Reimbursement
Agency 756, D23 Fund 0001	4,081,050.97		Reimbursement
Agency 787, D23 Fund 0001	102,579.91		Reimbursement
Agency 788, D23 Fund 0001	121,711.09		Reimbursement
Agency 789, D23 Fund 0001	147,217.57		Reimbursement
Totals	\$ 77,390,828.82	\$ -	

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

NOTE 13: Continuance Subject to Review

System Administration is not subject to the Texas Sunset Act.

NOTE 14: Adjustments to Fund Balances and Net Position

System Administration had no restatement of net position.

NOTE 15: Contingencies and Commitments

At August 31, 2017, various lawsuits and claims involving System Administration 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 System Administration. Under Texas law, System Administration, as an agency of the State of Texas, enjoys immunity from most causes of action. A solid majority of such claims are dismissed prior to trial.

NOTE 16: Subsequent Events

System Administration had no subsequent events to report for the year ended August 31, 2017.

NOTE 17: Risk Management

System Administration 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 System Administration for actions arising from performance of its duties. It is System Administration's policy periodically to assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. Currently purchase of commercial insurance is not planned, nor is System Administration involved in any risk pool with other government entities for these risks.

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

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 System Administration is reported in a consolidated format with the combined Texas State University System (TSUS). TSUS is reported as a component of the State of Texas. MD&A, as it relates to TSUS, can be found in the State of Texas Consolidated Annual Financial Report.

NOTE 19: The Financial Reporting Entity

Component Units (CUs) are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, CUs can be other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would create misleading or incomplete financial statements. System Administration has determined that no legally separate organizations should be considered a CU.

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

The Texas State University System Foundation, Inc. was established in 1977 by the Board of Regents to assist the System in gaining private financial support, and to help component institutions pursue additional education-related activities and outreach. It is a nonprofit corporation that exists solely for the benefit of the Texas State University System. It has an independent board of directors that governs Foundation activities and manages Foundation funds. 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 constituent schools, the Chancellor and Board of Regents.

NOTE 20: Stewardship, Compliance and Accountability

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

NOTE 21: Not Applicable

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

NOTE 22: Donor Restricted Endowments

Net appreciation of \$42,808.70 related to true endowments were classified as restricted, expendable on the Statement of Net Position. The net appreciation included a positive fair value adjustment totaling \$28,998.48 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.

Under the terms of the will establishing the endowment, 90% of the income received by the endowment is distributed for spend. The remaining 10% of the income is retained in the endowment and reinvested in corpus.

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>
Restricted, expendable	\$28,998.48	Earnings, fair value changes, fees, and distributions
Restricted, non-expendable	\$14,075.62	Additions to corpus

NOTE 23: Extraordinary and Special Items

For the year ended August 31, 2017, System Administration had no extraordinary or special items to report.

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

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

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

NOTE 26: Segment Information

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

NOTE 27: Service Concession Arrangements

System Administration had no service concession arrangements to report 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 during the year ended August 31, 2017. As of August 31, 2017, deferred outflow of resources totaled \$6,317,467.57. See Note 1, *Summary of Significant Accounting Policies* and Note 6, *Bonded Indebtedness* for additional information.

NOTE 29: Troubled Debt Restructuring

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

NOTE 30: Non-Exchange Financial Guarantees

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

NOTE 31: Tax Abatements

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

NOTE 32: Fund Balances

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

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**Texas State University System Administration
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					
Texas State University System Administration					
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>\$ 1,522,180,000</u>				

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**Texas State University System Administration
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			
Texas State University System Administration			
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

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
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\$ 80,055,000.00	\$ 1,218,678,021.38	\$ 68,263,087.86

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

Description	Year	Principal	Interest
Revenue Financing System Bonds			
Texas State University System Administration			
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>	

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>	<u>47,366,525.40</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>	<u>45,174,450.00</u>

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**Texas State University System Administration
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>

Description	Year	Principal	Interest
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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Texas State University System Administration
 Schedule 2D
 Schedule of 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				
Texas State University System Administration				
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	\$ 8,777,775.46	(A)	\$ 77,570,000.00	\$ 36,841,614.45

(A) Expenditures associated with pledged sources were approximately \$7,203,216.

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

<u>Description of Issues</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Revenue Financing System Revenue Bonds Texas State University System Administration		
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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Texas State University System Administration
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					
Texas State University System Administration					
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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Texas State University System Administration
Schedule 3
Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2017

<u>Fund No.</u>	<u>Fund Name</u>	<u>Unrestricted</u>	<u>Total</u>
1014	Local USAS Operating Fund	\$ 449,128.12	\$ 449,128.12
8070	Funds Held for Others	1,912.58	1,912.58
Total Cash in State Treasury		<u>\$ 451,040.70</u>	<u>\$ 451,040.70</u>





